

November 19, 1990

Mr. Joseph Marrone
Senior Vice President and General Counsel
American Nuclear Insurers
The Exchange, Suite 245
270 Farmington Ave.
Farmington, Connecticut 06032

Dear Joe:

I received the enclosed letter from Mike Vieten and replied with the enclosed response. Do you have any comments on either letter? I would appreciate getting your thoughts.

Sincerely,

ORIGINAL SIGNED BY

Robert S. Wood
Senior Financial Policy Analyst
Policy Development and Financial
Evaluation Section
Policy Development and Technical Support Branch
Office of Nuclear Reactor Regulation

Enclosures:
As stated

cc: Jane E. Mapes

DISTRIBUTION: [LETTER FOR JOSEPH MARRONE]

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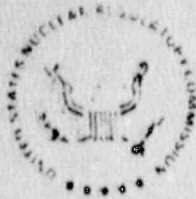
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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

October 31, 1990

Mr. Michael J. Vieten
Assistant Vice President
Marsh & McLennan Nuclear
1166 Avenue of the Americas
New York, New York 10036-2774

Dear Mike:

This responds to your inquiry concerning whether the American Nuclear Insurers' (ANI) endorsement that incorporates the provisions of the new property/accident recovery insurance rule is more restrictive than the language of the new rule itself. You refer particularly to the provisions of the rule that identify the types of actions associated respectively with stabilization and decontamination. As stated in 10 CFR 50.54(w)(4)(i), the objective of stabilization is "... to ensure that the licensed reactor is in, or is returned to, and can be maintained in, a safe and stable condition so as to prevent any significant risk to the public health and safety..." The objective of the decontamination or cleanup process is "... to decontaminate the reactor and the reactor station site in accordance with the licensee's cleanup plan as approved by order of the Director of the Office of Nuclear Reactor Regulation..." Section 50.54(w)(2) (ii) provides that the stabilization and decontamination requirements set forth in section 50.54(w)(4) must apply uniformly to all insurance policies required under section 50.54(w).

As enumerated in section 50.54(w)(4)(i), "Actions needed to bring the reactor to and maintain the reactor in a safe and stable condition may include one or more of the following, as appropriate: [A] Shutdown of the reactor; [B] Establishment and maintenance of long-term cooling with stable decay heat removal; [C] Maintenance of subcriticality; [D] Control of radioactive releases; and [E] Securing of structures, systems, or components to minimize radiation exposure to onsite personnel or to the offsite public or to facilitate later decontamination or both." (emphasis added)

As enumerated in section 50.54(w)(4)(ii), "Cleanup operations may include one or more of the following, as appropriate: [A] Processing any contaminated water generated by the accident and by decontamination operations to remove radioactive materials; [B] Decontamination of surfaces inside the auxiliary and fuel-handling buildings and the reactor building to levels consistent with the Commission's occupational exposure limits in 10 CFR Part 20, and decontamination or disposal of equipment; [C] Decontamination or removal and disposal of internal parts and damaged fuel from the reactor vessel; and [D] cleanup of the reactor coolant system." (emphasis added)

You indicate that the ANI endorsement might be more restrictive because it states that stabilization and cleanup means one or more of the following... You are correct in noting that, unlike the language of the endorsement, the language of the rule leaves open the possibility of including additional stabilization and cleanup activities beyond those listed. As a practical

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matter, the activities listed for stabilization and cleanup are sufficiently comprehensive that, because ANI's definitions apparently cite these same activities, it does not appear that there would be gaps or restrictions in coverage for stabilization and decontamination. However, we will ask ANI to confirm this interpretation.

Robert S. Wood, Senior Financial Policy Analyst
Policy Development and Financial Evaluation Section
Policy Development and Technical Support Branch
Program Management, Policy Development
and Analysis Staff
Office of Nuclear Reactor Regulation

cc: J. Marrone, ANI