



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

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AUG 30 1982

The Honorable William Carney
United States House of Representatives
Washington, DC 20515

Dear Congressman Carney:

Thank you for your letter dated August 11, 1982, on behalf of your constituent, Rudolph Wolf, who is concerned about compensation for offsite losses in the event of an accident at a nuclear power plant licensed by the Nuclear Regulatory Commission (NRC).

Congress made special provision to protect property owners in the vicinity of a nuclear power plant against losses resulting from a nuclear power plant accident by enacting the Price-Anderson Act. Under the Price-Anderson Act (Public Law 85-256, as amended, 42 U.S.C. 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 enacted in 1957, extended in 1965 for ten years until 1977 and extended again in 1975 for an additional ten-year period until July 31, 1987.

The Act 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 \$555 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 up to \$5 million per reactor per incident but not in excess of \$10 million for a single reactor in any year. With 79 commercial reactors operating under this system, the secondary insurance layer totals \$395 million.

The difference of \$5 million between the financial protection layer of \$555 million and the \$560 million liability limit is the present government indemnity level. Under the present system, government indemnity will 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 \$560 million, government indemnity will be eliminated. Then the liability limit would increase without any cap on the limit in increments of \$5 million for each new commercial reactor licensed.

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I hope that this information is helpful in responding to your constituents's concerns.

Sincerely,



Carlton Kammerer, Director
Office of Congressional Affairs