

P. O. BOX 33189

DUKE POWER COMPANY
GENERAL OFFICES
422 SOUTH CHURCH STREET
CHARLOTTE, N. C. 28242

TELEPHONE: AREA 704
373-4011

April 1, 1981

Mr. Jerome Saltzman
Deputy Chief
Office of Antitrust & Indemnity
Nuclear Regulatory Commission
Washington, D. C. 20555

Subject: McGuire Nuclear Station
Unit I
ANI - Policy No. NF-248
Binder No. EB-69
MAELU Policy No. MF-101
Binder No. XB-69

Dear Mr. Saltzman:

Enclosed you will find copies of Endorsements 14, 15, 16
17, 18 and 19 to ANI Policy NF-248, Endorsement 1 and 2 to ANI
Binder No. EB-69, MAELU Policy No. MF-101 and Endorsements 1-14 of
same, MAELU Binder No. XB-69 and Endorsement I of same.

Sincerely,

F. D. Sanders
Insurance Analyst

FDS/sd

cc: K. S. Canady

enclosures



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3
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8104060 547

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

INCREASE OF LIMIT OF LIABILITY ENDORSEMENT

It is agreed that:

1. The limit of liability stated in Item 4 of the declarations of the policy is amended to read \$ 124,000,000.00.

This amended limit applies with respect to obligations assumed or expenses incurred because of bodily injury or property damage caused, during the period from the effective date of this endorsement to the date of termination of the policy, by the nuclear energy hazard.

2. The limit of liability stated in Item 4 of the declarations and the amended limit of liability stated in paragraph 1 above shall not be cumulative, and 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 both the limit of liability stated in Item 4 of the declarations and the amended limit stated in paragraph 1 above, 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 Form, which has been signed and sealed and is a part of the Nuclear Energy Liability Policy (Facility Form) as designated herein. No insurance is entered hereunder.



John L. Gattavachi, Vice President-Liability Underwriting
American Nuclear Insurance

Effective Date of this Endorsement November 15, 1980 To form a part of Policy No. NE-248
12:01 A.M. Standard Time
Issued to Duke Power Company
Date of Issue October 14, 1980
For the subscribing companies
By [Signature] General Manager
Endorsement No. 14
Countersigned by [Signature]

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ADVANCE PREMIUM AND STANDARD PREMIUM ENDORSEMENT

CALENDAR YEAR 1980

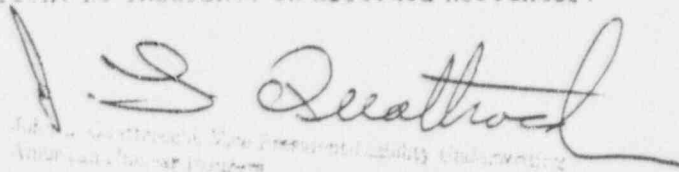
It is agreed that Items 1a. and 1b. of Endorsement No. 12
are amended to read:

1a. ADVANCE PREMIUM: It is agreed that the Advance
Premium due the companies for the period designated above
is: \$ 3,621.53.

1b. 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: \$ 2,426.42.

Additional Premium: \$ 1,621.53.

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 des-
ignated herein. No Insurance is afforded hereunder.


J. S. Quattrone, Vice President, Liability Underwriting
American Nuclear Insurance Company

Effective Date of this Endorsement November 15, 1980 To form a part of Policy No. NF-248
Issued to Duke Power Company 12:01 A.M. Standard Time
Date of Issue November 11, 1980

For the subscribing companies

By 

General Manager

Endorsement No. 15
NE-36

Countersigned by 

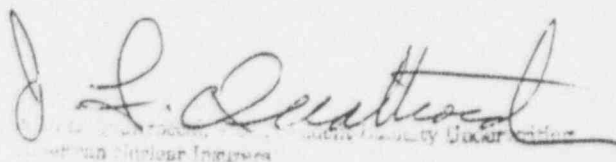
Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

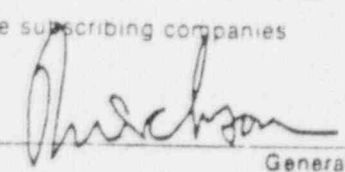
ADVANCE PREMIUM AND STANDARD PREMIUM CALENDAR YEAR 1981
ENDORSEMENT

1. ADVANCE PREMIUM: It is agreed that the Advance Premium due the companies for the period designated above is:
\$ 329,218.98.

2. 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:
\$ 247,881.43.

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 des-
ignated herein. No insurance is afforded hereunder.


J. L. Deaton, President, Nuclear Energy Liability Insurance Association

Effective Date of this Endorsement January 1, 1981 To form a part of Policy No. NF-248
Issued to Duke Power Company 12:01 A.M. Standard Time
Date of Issue December 22, 1980
For the subscribing companies
By  General Manager
Endorsement No. 16 Countersigned by J. L. Deaton

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

AMENDMENT OF DEFINITION OF CONDITION 2 "INSPECTION; SUSPENSION" AND "INSURED SHIPMENT"
(Indemnified Nuclear Facility)

It is agreed that:

1.) Condition 2 "INSPECTION; SUSPENSION" is replaced by the following:

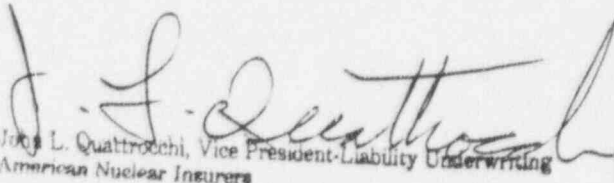
2 INSPECTION; SUSPENSION The companies shall at any time be permitted but not obligated to inspect the facility and all operations relating thereto and to examine the insured's books and records as far as they relate to the subject of this insurance and any property insurance afforded the insured through American Nuclear Insurers. 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 noncompliance 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 continuation of such dangerous condition, and to the United States Nuclear Regulatory Commission, suspend this 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.

Neither the right to make such 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. In consideration of the issuance or continuation of this policy, the insured agrees that neither the companies nor any persons or organizations making such inspections or examinations on their behalf shall be liable with respect to injury to or destruction of property at the facility, or any consequential loss or expense resulting therefrom, or any loss resulting from interruption of business or manufacture, arising out of the making of or a failure to make any such inspection or examination, or any report thereon, or any such suspension of insurance, but this provision does not limit the contractual obligations of the companies under this policy or any policy affording the insured property insurance through American Nuclear Insurers.

- 2.) The definition of "insured shipment" in Insuring Agreement III, "DEFINITIONS", is replaced by the following:

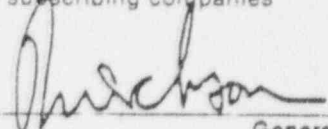
"insured shipment" means a shipment of source material, special nuclear material, spent fuel, waste, or tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its source material content, herein called "material", (1) to the facility from any location except an indemnified nuclear facility, but only if the transportation of the material is not by predetermination to be interrupted by removal of the material from a transporting conveyance for any purpose other than the continuation of its transportation, or (2) from the facility to any other location, but only until the material is removed from a transporting conveyance for any purpose other than the continuation of its transportation.

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 herein. No insurance is afforded hereunder.


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

Effective Date of this Endorsement January 1, 1981 To form a part of Policy No NF-248
12:01 A.M. Standard Time
Issued to Duke Power Company
Date of Issue December 22, 1980

For the subscribing companies

By 
General Manager

Endorsement No 17
NE-51 Page 2 of 2 (1/1/81)

Countersigned by _____

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

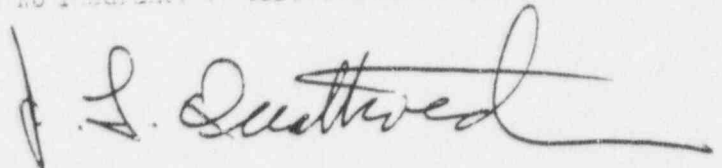
Amendment of Location of the Facility

It is agreed that the location specified in Item 3 of the Declarations, "Description of the Facility", is amended to read:

Location All of the premises including the land and all buildings and structures of Duke Power Company's William B. McGuire Nuclear Station shown as being within the heavy black lines on a reduced copy of Drawing Number MC-1001-1 Revision 1 dated February 22, 1977, a copy of which is attached hereto and made a part hereof. The site as described includes the cooling-water intake structure, the cooling-water discharge structure and canal, and the Switching Station located approximately 3000 feet south of the administration building.

The William B. McGuire Nuclear Station is located on the south shore of Lake Norman approximately 17 miles Northwest of the city of Charlotte in Mecklenburg County, North Carolina.

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 herein. No Insurance is provided hereunder.



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

Effective Date of this Endorsement January 30, 1981 To form a part of Policy No. NF-248
Issued to Duke Power Company 12:01 A.M. Standard Time
Date of Issue February 5, 1981
For the subscribing companies
By [Signature] General Manager
Endorsement No. 18 Countersigned by [Signature]



CHANGES IN SUBSCRIBING COMPANIES AND IN THEIR PROPORTIONATE LIABILITY ENDORSEMENT
Calendar Year 1981

- #### SUBSCRIBING COMPANIES

PROPORTION OF 100

Aetna Casualty and Surety Co., The, 151 Farmington Ave., Hartford, CT 06156
 Aetna Insurance Company, 55 Elm St., Hartford, CT 06115
 Affiliated FM Insurance Co., Allendale Park, P.O. Box 7500, Johnston, RI 02819
 Alliant Insurance Company, 6435 Wilshire Blvd., Los Angeles, CA 90054
 Allstate Insurance Co., Allstate Plaza South - G1, Northbrook, IL 60062
 American Home Assurance Co., 102 Maiden Ln., New York, NY 10025
 American Republics Insurance Co., Long Grove, IL 60044
 American Casualty Corporation, 320 1/2 5th St., Rock Island, IL 61201
 American Insurance Co., Edward & Sullivan, P.O. Box 15, New York, NY 10005
 American States Insurance Co., The Beacon Building, MA 02108
 American Surety Co., The, 9 Bay St., New Haven, CT 06510
 American United Life Insurance Co., Chicago, IL 60601
 American United Life Insurance Co., 100 Maiden Ln., New York, NY 10025
 Federal Insurance Co., 100 Kennedy Pkwy., North Haven, CT 06460
 Fireman's Fund Insurance Companies, P.O. Box 3395, San Francisco, CA 94104
 General Accident Fire and Life Assurance Corp., Ltd., 215 Walnut St., Philadelphia, PA 19105
 Great American Insurance Co., P.O. Box 2575, Cincinnati, OH 45201
 Hanover Insurance Co., The, 440 Lincoln St., Worcester, MA 01625
 Hartford Accident and Indemnity Co., Hartford Plaza 6A, Hartford, CT 06115
 Hartford Steam Boiler Insp. & Ins. Co., The, 66 Prospect St., Hartford, CT 06102
 Highlands Insurance Co., 603 Jefferson St., Houston, TX 77002
 Home Indemnity Co., The, 59 Maiden Ln., New York, NY 10038
 Insurance Co. of North America, P.O. Box 7726, Philadelphia, PA 19101
 Marathon Insurance Co. of Ohio, The, 19 Rector St., New York, NY 10006
 Northern Insurance Company of New York, P.O. Box 1229, Baltimore, MD 21203
 Northwestern National Ins. Co., 731 No. Jackson St., Milwaukee, WI 53201
 Ohio Casualty Insurance Company, The, 136 North Third Ave., Hamilton, OH 45025
 Pacific Indemnity Co., 51 John F. Kennedy Parkway, Short Hills, NJ 07078
 Republic Insurance Co., 62 Maple Ave., Keene, NH 03431
 Protective Insurance Co., 3100 No. Meridian St., Indianapolis, IN 46208
 Providence Washington Insurance Co., 20 Washington Place, Providence, RI 02903
 Reliance Insurance Company, 4 Penn Center Plaza, Philadelphia, PA 19103
 Royal Insurance Company of America, 150 William Street, New York, NY 10038
 St. Paul Fire & Marine Ins. Co., 385 Washington St., St. Paul, MN 55102
 Seacoast Surety Co., 90 William St., New York, NY 10038
 State Farm Fire & Casualty Company, 112 East Washington St., Bloomington, IL 61701
 Transamerica Insurance Company, P.O. Box 84256, Los Angeles, CA 90054
 Travelers Indemnity Company, The, One Tower Square, Hartford, CT 06115
 United States Indemnity and Surety Co., 100 Light St., Baltimore, MD 21202
 United States Fire Insurance Co., P.O. Box 7247, Morristown, NJ 07960
 Zurich Insurance Co., 231 W. Hartington Rd., Schaumburg, IL 60196

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made pursuant to the provisions of the Nuclear Energy Liability Policy (Facility Form) as indicated hereon. Not used and not recorded hereunder.

To form a part of Policy No

Date of Issue March 12, 1931

For the subscribing companies

Endorsement No. 19

Countersigned by _____

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

SPECIFICATION OF BINDER EFFECTIVE DATE AND
PREMIUM ENDORSEMENT

It is agreed that:

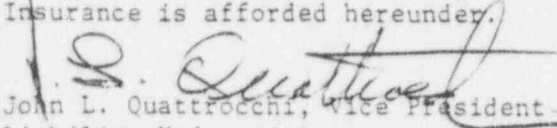
1. The United States Nuclear Regulatory Commission has issued to the insureds named in Item 1 of the Declarations Operating License No. NFP-9 effective January 23, 1981 for the reactor described in Item 3 of the Declarations of the binder.
2. Item 6 of the Declarations of the binder is deleted and replaced with the following:

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 1981: \$ 4,371.00.

3. Item 8 of the Declarations of the binder is deleted and replaced by the following:

Item 8. Binder period: Beginning January 23, 1981, 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.

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made a part of the binder for NUCLEAR ENERGY LIABILITY POLICY (Secondary Financial Protection) as designated hereon. No Insurance is afforded hereunder.

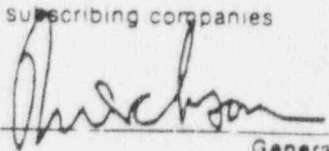

John L. Quattrocchi, Vice President
Liability Underwriting
American Nuclear Insurers

Effective Date of this Endorsement January 23, 1981
12:01 A.M. Standard Time
Issued to Duke Power Company

Binder No. EB-69
To form a part of ~~Policy No.~~

Date of Issue March 4, 1981

For the subscribing companies

By 
General Manager

Endorsement No 1

Countersigned by _____

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

SUBSCRIBING COMPANIES AND THEIR PRO-
PORTIONATE LIABILITY ENDORSEMENT

Calendar Year 1981

1. It is agreed that with respect to (i) bodily injury or property damage caused, during the effective period of this endorsement, by the radioactive, toxic, explosive or other hazardous properties of nuclear material, and (ii) contingent liability as provided in Condition 4 for excess incurred losses because retrospective premium due under one or more binders with respect to such bodily injury or property damage is not paid:
 - 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 designated next to its name of any obligation assumed or expense incurred under the policy.
2. 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 Draft Master Policy, or this binder, whichever first occurs, eastern standard time.

(see reverse side for list of subscribing companies)

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

J. L. Decathorne

Effective Date of this Endorsement January 1, 1981 Binder No. EB-69
12:01 A.M. Standard Time To form a part of Policy No. XXXXXXXXXX
Issued to Duke Power Company
Date of Issue March 12, 1981
For the subscribing companies
By *J. L. Decathorne* General Manager
Endorsement No. 2 Countersigned by _____

SUBSCRIBING COMPANIES

PROPORTION OF 100%

Aetna Casualty and Surety Co., The, 151 Farmington Ave., Hartford, CT 06156	9.930569
Aetna Insurance Company, 55 Elm St., Hartford, CT 06115	2.648152
Affiliated FM Insurance Co., Allendale Park, P.O. Box 7500, Johnston, RI 02919	.248264
Alliant Insurance Company, 8435 Wilshire Blvd., Los Angeles, CA 90054	1.324076
Allstate Insurance Co., Allstate Plaza South - G1, Northbrook, IL 60062	4.965284
American Home Assurance Co., 102 Maiden La., New York, NY 10005	.868925
American Motorists Insurance Co., Long Grove, IL 60049	.413774
Britannicus Casualty Corporation, 320 15th St., Rock Island, IL 61201	.413774
Centennial Insurance Co., Atlantic Building, 45 Wall St., New York, NY 10005	.248264
Commercial Union Insurance Co., One Beacon St., Boston, MA 02108	3.310190
Connecticut Indemnity Company, The, 9 Farm Springs Rd., Farmington, CT 06032	.413774
Continental Casualty Co., CNA Plaza, Chicago, IL 60685	4.137737
Continental Insurance Co., The, 80 Maiden La., New York, NY 10038	7.654514
Federal Insurance Co., 51 John F. Kennedy Pkwy., Short Hills, NJ 07078	1.489585
Fireman's Fund Insurance Companies, P.O. Box 3395, San Francisco, CA 94119	5.296303
General Accident Fire and Life Assurance Corp., Ltd., 414 Walnut St., Philadelphia, PA 19106	1.324076
Great American Insurance Co., P.O. Box 2575, Cincinnati, OH 54201	1.324076
Hanover Insurance Co., The, 440 Lincoln St., Worcester, MA 01605	.496528
Hartford Accident and Indemnity Co., Hartford Plaza, Hartford, CT 06115	7.034153
Hartford Steam Boiler Insp. & Ins. Co., The, 56 Prospect St., Hartford, CT 06102	.496528
Highlands Insurance Co., 600 Jefferson St., Houston, TX 77002	.413774
Home Indemnity Co., The, 59 Maiden La., New York, NY 10038	3.641209
Insurance Co. of North America, P.O. Box 7726, Philadelphia, PA 19101	1.655095
Monarch Insurance Co. of Ohio, The, 19 Rector St., New York, NY 10006	.331019
Northern Insurance Company of New York, P.O. Box 1226, Baltimore, MD 21703	1.820604
Northwestern National Ins. Co., 731 No. Jackson St., Milwaukee, WI 53201	.667038
Ohio Casualty Insurance Company, The, 136 North Third St., Hamilton, OH 45025	.165509
Pacific Indemnity Co., 51 John F. Kennedy Parkway, Short Hills, NJ 07078	.331019
Peerless Insurance Co., 62 Maple Ave., Keene, NH 03431	.124132
Protective Insurance Co., 3100 No. Meridian St., Indianapolis, IN 46208	.248264
Providence Washington Insurance Co., 20 Washington Place, Providence, RI 02903	.103443
Reliance Insurance Company, 4 Penn Center Plaza, Philadelphia, PA 19103	.993057
Royal Insurance Company of America, 150 William Street, New York, NY 10038	3.310190
St. Paul Fire & Marine Ins. Co., 385 Washington St., St. Paul, MN 55102	4.687228
Seaboard Surety Co., 90 William St., New York, NY 10038	.413774
State Farm Fire & Casualty Company, 112 East Washington St., Bloomington, IL 61701	.827547
Transamerica Insurance Company, P.O. Box 54256, Los Angeles, CA 90054	.827547
Travelers Indemnity Company, The, One Tower Square, Hartford, CT 06115	10.758116
United States Fidelity and Guaranty Co., 100 Light St., Baltimore, MD 21202	10.427097
United States Fire Insurance Co., P.O. Box 2387, Morristown, NJ 07960	2.979171
Zurich Insurance Co., 231 N. Kensington Rd., Schaumburg, IL 60196	1.241321

NE-8)

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

919 North Michigan Avenue, Chicago 11, Illinois

Nuclear Energy Liability Policy No. MF- 101
(Facility Form)

DECLARATIONS

Item 1. Named Insured Duke Power Company

Address P. O. Box 2178 Charlotte, North Carolina 28242
(No. Street Town or City State)

Item 2. Policy Period: Beginning at 12:01 A.M. on the 15th day of November, 1980,
and continuing through the effective date of the cancelation or termination of this policy, standard time at the address
of the named insured as stated herein.

Item 3. Description of the Facility:

Location All of the premises including the land and all buildings and structures
of Duke Power Company's McGuire Nuclear Station (including but not limited to
Units 1 and 2) situated on a site consisting of about 30,000 acres bounded
to the west by the Catawba River channel and to the north by Lake Norman
and located approximately 17 miles north-northwest of the city of Charlotte,
Mecklenburg County, North Carolina.

Type Power Reactor

The Operator of the facility is Duke Power Company

Item 4. The limit of the companies' liability is \$ 36,000,000 subject to all the terms of this policy having
reference thereto.

Item 5. Advance Premium \$ 545.67

Item 6. These declarations and the schedules forming a part hereof give a complete description of the facility, insofar as it
relates to the nuclear energy hazard, except as noted _____

Date of Issue November 21, 1980

Countersigned by _____
Authorized Representative

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

ADVANCE PREMIUM ENDORSEMENT
and
STANDARD PREMIUM ENDORSEMENT

Calendar Year 1980

1. ADVANCE PREMIUM

It is agreed that the Advance Premium due the companies for the calendar year designated above is \$ 545.67.

2. 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 and Reserve Premium are:

Standard Premium \$ 545.67.

Reserve Premium \$ 365.60.

Effective Date of this Endorsement November 15, 1980 To form a part of Policy No. MF-101

Issued to Duke Power Company

Date of Issue November 21, 1980

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By _____

Endorsement No. 1 Countersigned by _____
AUTHORIZED REPRESENTATIVE

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

Amendment of Name of Member Company Endorsement

It is agreed that the name "SENTRY INSURANCE A MUTUAL COMPANY" is substituted for "HARDWARE MUTUAL CASUALTY COMPANY" wherever it appears in the policy.

Effective Date of this Endorsement November 15, 1980 To form a part of Policy No. MF- 101

Issued to Duke Power Company

Date of Issue November 21, 1980

J
101
For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By _____

Endorsement No. 2 Countersigned by _____
AUTHORIZED REPRESENTATIVE

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

Amendment of Condition 4 Endorsement

It is agreed that with respect to bodily injury or property damage caused after the effective date of this endorsement by the nuclear energy hazard the figure \$13,500,000 stated in Condition 4 of the policy is amended to read \$36,000,000.

Effective Date of this Endorsement November 15, 1980 To form a part of Policy No. MF-101
Issued to Duke Power Company
Date of Issue November 21, 1980

3
10/

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By _____

Endorsement No. 3

Countersigned by _____
AUTHORIZED REPRESENTATIVE

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

Amendment of Transportation Coverage
(Indemnified Nuclear Facility)

It is agreed that the definition of "insured shipment" in Insuring Agreement III is amended to read:

"insured shipment" means a shipment of source material, special nuclear material, spent fuel or waste, herein called "material," (1) to the facility from any location except an indemnified nuclear facility, but only if the transportation of the material is not by predetermination to be interrupted by removal of the material from a transporting conveyance for any purpose other than the continuation of its transportation, or (2) from the facility to any other location, but only until the material is removed from a transporting conveyance for any purpose other than the continuation of its transportation.

Effective Date of
this Endorsement November 15, 1980

To form a part
of Policy No. MF-101

Issued to Duke Power Company

Date of Issue November 21, 1980

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By _____

Endorsement No. 4

Countersigned by _____
AUTHORIZED REPRESENTATIVE

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

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.

Effective Date of this Endorsement November 15, 1980

To form a part of Policy No. MF- 101

Issued to Duke Power Company

Date of Issue November 21, 1980

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By _____

Endorsement No. 5

Countersigned by _____
AUTHORIZED REPRESENTATIVE

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

Address of Mutual Atomic Energy Liability Underwriters Endorsement

It is agreed that the address of the Mutual Atomic Energy Liability Underwriters appearing on the declarations and in the "Company Representation" condition of the policy is amended to read:

"One East Wacker Drive, Chicago, Illinois 60601"

Effective Date of this Endorsement November 15, 1980 To form a part of Policy No. ME- 101

Issued to Duke Power Company

Date of Issue November 21, 1980

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By _____

Endorsement No. 6

Countersigned by _____
AUTHORIZED REPRESENTATIVE

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

AMENDATORY ENDORSEMENT NUCLEAR ENERGY LIABILITY POLICY (FACILITY FORM)

It is agreed that:

- I. The first sentence of the definition of nuclear facility is amended to read:

"nuclear facility" means "the facility" as defined in any Nuclear Energy Liability Policy (Facility Form) issued by Mutual Atomic Energy Liability Underwriters or by Nuclear Energy Liability Insurance Association;

- II. The definition of "indemnified nuclear facility" is replaced by the following:

"indemnified nuclear facility" means

- (1) "the facility" as defined in any Nuclear Energy Liability Policy (Facility Form) issued by Mutual Atomic Energy Liability Underwriters or by Nuclear Energy Liability Insurance Association, or

- (2) any other nuclear facility,

if financial protection is required pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, with respect to any activities or operations conducted thereat;

- III. Condition 4 is replaced by the following:

LIMITATION OF LIABILITY: COMMON OCCURRENCE Any occurrence or series of occurrences resulting in bodily injury or property damage arising out of the radioactive, toxic, explosive or other hazardous properties of

- (a) nuclear material discharged or dispersed from the facility over a period of days, weeks, months or longer and also arising out of such properties of other nuclear material so discharged or dispersed from one or more other nuclear facilities insured under any Nuclear Energy Liability Policy (Facility Form) issued by Mutual Atomic Energy Liability Underwriters, or
- (b) source material, special nuclear material, spent fuel or waste in the course of transportation for which insurance is afforded under this policy and also arising out of such properties of other source material, special nuclear material, spent fuel or waste in the course of transportation for which insurance is afforded under one or more other Nuclear Energy Liability Policies (Facility Form) issued by Mutual Atomic Energy Liability Underwriters,

shall be deemed to be a common occurrence resulting in bodily injury or property damage caused by the nuclear energy hazard.

With respect to such bodily injury and property damage (1) the total aggregate liability of the members of Mutual Atomic Energy Liability Underwriters under all Nuclear Energy Liability Policies (Facility Form), including this policy, applicable to such common occurrence shall be the sum of the limits of liability of all such policies, the limit of liability of each such policy being as determined by Condition 3 thereof, but in no event shall such total aggregate liability of such members exceed \$13,500,000; (2) the total liability of the companies under this policy shall not exceed that proportion of the total aggregate liability of the members of Mutual Atomic Energy Liability Underwriters, as stated in clause (1) above, which (a) the limit of liability of this policy, as determined by Condition 3, bears to (b) the sum of the limits of liability of all such policies issued by such members, the limit of liability of each such policy being as determined by Condition 3 thereof.

The provisions of this condition shall not operate to increase the limit of the companies' liability under this policy.

IV. The second paragraph of Condition 12 "Other Insurance" is amended to read:

"If the insured has other valid and collectible insurance (other than such concurrent insurance or any other nuclear energy liability insurance issued by Mutual Atomic Energy Liability Underwriters or Nuclear Energy Liability Insurance Association to companies or organizations) applicable to loss or expense covered by this policy, the insurance afforded by this policy shall be excess insurance over such other insurance; provided, with respect to any person who is not employed at and in connection with the facility, such insurance as is afforded by this policy for bodily injury to an employee of the insured arising out of and in the course of his employment shall be primary insurance under such other insurance."

Effective Date of this Endorsement November 15, 1980 To form a part of Policy No. MF-101

Issued to Duke Power Company

Date of Issue November 21, 1980

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By _____

Endorsement No. 7 Countersigned by _____

AUTHORIZED REPRESENTATIVE

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

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.

Effective Date of this Endorsement November 15, 1980 To form a part of Policy No. MF- 101

Issued to Duke Power Company

Date of Issue November 24, 1980

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By _____

Endorsement No. 8

Countersigned by _____
AUTHORIZED REPRESENTATIVE

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

AMENDATORY ENDORSEMENT
(Application of Policy)

It is agreed that Insuring Agreement IV of the policy, captioned "Application of Policy" is amended to read as follows:

APPLICATION OF POLICY This policy applies only to bodily injury or property damage (1) which is caused during the policy period by the nuclear energy hazard and (2) which is discovered and for which written claim is made against the insured, not later than ten years after the end of the policy period.

Effective Date of this Endorsement November 15, 1980 To form a part of Policy No. MF- 101
Issued to Duke Power Company
Date of Issue November 24, 1980

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For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By _____

Endorsement No. 9 Counter-signed by _____
Authorized Representative

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

INDUSTRY CREDIT RATING PLAN
PREMIUM ENDORSEMENT

It is agreed that Condition 1 of the policy is replaced by the following:

CONDITION 1. PREMIUM

(1) Definitions: With reference to the premium for this policy:

"advance premium", for any calendar year, is the estimated standard premium for that calendar year;

"standard premium", for any calendar year, is the premium for that calendar year computed in accordance with the companies' rules, rates, rating plans, (other than the Industry Credit Rating Plan), premiums and minimum premiums applicable to this insurance;

"reserve premium" means that portion of the standard premium paid to the companies and specifically allocated under the Industry Credit Rating Plan for incurred losses. The amount of the "reserve premium" for this policy for any calendar year during which this policy is in force is the amount designated as such in the Standard Premium Endorsement for that calendar year;

"industry reserve premium," for any calendar year, is the sum of the reserve premiums for that calendar year for all Nuclear Energy Liability Policies issued by American Nuclear Insurers and Mutual Atomic Energy Liability Underwriters and subject to the Industry Credit Rating Plan;

"policy refund ratio", for any calendar year, is the ratio of the named insured's reserve premium for that calendar year to the industry reserve premium for that calendar year;

"incurred losses" means the sum of:

- (1) All losses and expenses paid by American Nuclear Insurers and Mutual Atomic Energy Liability Underwriters, and
- (2) All reserves for unpaid losses and expenses as estimated by American Nuclear Insurers and Mutual Atomic Energy Liability Underwriters

because of obligations assumed and the expenses incurred in connection with such obligations by members of American Nuclear Insurers and Mutual Atomic Energy Liability Underwriters under all Nuclear Energy

Liability Policies issued by American Nuclear Insurers and Mutual Atomic Energy Liability Underwriters and subject to the Industry Credit Rating Plan;

"reserve for refunds," at the end of any calendar year, is the amount by which (1) the sum of all industry reserve premiums for the period from January 1, 1957 through the end of such calendar year exceeds (2) the total for the same period of (a) all incurred losses, valued as of the next following July 1, and (b) all reserve premium refunds made under the Industry Credit Rating Plan by members of American Nuclear Insurers and Mutual Atomic Energy Liability Underwriters;

"industry reserve premium refund," for any calendar year, is determined by multiplying the reserve for refunds at the end of the ninth calendar year thereafter by the ratio of the industry reserve premium for the calendar year for which the premium refund is being determined to the sum of such amount and the total industry reserve premiums for the next nine calendar years thereafter, provided that the industry reserve premium refund for any calendar year shall in no event be greater than the industry reserve premium for such calendar year.

- (2) Payment of Advance and Standard Premiums. The named insured shall pay the companies the advance premium stated in the declarations, for the period from the effective date of this policy through December 31 following. Thereafter, at the beginning of each calendar year while this policy is in force, the named insured shall pay the advance premium for such year to the companies. The advance premium for each calendar year shall be stated in the Advance Premium Endorsement for such calendar year issued to the named insured as soon as practicable prior to or after the beginning of such year.

As soon as practicable after each December 31 and after the termination of this policy, the standard premium for the preceding calendar year shall be finally determined and stated in the Standard Premium Endorsement for that calendar year. If the standard premium so determined exceeds the advance premium previously paid for such calendar year, the named insured shall pay the excess to the companies; if less, the companies shall return to the named insured the excess portion paid by such insured.

The named insured shall maintain records of the information necessary for premium computation and shall send copies of such records to the companies as directed, at the end of each calendar year, at the end of the policy period and at such other times during the policy period as the company may direct.

- (3) Use of Reserve Premiums. All reserve premiums paid or payable for this policy may be used by the members of Mutual Atomic Energy

Liability Underwriters to discharge their obligations with respect to incurred losses whether such losses are incurred under this policy or under any other policy issued by American Nuclear Insurers or Mutual Atomic Energy Liability Underwriters.

- (4) Reserve Premium Refunds. A portion of the reserve premium for this policy for the first calendar year of any group of ten consecutive calendar years shall be returnable to the named insured provided there is a reserve for refunds at the end of the tenth calendar year.
- (5) Computation of Reserve Premium Refunds. The reserve premium refund due the named insured for any calendar year shall be determined by multiplying any industry reserve premium refund for such calendar year by the policy refund ratio for such calendar year. The reserve premium refund for any calendar year shall be finally determined as soon as practicable after July 1 of the tenth calendar year thereafter.
- (6) Final Premium. The final premium for this policy shall be the sum of standard premiums for each calendar year, or portion thereof, during which this policy remains in force less the sum of all refunds of reserve premiums due the named insured under the provisions of this Condition 1.
- (7) Reserve Premium Refund Agreement. Each member of Mutual Atomic Energy Liability Underwriters subscribing this policy for any calendar year, or portion thereof, thereby agrees for itself, severally and not jointly, and in the respective proportion of its liability assumed under this policy for that calendar year, to return to the named insured that portion of any reserve premium refund due the named insured for that calendar year, determined in accordance with the provisions of this Condition 1.

Effective Date of this Endorsement November 15, 1980 To Form a Part of Policy No. MF-101

Issued to Duke Power Company

Date of Issue November 24, 1980

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

BY _____

Endorsement No. 10 11

Countersigned by _____
Authorized Representative

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

WAIVER OF DEFENSES ENDORSEMENT
(Extraordinary Nuclear Occurrence)

The named insured, acting for himself and every other insured under the policy, and the members of the Mutual Atomic Energy Liability Underwriters 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 of the insureds, including but not limited to:
 - (i) negligence,
 - (ii) contributory negligence,
 - (iii) assumption or 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 workers' 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 170 e. 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 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 include his assignees, legal representatives and other persons or organizations entitled to bring an action for damages on account of such injury or damage.

Effective Date of this Endorsement November 15, 1980 To form a part of Policy No. MF- 101

Issued to Duke Power Company

Date of Issue November 24, 1980

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101
For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By _____

Endorsement No. 11 Countersigned by _____

AUTHORIZED REPRESENTATIVE

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

Supplementary Endorsement
Waiver of Defenses
Reactor Construction at the Facility

It is agreed that in construing the application of paragraph 2 (b) of the Waiver of Defenses Endorsement with respect to an extraordinary nuclear occurrence occurring at the facility, a claimant who is employed at the facility in connection with the construction of a nuclear reactor with respect to which no operating license has been issued by the Nuclear Regulatory Commission shall not be considered as employed in connection with the activity where the extraordinary nuclear occurrence takes place if:

- (1) the claimant is employed exclusively in connection with the construction of a nuclear reactor, including all related equipment and installations at the facility, and
- (2) no operating license has been issued by the Nuclear Regulatory Commission with respect to the nuclear reactor, and
- (3) the claimant is not employed in connection with the possession, storage, use or transfer of nuclear material at the facility.

Effective Date of this Endorsement November 15, 1980 To Form a Part of Policy No. MF- 101

Issued to Duke Power Company

Date November 24, 1980

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101
For the Subscribing Companies
Mutual Atomic Energy Liability Underwriters

By _____

Endorsement No. 12 Countersigned by _____
Authorized Representative

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

ADVANCE PREMIUM ENDORSEMENT
and
STANDARD PREMIUM ENDORSEMENT

Calendar Year 1981

1. ADVANCE PREMIUM

It is agreed that the Advance Premium due the companies for the calendar year designated above is \$ 95,579.71.

2. 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 and Reserve Premium are:

Standard Premium \$ 95,579.71.

Reserve Premium \$ 71,965.57.

Effective Date of
this Endorsement January 1, 1981

To form a part
of Policy No. MF-101

Issued to Duke Power Company

Date of Issue February 2, 1981

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101
For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By _____

Endorsement No. 13 Countersigned by _____

AUTHORIZED REPRESENTATIVE

Mutual Atomic Energy Liability Underwriters

Amendment of Location of the Facility

Location All of the premises including the land and all buildings and structures of Duke Power Company's William B. McGuire Nuclear Station shown as being within the heavy black lines on a reduced copy of Drawing Number MC-1001-1 Revision 1 dated February 22, 1977, a copy of which is attached hereto and made a part hereof. The site as described includes the cooling-water intake structure, the cooling water discharge structure and canal, and the Switching Station located approximately 3000 feet south of the administration building.

The William B. McGuire Nuclear Station is located on the south shore of Lake Norman approximately 17 miles Northwest of the city of Charlotte in Mecklenburg County, North Carolina.

To form a part of Policy No. _____ MF-101

Issued to Duke Power Company

Date of Issue March 11, 1981

For the Subscribing Companies

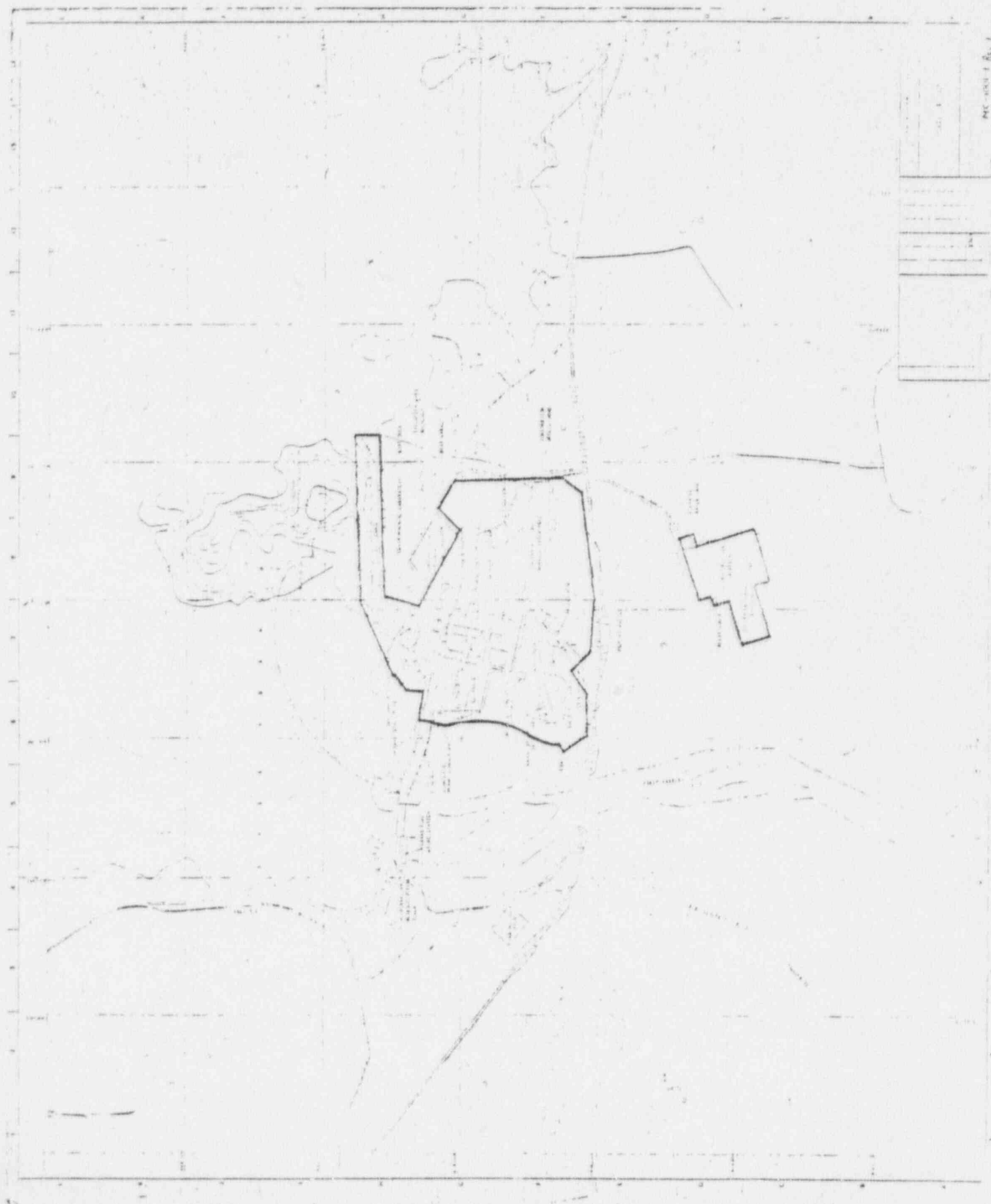
MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By _____

Endorsement No. 14

Countersigned by _____
 AUTHORIZED REPRESENTATIVE

AUTHORIZED REPRESENTATIVE



BINDER,
INCLUDING
DECLARATIONS AND

BINDER NO. XB- 69

BOND FOR PAYMENT OF RETROSPECTIVE PREMIUMS

BINDER

The members of Mutual Atomic Energy Liability Underwriters, 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
 - (a) with respect to which the primary financial protection described in Item 4 below would apply but for exhaustion of its limit 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 extraordinary nuclear occurrence.

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DECLARATIONS

Item 1. Named insureds and addresses:

(a) Duke Power Company - 422 South Church St., Charlotte, N.C. 28201

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 William B. McGuire Nuclear Station located in Mecklenburg County, North Carolina

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

 Nuclear Energy Liability Insurance Association Policy NF-248 \$124,000,000

 Mutual Atomic Energy Liability Underwriters Policy MF- 101 \$ 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: \$1,125,000.

- 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 \$1,350.00 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 cancelation 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 Mutual Atomic Energy Liability Underwriters (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. CANCELATION 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

Named Insureds:

Duke Power Company

(Named Insured - Type or Print)

By

[Signature] (SEAL)
(Signature of Officer)

Vice President, Finance Adm.

(Type or Print Name & Title of Officer)

Date: _____

(Named Insured - Type or Print)

By

(Signature of Officer)

(SEAL)

(Type or Print Name & Title of Officer)

Date: _____

(Named Insured - Type or Print)

By

(Signature of Officer)

(SEAL)

(Type or Print Name & Title of Officer)

Date: _____

(Named Insured - Type or Print)

By

(Signature of Officer)

(SEAL)

(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 Manager of Mutual Atomic Energy Liability Underwriters, 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
Mutual Atomic Energy Liability
Underwriters

Evelyn Latimer

By Theodore Geras

Countersigned by _____
(Authorized Representative)

<u>Subscribing Companies</u>	<u>PROPORTION OF 100%</u>
American Mutual Liability Insurance Company, Wakefield, MA	15.0000000
Employers Insurance of Wausau A Mutual Company, Wausau, WI	15.0000000
Liberty Mutual Insurance Company, Boston, MA	30.0000000
Lumbermens Mutual Casualty Company, Long Grove, IL	30.0000000
Michigan Mutual Insurance Company, Detroit, MI	5.0000000
Sentry Insurance, A Mutual Company, Stevens Point, WI	5.0000000

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.

I M. O'Connell

Mutual Atomic Energy Liability Underwriters

Nuclear Energy Liability Insurance

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

SPECIFICATION OF BINDER EFFECTIVE DATE AND
PREMIUM ENDORSEMENT

It is agreed that:

1. The United States Nuclear Regulatory Commission has issued to the insureds named in Item 1 of the Declarations Operating License No. NPF-9 effective January 23, 1981 for the reactor described in Item 3 of the Declarations of the binder.

2. Item 6 of the Declarations of the binder is deleted and replaced by the following:

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 1981 : \$ 1,269.00

3. Item 8 of the Declarations of the binder is deleted and replaced by the following:

Item 8. Binder period: Beginning January 23, 1981, 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.

Effective Date of
this Endorsement January 23, 1981 To form part of Binder No. XB-69
12:01 A.M. Standard Time

Issued to Duke Power Company

Date of Issue February 17, 1981

For the subscribing companies

By _____
Manager

Endorsement No. 1

Copies signed _____

<u>Subscribing Companies</u>	<u>PROPORTION OF 100%</u>
American Mutual Liability Insurance Company, Wakefield, MA	15.0000000
Employers Insurance of Wausau A Mutual Company, Wausau, WI	15.0000000
Liberty Mutual Insurance Company, Boston, MA	30.0000000
Lumbermens Mutual Casualty Company, Long Grove, IL	30.0000000
Michigan Mutual Insurance Company, Detroit, MI	5.0000000
Sentry Insurance, A Mutual Company, Stevens Point, WI	5.0000000

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

J.M. O'Connell

Mutual Atomic Energy Liability Underwriters