

**Marsh &  
McLennan**

Marsh & McLennan, Incorporated  
2121 San Jacinto Street  
1300 San Jacinto Tower  
Dallas, Texas 75201  
Telephone 214-979-9900

January 21, 1985

*Docted*

Mr. Ira Dinitz  
Insurance Indemnity Analyst  
Licensee Relations Section  
Office of State Programs  
U. S. Nuclear Regulatory Commission  
Washington, D. C. 20555

Alabama Power Company  
J. M. Farley Nuclear Plant  
ANI/MAELU Policy NF-238  
Endorsements 10, 11, 12, 13, 14 and 47

Dear Jerry:

Enclosed for your records are two certified copies of Endorsement Nos. 10, 11, 12, 13, 14 and 47 pertaining to the Alabama Power Company J. M. Farley Nuclear Plant which you requested in your letter dated 19 November 1984 to A. R. Barton of Alabama Power Company.

Very truly yours,

*John Duck Jr*

John R. Duck, Jr.  
Assistant Vice President  
M&M Nuclear Consultants

cc: N. Horsley  
J. L. Collins

/f/enclosures

8501290364 850121  
PDR ADOCK 05000348  
PDR  
J

*Moore*

Nuclear Energy Liability Insurance  
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

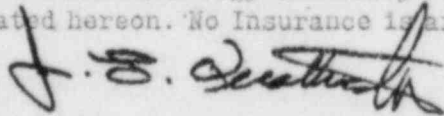
AMENDMENT OF CONDITION 2 "INSPECTION; SUSPENSION"  
(Facility Form)

It is agreed that Condition 2 "INSPECTION; SUSPENSION" is replaced by the following:

- 2 INSPECTION; SUSPENSION The companies shall at any time be permitted but not obligated to inspect the facility and all operations relating thereto and to examine the insured's books and records as far as they relate to the subject matter of this insurance. Neither the right to make inspections and examinations nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the insured or others, to determine or warrant that such facility or operations are safe or healthful, or are in compliance with any law, rule or regulation.

If a representative of the companies discovers a condition which he believes to be unduly dangerous with respect to the nuclear energy hazard, a representative of the companies may request that such condition be corrected without delay. In the event of non-compliance with such request, a representative of the companies may, by notice to the named insured, to any other person or organization considered by the companies to be responsible for the continuance of such dangerous condition, and to the United States Nuclear Regulatory Commission, suspend the insurance with respect to the named insured and such other person or organization effective 12:00 midnight of the next business day of such Commission following the date that such Commission receives such notice. The period of such suspension shall terminate as of the time stated in a written notice from the companies to the named insured and to each such person or organization that such condition has been corrected.

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No Insurance is afforded hereunder.



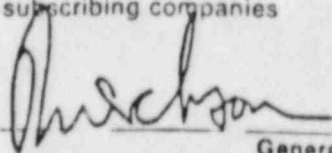
John L. Quattrocchi, Vice President-Liability Underwriting  
American Nuclear Insurers

Effective Date of this Endorsement January 1, 1977  
12:01 A.M. Standard Time  
Issued to Alabama Power Company  
Date of Issue December 15, 1976

**COPY**

To form a part of Policy No. NF- 238

For the subscribing companies

By   
General Manager

Endorsement No. 10  
NE-46  
(1/1/77)

Countersigned by \_\_\_\_\_

Nuclear Energy Liability Insurance  
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

WAIVER OF DEFENSES ENDORSEMENT  
(Extraordinary Nuclear Occurrence)

The named insured, acting for himself and every other insured under the policy, and the members of Nuclear Energy Liability Insurance Association agree as follows:

1. With respect to any extraordinary nuclear occurrence to which the policy applies as proof of financial protection and which
  - (a) arises out of or results from or occurs in the course of the construction, possession, or operation of the facility, or
  - (b) arises out of or results from or occurs in the course of the transportation of nuclear material to or from the facility,

the insureds and the companies agree to waive

- (1) any issue or defense as to the conduct of the claimant or the fault of the insureds, including but not limited to:
  - (i) negligence,
  - (ii) contributory negligence,
  - (iii) assumption of risk, and
  - (iv) unforeseeable intervening causes, whether involved the conduct of a third person, or an act of God,
- (2) any issue or defense as to charitable or governmental immunity, and
- (3) any issue or defense based on any statute of limitations if suit is instituted within three years from the date on which the claimant first knew, or reasonably could have known, of his bodily injury or property damage and the cause thereof, but in no event more than twenty years after the date of the nuclear incident.

The waiver of any such issue or defense shall be effective regardless of whether such issue or defense may otherwise be deemed jurisdictional or relating to an element in the cause of action.

2. The waivers set forth in paragraph 1. above do not apply to
  - (a) bodily injury or property damage which is intentionally sustained by the claimant or which results from a nuclear incident intentionally and wrongfully caused by the claimant;
  - (b) bodily injury sustained by any claimant who is employed at the site of and in connection with the activity where the extraordinary nuclear occurrence takes place if benefits therefor are either payable or required to be provided under any workmen's compensation or occupational disease law;
  - (c) any claim for punitive or exemplary damages, provided, with respect to any claim for wrongful death under any State law which provides for damages only punitive in nature, this exclusion does not apply to the extent that the claimant has sustained actual damages, measured by the pecuniary injuries resulting from such death but not to exceed the maximum amount otherwise recoverable under such law.

3. The waivers set forth in paragraph 1. above shall be effective only with respect to bodily injury or property damage to which the policy applies under its terms other than this endorsement; provided, however, that with respect to bodily injury or property damage resulting from an extraordinary nuclear occurrence, Insuring Agreement IV, "Application of Policy", shall not operate to bar coverage for bodily injury or property damage (a) which is caused during the policy period by the nuclear energy hazard and (b) 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.

Such waivers shall not apply to, or prejudice the prosecution or defense of any claim or portion of claim which is not within the protection afforded under

- (a) the provisions of the policy applicable to the financial protection required of the named insured;
- (b) the agreement of indemnification between the named insured and the Nuclear Regulatory Commission made pursuant to Section 170 of the Atomic Energy Act of 1954, as amended; and
- (c) the limit of liability provisions of Subsection 170e. of the Atomic Energy Act of 1954, as amended.

Such waivers shall not preclude a defense based upon the failure of the claimant to take reasonable steps to mitigate damages.

4. Subject to all of the limitations stated in this endorsement and in the Atomic Energy Act of 1954, as amended, the waivers set forth in paragraph 1. above shall be judicially enforceable in accordance with their terms against any insured in an action to recover damages because of bodily injury or property damage to which the policy applies as proof of financial protection.

5. As used herein:

"extraordinary nuclear occurrence" means an event which the Nuclear Regulatory Commission has determined to be an extraordinary nuclear occurrence as defined in the Atomic Energy Act of 1954, as amended.

"financial protection" and "nuclear incident" have the meanings given them in the Atomic Energy Act of 1954, as amended.

"claimant" means the person or organization actually sustaining the bodily injury or property damage and also includes his assignees, legal representatives and other persons or organizations entitled to bring an action for damages on account of such injury or damage.

COPY

Effective Date of this Endorsement January 1, 1977 To form a part of Policy No. NF- 238  
12:01 A.M. Standard Time  
Issued to Alabama Power Company

Date of Issue December 15, 1976 For the subscribing companies  
This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No insurance is afforded hereunder.  
*[Signature]* General Manager

Endorsement No 1-3-2000 Countersigned by \_\_\_\_\_  
NE-33a  
(1/1/77) John L. Quattrocchi, Vice President-Liability Underwriting  
American Nuclear Insurers

Nuclear Energy Liability Insurance

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

AMENDMENT OF DEFINITION OF  
"NUCLEAR ENERGY HAZARD"  
(Indemnified Nuclear Facility)

It is agreed that:

1. Solely with respect to an "insured shipment" to which the policy applies as proof of financial protection required by the Nuclear Regulatory Commission, subdivision (2) of the definition of "nuclear energy hazard" is amended to read:

(2) the nuclear material is in an insured shipment which is away from any other nuclear facility and is in the course of transportation, including handling and temporary storage incidental thereto, within

(a) the territorial limits of the United States of America, its territories or possessions, Puerto Rico or the Canal Zone; or

(b) international waters or airspace, provided that the nuclear material is in the course of transportation between two points located within the territorial limits described in (a) above and there are no deviations in the course of the transportation for the purpose of going to any other country, state or nation, except a deviation in the course of said transportation for the purpose of going to or returning from a port or place of refuge as the result of an emergency.

2. As used here, "financial protection" has the meaning given it in the Atomic Energy Act of 1954, as amended.

This is to certify that this is a true copy of the original endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No insurance is afforded hereunder.

*J. S. Quattrocchi*

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

COPY

Effective Date of this Endorsement January 1, 1977 To form a part of Policy No. NF- 238  
12:01 A.M. Standard Time

Issued to Alabama Power Company

Date of Issue December 15, 1976

For the subscribing companies

By *Richardson*  
General Manager

Endorsement No 12

Countersigned by \_\_\_\_\_

NE-44  
(1/1/77)

Nuclear Energy Liability Insuranc  
**NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION**

- COPY**
- 1) ADVANCE PREMIUM AND STANDARD PREMIUM ENDORSEMENT
  - 2) CHANGES IN SUBSCRIBING COMPANIES AND IN THEIR PROPORTIONATE LIABILITY ENDORSEMENT

Calendar Year 1977

- 1a. ADVANCE PREMIUM: It is agreed that the Advance Premium due the companies for the period designated above is: \$ 2,000.00
- b. STANDARD PREMIUM AND RESERVE PREMIUM: In the absence of a change in the Advance Premium indicated above, it is agreed that, subject to the provisions of the Industry Credit Rating Plan, the Standard Premium is said Advance Premium and the Reserve Premium is: \$ 1,200.00
2. It is agreed that with respect to bodily injury or property damage caused, during the effective period of this endorsement, by the nuclear energy hazard:
  - a. The word "companies" wherever used in the policy means the subscribing companies listed on the reverse side of this endorsement.
  - b. The policy shall be binding on such companies only.
  - c. Each such company shall be liable only for its proportion of any obligation assumed or expense incurred under the policy because of such bodily injury or property damage as designated on the reverse side of this endorsement.
3. It is agreed that the effective period of this endorsement is from the beginning of the effective date of this endorsement stated below to the close of December 31st of the Calendar Year designated in the caption above, or to the time of the termination or cancellation of the policy, if sooner.

(Over)

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No Insurance is afforded hereunder.

*J. S. Quattrocchi*

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

Effective Date of this Endorsement January 1, 1977 To form a part of Policy No. NE-233  
12:01 A.M. Standard Time  
Issued to Alabama Power Company  
Date of Issue December 31, 1976

For the subscribing companies  
**COPY**  
By *[Signature]*  
General Manager

Nuclear Energy Liability Insurance  
**NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION**

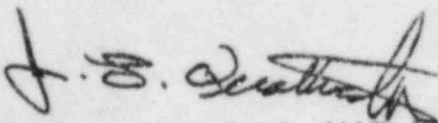
AMENDMENT OF CONDITION 4  
AND AMENDMENT IN 1977 SUBSCRIBING COMPANIES  
AND IN THEIR PROPORTIONATE LIABILITY ENDORSEMENT

It is agreed that:

1. with respect to bodily injury or property damage caused after the effective date of this endorsement by the nuclear energy hazard, the figure \$96,875,000 stated in Condition 4 of the policy is amended to read \$108,500,000.
  
2. the listing of subscribing companies and their proportionate liability for calendar year 1977 shown on the reverse side of the Advance Premium and Standard Premium Endorsement for Calendar Year 1977 is replaced by the listing on the reverse side of this endorsement.

(over)

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No insurance is afforded hereunder.



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

Effective Date of this Endorsement January 1, 1977 To form a part of Policy No. NE-238  
Issued to Alabama Power Company 12:01 A.M. Standard Time  
Date of Issue January 31, 1977 For the subscribing companies  
By [Signature] General Manager  
Endorsement No. 14 Countersigned by \_\_\_\_\_  
NE-43D (1/1/77)

**Nuclear Energy Liability Insurance**  
**NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION**

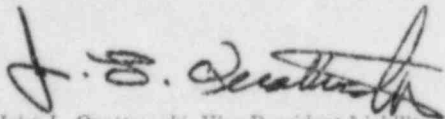
RESTORATION OF LIMIT OF LIABILITY

ENDORSEMENT

It is agreed that:

1. Endorsement No. 45 is deleted.
2. Payments made and expenses incurred by the companies under this policy have reduced, in accordance with Condition 3 of the policy, the limits of the companies' liability stated in Item 4 of the Declarations and in all Increase of Limit of Liability Endorsements.
3. The limit of liability stated in Endorsement No. 41 which has been reduced is hereby restored to \$124,000,000.00. This restored limit applies only with respect to obligations assumed or expenses incurred because of bodily injury or property damage caused by the nuclear energy hazard after the effective date of this endorsement.
4. The limits of liability stated in the policy shall not be cumulative. Each payment made by the companies after the effective date of this endorsement for any loss or expense covered by the policy shall reduce by the amount of such payment every limit of liability, regardless of which limit of liability applies with respect to the bodily injury or property damage out of which such loss or expense arises.

This is to certify that this is a true copy of the original endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No insurance is afforded hereunder.



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

Effective Date of this Endorsement July 1, 1982 To form a part of Policy No. NF-238  
12:01 A.M. Standard Time  
Issued to Alabama Power Company  
Date of Issue October 14, 1982  
For the subscribing companies  
By [Signature] General Manager  
Endorsement No. 47 Countersigned by \_\_\_\_\_