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JUN 15 1979

The Honorable William Proxmire
United States Senate
Washington, DC 20510

Dear Senator Proxmire:

With regard to the letter of May 9, 1979 from Mrs. Joan Estes requesting information on the Price-Anderson Act, we are pleased to provide you with the following information. Under the Price-Anderson Act (Public Law 85-256, as amended, 42 USC 2210) there is a system of private funds and government indemnity totalling up to $560 million to pay public liability claims for personal injury and property damage resulting from a nuclear incident. The Act, which was passed in 1957 and extended in 1965 for ten years until 1977 and again in 1975 for an additional ten year period until July 31, 1987 requires licensees of commercial nuclear power plants having a rated capacity of 100,000 electrical kilowatts or more to provide proof to the NRC that they have financial protection in the form of private nuclear liability insurance, or in some other form approved by the Commission, in an amount equal to the maximum amount of liability insurance available at reasonable cost and on reasonable terms from private sources. That financial protection, presently $495 million is comprised of primary private nuclear liability insurance of $160 million available from two nuclear liability insurance pools, American Nuclear Insurers (ANI) and Mutual Atomic Energy Liability Underwriters (MAELU) and a secondary retrospective premium insurance layer. In the event of a nuclear incident causing damages exceeding $160 million, each commercial nuclear power plant licensee would be assessed a prorated share of damages in excess of the primary insurance layer up to $5 million per reactor per incident but not in excess of $10 million for each reactor in any year. With 67 commercial reactors operating under this system, the secondary insurance layer totals $335 million.

The difference of $65 million between the financial protection layers of $495 million and the $560 million liability limit is the present government indemnity level. Government indemnity will gradually be phased out as more commercial reactors are licensed and licensees participate in the retrospective premium system. At the time the primary and secondary financial protection layers by themselves provide liability coverage of

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$560 million, government indemnity will be eliminated. After that point, the liability limit would increase in increments of $5 million for each new commercial reactor licensed without any cap on the limit.

Commercial nuclear power reactor operators may purchase property insurance from the two insurance pools, ANI and MAELU for up to $300 million per site. This insurance provides coverage for damage to the reactor itself and other on-site property. The Three Mile Island reactor operators have such a $300 million property insurance policy. This policy, which is the same policy maintained by other reactor operators, does not provide coverage for the cost of replacement power that the operators are purchasing while the Three Mile Island reactors are not operating. Coverage for replacement power costs is not available from the insurance pools. We do not know what the cost for such coverage would be if it were possible to obtain it from other sources.

If we may be of further assistance, please do not hesitate to contact us.

Sincerely,

Lee V. Gossick
Executive Director
for Operations

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Senator Proxmire
Senate Office Bld.
Washington, DC

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Dear Senator Proxmire,

Please send me any information you may have regarding the Price-Anderson Act. I am especially interested the the National Pool (ie, each nuclear power plant contributes $5,000,000 for damages in case of an accident. I believe that was a revision of the Act in 1975.

Does a nuclear power plant carry any insurance dealing with the reactor itself. For example, the 3 Mile Island plant must bring in electricity from other sources to provide energy for their customers at an enormous expense to the customer. Should the plant have insurance for this? If so what would the cost of such a policy be?

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POOR ORIGINAL

Sincerely
Joan Estes
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