

Washington Public Power Supply System

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Secretary of the Commission
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

DOCKET NUMBER
PROPOSED RULE **PR-50**

47

(47 FR 27371)

Gentlemen:

Subject: NUCLEAR PROPERTY INSURANCE

In the June 24, 1982, edition of the Federal Register (47FR27371), the NRC published an advance notice of proposed rulemaking which requested comments on NUREG-0891, "Nuclear Property Insurance: Status and Outlook". The report, prepared by Dr. John D. Long, Professor of Insurance at Indiana University, made several recommendations regarding the amount of insurance the NRC should require.

The Supply System has reviewed NUREG-0891 and offers the following comments for your consideration:

- It is nonsensical to require licensees to carry whatever primary on-site coverage is offered both by ANI/MAERP and by NML, plus whatever excess coverage is offered in the markets as recommended by Professor Long. Such an open ended requirement has no logical basis, particularly in light of the nuclear industry's safety record. A more sensible approach is to tailor coverage to match some objective, quantifiable limit, such as a probable maximum loss based on a national safety goal, a probabilistic risk assessment or WASH 1400 and related to reactor power level.
- The NRC should limit its involvement in the insurance/utility/state regulator relationship to require only that amount of insurance required by the licensee's State utility regulators, insurers, customers and bond holders above that required to adequately deal with probable emergencies. TMI-type recovery costs (including replacement power) are more of an economic decision, not a safety related decision under the NRC's purview. The NRC should refrain from expanding its jurisdiction into regulating the insurance industry.

DSIO
add: Robert Wood
AK-5037

11/4/82... [signature]

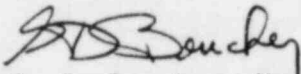
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Nuclear Property Insurance

- Utilities with multiple reactor sites should be permitted to obtain coverage either for a single unit, site, or for all reactors belonging to the utility, whichever option is most cost-beneficial.
- The decision as to whether decontamination costs after an accident have precedence over claims of creditors and owners should be made by Congress, not the NRC.

Feel free to contact me should you have any questions regarding our comments.

Very truly yours,



G. D. Bouchey, Manager
Nuclear Safety & Licensing

KAH/sm

cc: NS Reynolds D&L