

**Marsh &  
McLennan**

Marsh & McLennan, Incorporated  
1221 Avenue of the Americas  
New York, New York 10020  
Telephone 212 997-2000

*Fabel*



May 6, 1982

Mr. Jerome Saltzman  
Assistant Director-State  
& Licensee Relations  
Office of State Programs  
Nuclear Regulatory Commission  
Washington, D.C. 20555

Long Island Lighting Company  
Shoreham Nuclear Station  
Secondary Financial Protection Binders

Dear Jerry:

On behalf of Long Island Lighting Company, we enclose two certified copies each of ANI Binder No. EB-82 and MAELU Binder No. XB-82, evidencing Secondary Financial Protection coverage for the Shoreham Nuclear Station.

Regards,

*John Hoffman*  
John Hoffman  
Nuclear Consultant

JH:cas  
Encl.

cc: M. Fabel, LILCO

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BINDER

INCLUDING

BINDER NO. EB-82

DECLARATION AND

BOND FOR PAYMENT OF RETROSPECTIVE PREMIUMS

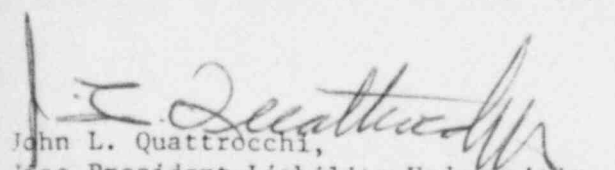
BINDER

The members of Nuclear Liability Insurance Association, hereinafter called the "companies", subscribing this binder, each for itself, severally and not jointly, and in the respective proportions set forth herein, and the insureds named in Item 1 of the Declarations below, agree as follows:

- A. The companies hereby bind insurance to the insureds named in Item 1 of the Declarations in accordance with the provisions of the Draft Master Policy. All rights and obligations of the parties to this binder are set forth in the provisions of the Draft Master Policy, as it may be amended from time to time pursuant to its conditions or paragraph B below.
- B. The term "Draft Master Policy" means the draft of the MASTER POLICY-- NUCLEAR ENERGY LIABILITY POLICY (SECONDARY FINANCIAL PROTECTION) dated June 24, 1977 in the custody of the Nuclear Regulatory Commission, a copy of which is attached hereto, and includes all binders issued by the companies in connection with such Draft Master Policy. The Master Policy, as subsequently issued by the companies, shall cancel and replace this binder and the Draft Master Policy effective as of the time and date of the inception of the binder period.
- C. Such insurance as is provided by the Draft Master Policy applies, through this binder only:
- (1) to the insureds identified in Items 1 and 2 of the Declarations below,
  - (2) to bodily injury or property damage

This is to certify that this is a true copy of the original binder, bearing the number designated hereon, for insurance coverage under the DRAFT MASTER POLICY- NUCLEAR ENERGY LIABILITY POLICY (Secondary Financial Protection) dated June 24, 1977. No insurance is afforded by this copy.

- (a) with respect to which the primary financial protection described in Item 4 below would apply but for exhaustion of its limits of liability and
- (b) which is caused during the binder period stated in Item 8 below by the radioactive, toxic, explosive or other hazardous properties of nuclear material and
- (c) which is discovered and for which written claim is made against the insured not later than ten years after the end of such binder period; provided, however, that with respect to bodily injury or property damage caused by an extraordinary nuclear occurrence this subparagraph (c) shall not operate to bar coverage for bodily injury or property damage which is discovered and for which written claim is made against the insured not later than twenty years after the date of the extraordinary nuclear occurrence.

  
John L. Quattrocchi,  
Vice President-Liability Underwriting,  
American Nuclear Insurers

DECLARATIONS

Item 1. Named insureds and addresses:

(a) Long Island Lighting Company - 250 Old Country Road - Minneola, New York 11501

Item 2. Additional insureds:

Any other person or organization who would be covered under primary financial protection described in Item 4 of this binder but for exhaustion of the limit of liability of such primary financial protection.

Item 3. Description and location of the nuclear reactor: Unit 1 of the Shoreham Nuclear Power Station located in the Town of Brookhaven, Suffolk County, New York

Item 4. Identification of primary financial protection applicable to the nuclear reactor and limit of liability thereof:

Nuclear Energy Liability Insurance Association Policy	NF-269	\$124,000,000
Mutual Atomic Energy Liability Underwriters Policy	MF-	\$ 36,000,000

Do other nuclear reactors share the limit of liability provided under the primary financial protection? No, not at this time.

Item 5. Maximum retrospective premium (exclusive of allowance for premium taxes) payable to the companies under the Draft Master Policy with respect to each nuclear incident: \$3,875,000.

- Item 6. Portion of the annual premium payable for the companies' contingent liability described in Condition 4 of the Draft Master Policy from the effective date hereof to the end of calendar year 1978: The pro rata portion of \$4,650 for the period from the effective date of this binder to the end of the calendar year during which such effective date occurs.
- Item 7. Limits of liability: See Item 3 of the Declarations of the Draft Master Policy.
- Item 8. Binder period: Beginning at the same time and date that the Facility Operating License issued by the United States Nuclear Regulatory Commission for the reactor described in Item 3 of this binder becomes effective and continuing to the effective date and time of cancellation or termination of the Draft Master Policy or this binder, whichever first occurs, eastern standard time.

#### BOND FOR PAYMENT OF RETROSPECTIVE PREMIUMS

Know All Men By These Presents, that the undersigned do hereby acknowledge that they are named insureds under the Draft Master Policy described in the above Binder and Declarations. The named insureds do hereby covenant with and are held and are firmly bound to the subscribing members of Nuclear Energy Liability Insurance Association (hereinafter called the "companies") to pay to the companies all retrospective premiums and allowances for premium taxes which shall become due and payable in accordance with the terms of the Draft Master Policy with interest on such premiums and allowances for taxes to be computed at the rate provided in the Draft Master Policy from the date payment thereof is specified to be due the companies in a written notice to the named insured, as provided in Condition 1 of the Draft Master Policy until paid.

And it is hereby expressly agreed that copies of written notices of retrospective premiums and allowances for premium taxes due and payable or other evidence of such amounts due and payable sworn to by a duly authorized representative of the companies shall be prima facie evidence of the fact and extent of the liability of the named insureds for such amounts.

And it is further expressly agreed that the named insureds will indemnify the companies against any and all liability, losses and expenses of whatsoever kind or nature (including but not limited to interest, court costs and counsel fees) which the companies may sustain or incur (1) by reason of the failure of the named insureds to comply with the covenants and provisions of this Bond or (2) in enforcing any of the covenants or provisions of this Bond, or any provisions of the Draft Master Policy relating to such covenants or provisions.

For the purpose of recording this agreement, a photocopy acknowledged before a Notary Public to be a true copy hereof shall be regarded as an original.

THE ABOVE BINDER, DECLARATIONS AND BOND FORM A PART OF THE DRAFT MASTER POLICY. CANCELLATION OR TERMINATION OF THE DRAFT MASTER POLICY OR THE BINDER SHALL NOT AFFECT THE OBLIGATIONS OF THE NAMED INSURED UNDER THE DRAFT MASTER POLICY OR THE BOND TO PAY THE RETROSPECTIVE PREMIUMS AND ALLOWANCES FOR PREMIUM TAXES WITH RESPECT TO ANY BODILY INJURY OR PROPERTY DAMAGE WHICH IS CAUSED DURING THE BINDER PERIOD.

IN WITNESS WHEREOF, the named insureds have caused this Binder, these Declarations and this Bond for Payment of Retrospective Premiums, to be signed and sealed by a duly authorized officer, to be effective as of the time and date of the inception of the binder period.

Attest or Witness

*Merritt William Fabel*  
MERRITT WILLIAM FABEL  
NOTARY PUBLIC, State of New York  
No. 52-4523969  
Qualified in Suffolk County  
Commission Expires March 30, 19...  
\_\_\_\_\_

NAMED INSUREDS:

Long Island Lighting Company  
\_\_\_\_\_  
(Named Insured - Type or Print)

By *Millard S Pollock* (SEAL)  
\_\_\_\_\_  
(Signature of Officer)

*Millard S Pollock - Vice Pres. Niagara*  
\_\_\_\_\_  
(Type or Print Name & Title of Officer)

Date: *April 2, 1982*  
\_\_\_\_\_

\_\_\_\_\_  
(Named Insured - Type or Print)

By \_\_\_\_\_ (SEAL)  
\_\_\_\_\_  
(Signature of Officer)

\_\_\_\_\_  
(Type or Print Name & Title of Officer)

Date: \_\_\_\_\_

\_\_\_\_\_  
(Named Insured - Type or Print)

By \_\_\_\_\_ (SEAL)  
\_\_\_\_\_  
(Signature of Officer)

\_\_\_\_\_  
(Type or Print Name & Title of Officer)

Date: \_\_\_\_\_

\_\_\_\_\_  
(Named Insured - Type or Print)

By \_\_\_\_\_ (SEAL)  
\_\_\_\_\_  
(Signature of Officer)

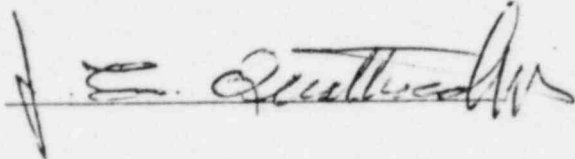
\_\_\_\_\_  
(Type or Print Name & Title of Officer)

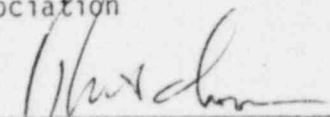
Date: \_\_\_\_\_

IN WITNESS WHEREOF, the subscribing companies have caused the Binder and the Declarations to be signed on their behalf by the President of Nuclear Energy Liability Insurance Association to be effective as of the time and date of the inception of the binder period, and countersigned below by a duly authorized representative.

Attest or Witness

For the Subscribing Companies of Nuclear Energy Liability Insurance Association



By   
Burt C. Proom, President

Countersigned by \_\_\_\_\_  
(Authorized Representative)

SUBSCRIBING COMPANIES

PROPORTION OF 100%

Aetna Casualty and Surety Co., The, 151 Farmington Ave, Hartford, CT 06156	9.957349
Aetna Insurance Company, 55 Elm St., Hartford, CT 06115	3.153160
Affiliated FM Insurance Co., Allendale Park, P.O. Box 7500, Johnston, RI 02919	0.248934
Allianz Insurance Company, 6435 Wilshire Blvd., Los Angeles, CA 90054	1.327647
Allstate Insurance Co., Allstate Plaza South - G1, Northbrook, IL 60062	4.978675
American Home Assurance Co., 102 Malden Lane, New York, NY 10005	0.871268
American Motorists Insurance Co., Long Grove, IL 60049	0.414890
Bituminous Casualty Corporation, 320-18th St., Rock Island, IL 61201	0.414890
Centennial Insurance Co., Atlantic Building, 45 Wall Street, New York, NY 10005	0.248934
Commercial Union Insurance Co., One Beacon St., Boston, MA 02108	3.319116
Connecticut Indemnity Company, The, 9 Farm Springs Rd., Farmington, CT 06032	0.414890
Continental Casualty Co., CNA Plaza, Chicago, IL 60685	4.148895
Continental Insurance Co., The, 80 Malden La., New York, NY 10038	7.675457
Federal Insurance Co., 51 John F. Kennedy Parkway, Short Hills, NJ 07078	1.493602
Fireman's Fund Insurance Companies, P.O. Box 3395, San Francisco, CA 94119	5.310586
General Accident Insurance Company of America, 414 Walnut St., Philadelphia, PA 19105	1.327647
Hanover Insurance Co., The, 440 Lincoln St., Worcester, MA 01605	0.497467
Hartford Accident and Indemnity Co., Hartford Plaza, Hartford, CT 06115	7.053122
Hartford Steam Boiler Insp. & Ins. Co., The, 56 Prospect St., Hartford, CT 06102	0.497867
Highlands Insurance Co., 600 Jefferson St., Houston, TX 77002	0.414890
Home Indemnity Co., The, 59 Malden Lane, New York, NY 10038	3.651028
Insurance Co. of North America, P.O. Box 7728, Philadelphia, PA 19101	1.659558
Konarch Insurance Co. of Ohio, The, 19 Rector St., New York, NY 10006	0.331912
Northern Insurance Company of New York, P.O. Box 1228, Baltimore, MD 21203	2.240404
Northwestern National Ins. Co., 731 No. Jackson St., Milwaukee, WI 53201	0.663823
Ohio Casualty Insurance Company, The, 136 North Third St., Hamilton, OH 45025	0.165956
Pacific Indemnity Co., 51 John F. Kennedy Parkway, Short Hills, NJ 07078	0.331912
Peerless Insurance Co., 62 Maple Ave., Keene, NH 03431	0.124467
Protective Insurance Co., 3100 No. Meridian St., Indianapolis, IN 46208	0.248934
Providence Washington Insurance Co., 20 Washington Place, Providence, RI 02903	0.165956
Reliance Insurance Company, 4 Penn Center Plaza, Philadelphia, PA 19103	0.995735
Royal Insurance Company of America, 150 William Street, New York, NY 10039	3.319116
St. Paul Fire & Marine Ins. Co., 385 Washington St., St. Paul, MN 55102	4.699869
Seaboard Surety Co., 90 William St., New York, NY 10038	0.165956
State Farm Fire & Casualty Company, 112 East Washington St., Bloomington, IL 61701	0.829779
Transamerica Insurance Company, P.O. Box 54256, Los Angeles, CA 90054	0.829779
Travelers Indemnity Company, The, One Tower Square, Hartford, CT 06115	10.787128
United States Fidelity and Guaranty Co., 100 Light St., Baltimore, MD 21202	10.455217
United States Fire Insurance Co., P.O. Box 2387, Morristown, NJ 07960	3.319116
Zurich Insurance Co., 231 No. Martingale Rd., Schaumburg, IL 60196	1.244669