

# ACCELERATED DISTRIBUTION DEMONSTRATION SYSTEM

REGULATORY INFORMATION DISTRIBUTION SYSTEM (RIDS)

ACCESSION NBR: 8810130266 DOC. DATE: 88/10/05 NOTARIZED: NO DOCKET #  
 FACIL: 50-000 Generic Docket 05000000  
 50-269 Oconee Nuclear Station, Unit 1, Duke Power Co. 05000269  
 50-270 Oconee Nuclear Station, Unit 2, Duke Power Co. 05000270  
 50-287 Oconee Nuclear Station, Unit 3, Duke Power Co. 05000287  
 50-369 William B. McGuire Nuclear Station, Unit 1, Duke Powe 05000369  
 50-370 William B. McGuire Nuclear Station, Unit 2, Duke Powe 05000370  
 50-413 Catawba Nuclear Station, Unit 1, Duke Power Co. 05000413  
 50-414 Catawba Nuclear Station, Unit 2, Duke Power Co. 05000414

AUTH. NAME AUTHOR AFFILIATION  
 LAWSON, L.T. Duke Power Co.  
 RECIP. NAME RECIPIENT AFFILIATION  
 NRC - No Detailed Affiliation Given

SUBJECT: Forwards NELIA & MAELU Certificates of Insurance for Policies NW-146 & MW-71, respectively.

DISTRIBUTION CODE: M001D COPIES RECEIVED: LTR 1 ENCL 1 SIZE: 43  
 TITLE: Insurance: Indemnity/Endorsement Agreements

NOTES: AEOD/Ornstein: lcy. 05000269  
 AEOD/Ornstein: lcy. 05000270  
 AEOD/Ornstein: lcy. 05000287  
 LPDR 2cys AMDTS to FSAR. ASLB lcy. 05000413  
 LPDR 2cys AMDTS to FSAR. ASLB lcy. 05000414

	RECIPIENT ID CODE/NAME	COPIES LTTR ENCL	RECIPIENT ID CODE/NAME	COPIES LTTR ENCL
INTERNAL:	NRR/PMAS/PTSB12	1 1	NUDOCS-ABSTRACT	1 1
	REG FILE 01	1 1		
EXTERNAL:	LPDR	3 3	NRC PDR	1 1
NOTES:		4 4		

TOTAL NUMBER OF COPIES REQUIRED: LTTR 11 ENCL 11

Insurance  
 of

Duke Power Company  
Risk Management Department  
P.O. Box 33189  
Charlotte, NC 28242

(704)  
373-8541



DUKE POWER

October 5, 1988

U.S. Nuclear Regulatory Commission  
Washington, D.C.  
20555

Gentlemen:

Enclosed are copies of the following documents for either our Oconee, McGuire  
or Catawba Nuclear Stations:

Certificates of Insurance

Policy # MW-71  
Policy #NW-146

Endorsements

<u>Policy #</u>	<u>Endorsement #</u>
MW-71	4
NW-146	4
NF-248	45,46,47 & 48
MF-101	37,38 & 39
N-92	6
M-92	6
N-69	8
M-69	8

I trust you will find these documents in order.

Sincerely,

*Laura T. Lawson*

Laura T. Lawson

enclosure

*Mool  
11*

8810130266 881005  
PDR ADDCK 05000269  
J PNU

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

ANNUAL PREMIUM ENDORSEMENT

Calendar Year 1988

ANNUAL PREMIUM: It is agreed that the Annual Premium due the companies for the period designated above is: \$ 1,688.00.

THIS IS TO CERTIFY THAT THIS IS A TRUE COPY OF THE ORIGINAL CERTIFICATE, BEARING THE NUMBER DESIGNATED HEREON, FOR INSURANCE COVERAGE UNDER THE MASTER POLICY - NUCLEAR ENERGY LIABILITY INSURANCE (SECONDARY FINANCIAL PROTECTION). NO INSURANCE IS AFFORDED BY THIS COPY.

  
JOHN L. QUATTROCCHI  
VICE PRESIDENT-LIABILITY UNDERWRITING  
AMERICAN NUCLEAR INSURERS

Effective Date of  
this Endorsement January 1, 1988 To form a part of Certificate No. M-69

Issued to Duke Power Company

Date of Issue December 15, 1987

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By 

Countersigned by   
Authorized Representative

Endorsement No. 8

Nuclear Energy Liability Insurance  
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ANNUAL PREMIUM ENDORSEMENT

Calendar Year 1988

ANNUAL PREMIUM: It is agreed that the Annual Premium due the companies for the period designated above is: \$ 5,813.00.

THIS IS TO CERTIFY THAT THIS IS A TRUE COPY OF THE ORIGINAL  
CERTIFICATE, BEARING THE NUMBER DESIGNATED HEREON, FOR  
INSURANCE COVERAGE UNDER THE MASTER POLICY: NUCLEAR ENERGY  
LIABILITY INSURANCE (SECONDARY FINANCIAL PROTECTION). NO  
INSURANCE IS ACCORDED BY THIS COPY.

*J. S. Gattrocchi*  
JOHN L. GATTROCCHI  
VICE PRESIDENT-LIABILITY UNDERWRITING  
AMERICAN NUCLEAR INSURERS

Effective Date of  
this Endorsement January 1, 1988 To form a part of Certificate No N-69  
12:01 A.M. Standard Time

Issued to Duke Power Company

Date of Issue December 15, 1987

For the Subscribing companies

By *[Signature]*  
General Manager

Endorsement No 8

Countersigned by *[Signature]*

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

ANNUAL PREMIUM ENDORSEMENT

Calendar Year 1988

ANNUAL PREMIUM: It is agreed that the Annual Premium due the companies for the period designated above is: \$ 1,688.00.

THIS IS TO CERTIFY THAT THIS IS A TRUE COPY OF THE ORIGINAL CERTIFICATE, BEARING THE NUMBER DESIGNATED HEREON, FOR INSURANCE COVERAGE UNDER THE MASTER POLICY - NUCLEAR ENERGY LIABILITY INSURANCE (SECONDARY FINANCIAL PROTECTION). NO INSURANCE IS AFFORDED BY THIS COPY.

JOHN L. QUATTROCCHI  
VICE PRESIDENT-LIABILITY UNDERWRITING  
AMERICAN NUCLEAR INSURERS

Effective Date of  
this Endorsement January 1, 1988 To form a part of Certificate No. M-92

Issued to Duke Power Company

Date of Issue December 15, 1987

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By

Countersigned by

Endorsement No. 6

Authorized Representative

Nuclear Energy Liability Insurance  
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ANNUAL PREMIUM ENDORSEMENT

Calendar Year 1988

ANNUAL PREMIUM: It is agreed that the Annual Premium due the companies for the period designated above is: \$ 5,813.00.

THIS IS TO CERTIFY THAT THIS IS A TRUE COPY OF THE ORIGINAL CERTIFICATE, BEARING THE NUMBER DESIGNATED HEREON, FOR INSURANCE COVERAGE UNDER THE MASTER POLICY - NUCLEAR ENERGY LIABILITY INSURANCE (SECONDARY FINANCIAL PROTECTION). NO INSURANCE IS AFFORDED BY THIS COPY.

*J. S. Santora*  
JOHN L. MATTROCCHI  
VICE PRESIDENT-LIABILITY UNDERWRITING  
AMERICAN NUCLEAR INSURERS

Effective Date of  
this Endorsement January 1, 1988 To form a part of Certificate No N-92  
12:01 A.M. Standard Time

Issued to Duke Power Company

Date of Issue December 15, 1987

For the Subscribing companies

By *John L. Mattrocchi*

General Manager

Endorsement No 6

Countersigned by *Thel S. De*

**Nuclear Energy Liability Insurance**  
**MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS**

CHANGES IN SUBSCRIBING COMPANIES AND IN THEIR PROPORTIONATE LIABILITY ENDORSEMENT  
CALENDAR YEAR 1988

1. 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 below.
  - b. The policy shall be binding on such companies only.
  - c. Each such company shall be liable for its proportion, as designated below, of any obligation assumed or expense incurred under the policy because of such bodily injury or property damage.
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 effective date that another "Changes In Subscribing Companies And In Their Proportionate Liability Endorsement" changes the Companies and/or their proportions as listed in this endorsement, or to the time of the termination or cancellation of the policy, if sooner.

Employers Insurance of Wausau,	
A Mutual Company	10%
Liberty Mutual Insurance Company	36%
Lumbermens Mutual Casualty company	49%
Michigan Mutual Insurance Company	5%

**NOTICE OF ANNUAL MEETINGS**

The annual meetings of Employers Insurance of Wausau, A Mutual Company, are held at its home office in Wausau, Wisconsin, on the fourth Friday of May in each year, at nine o'clock in the morning.

The annual meetings of Lumbermens Mutual Casualty Company are held at its home office in Long Grove, Illinois, on the third Tuesday of May in each year, at eleven o'clock in the morning.

The annual meetings of Liberty Mutual Insurance Company are held at its home office in Boston, Massachusetts, on the third Wednesday of April in each year, at ten o'clock in the morning.

The annual meetings of Michigan Mutual Insurance Company are held at its home office in Detroit, Michigan, on the second Thursday of May in each year, at ten-thirty o'clock in the morning.

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. Quattrone, Vice President-Liability Underwriting  
American Nuclear Insurers

Effective Date of this Endorsement January 1, 1988 To form a part of Policy No. MF-101  
12:01 A.M. Standard time

Issued to Duke Power Company

Date of Issue February 27, 1988

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By J. S. Quattrone

Endorsement No. 39

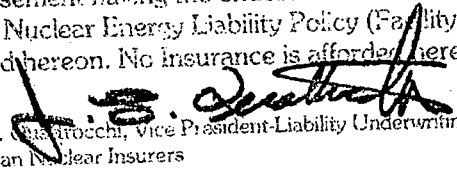
Countersigned by \_\_\_\_\_

**NUCLEAR ENERGY LIABILITY INSURANCE**  
**MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS**

**ADVANCE PREMIUM AND STANDARD PREMIUM CALENDAR YEAR 1988  
ENDORSEMENT**

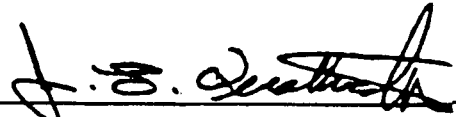
1. ADVANCE PREMIUM: It is agreed that the Advance Premium due the companies for the period designated above is:  
  
\$ 338,661.00
  
2. STANDARD PREMIUM AND RESERVE PREMIUM: In the absence of a change in the Advance Premium indicated above, it is agreed that, subject to the provisions of the Industry Credit Rating Plan, the Standard Premium is said Advance Premium and the Reserve Premium is:  
  
\$ 256,707.00

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. Casarocchi, Vice President-Liability Underwriting  
American Nuclear Insurers

Effective Date of This Endorsement January 1, 1988 To form a part of Policy No. MF-101  
12:01 A.M. Standard Time  
Issued to Duke Power Company  
Date of Issue December 15, 1987

For the subscribing companies  
**MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS**

By 

Endorsement No. 38

Countersigned by   
Authorized Representative



Nuclear Energy Liability Insurance  
MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

AMENDMENT OF COVERAGE ENDORSEMENT

FOR WORKERS CLAIMS

(Facility Form)

PREAMBLE

1. The insurance and rating plan presently used by Mutual Atomic Energy Liability Underwriters ("MAELU") and Nuclear Energy Liability Insurance Association ("NELIA") do not make a distinction between workers claims arising from catastrophic events and those arising from lesser events;
2. MAELU and NELIA believe that the lack of such a distinction will adversely affect their ability to continue to attract from world markets very large amounts of nuclear energy liability insurance for the nuclear industry;
3. MAELU and NELIA want to avoid this potential loss of capacity and to continue to provide nuclear energy liability insurance for workers claims. Accordingly MAELU and NELIA desire to restructure their present insurance programs, including this policy, effective January 1, 1988.

NOW, THEREFORE, the Named Insured and the companies do hereby agree as follows:

1. DEFINITIONS

When used in reference to this endorsement:

"this policy" means the policy of which this endorsement forms a part;

"nuclear related employment" means all work performed at one or more than one nuclear facility in the United States of America or in connection with the transportation of nuclear material to or from any such facility. All of a worker's nuclear related employment shall be considered as having begun on the first day of such employment, regardless of the number of employers involved or interruptions in such employment;

"worker" refers to a person who is or was engaged in nuclear related employment;

"workers claims" means claims for damages because of bodily injury to a worker caused by the radioactive, toxic, explosive or other hazardous properties of nuclear material and arising out of or in the course of the worker's nuclear related employment;

"extraordinary nuclear occurrence" means an event which the United States Nuclear Regulatory Commission has determined to be an "extraordinary nuclear occurrence" as defined in the Atomic Energy Act of 1954, or in any law amendatory thereof.

2. APPLICATION OF THIS ENDORSEMENT

This endorsement applies only to such insurance as is afforded by this policy for workers claims which do not arise in whole or in part out of an extraordinary nuclear occurrence.

3. EXCLUSION OF NEW WORKERS CLAIMS

This policy does not apply to bodily injury to a worker which arises in whole or in part out of nuclear related employment that begins on or after January 1, 1988.

4. APPLICATION OF POLICY TO WORKERS CLAIMS NOT EXCLUDED

With respect to such insurance as is afforded by this policy for workers claims which are not excluded, Insuring Agreement IV does not apply and the following Insuring Agreement IV-A does apply:

IV-A APPLICATION OF POLICY TO WORKERS CLAIMS

This policy applies only to bodily injury (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 the close of December 31, 1997.

5. AVAILABILITY OF SUPPLEMENTAL INSURANCE

MAELU and NELIA are offering to make insurance under one or more Master Worker Policies available to all holders of Nuclear Energy Liability Policies (Facility Form). THIS OFFER IS CONTINGENT ON SUFFICIENT SUPPORT FROM POLICYHOLDERS, AND MAY BE WITHDRAWN OR MODIFIED BY MAELU OR NELIA AS THEY DEEM NECESSARY OR APPROPRIATE.

The Master Worker Policies will provide, under their separate terms and conditions, coverage for new workers claims. Premiums will be subject to a separate Industry Retrospective Rating Plan.

COVERAGE UNDER THE NEW MASTER WORKER POLICIES IS NOT AUTOMATIC. A WRITTEN REQUEST MUST BE SUBMITTED TO MAELU OR NELIA THROUGH REGULAR MARKET CHANNELS.

It is understood and agreed that all of the provisions of this endorsement shall remain in full force and effect without regard to this Section 5, and without regard to whether or not the Named Insureds become insureds under the Master Worker Policies, or whether or not MAELU or NELIA terminate such policies or withdraw or modify their offer to underwrite such policies.

Executed for the companies

Date 1/6/88 By J. S. Quattrocchi  
(Signature of Authorized Officer)

John L. Quattrocchi, Vice President-Liability Underwriting  
(Print or Type Name and Title of Officer)

Executed for the Named Insured

Duke Power Company  
(Named Insured - Print or Type)  
Date 1/2/87 By Steve C. Griffith, Jr.  
(Signature of Authorized Officer)

Sr. Vice President &  
Steve C. Griffith, Jr. General Counsel  
(Print or Type Name and Title of Officer)

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 hereon. No Insurance is ~~being~~ hereunder.

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

Effective Date of  
this Endorsement January 1, 1988 To form a part of Policy No. MF-101  
12:01 A.M. Standard Time

Issued to Duke Power Company

Date of Issue October 19, 1987

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By J. S. Quattrocchi

Endorsement No. 37

Countersigned by Paul L. Po.  
Authorized Representative

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

ADVANCE PREMIUM AND STANDARD PREMIUM ENDORSEMENT

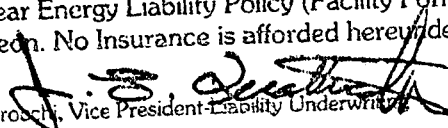
CALENDAR YEAR 1987

It is agreed that Items 1 and 2 of Endorsement No. 41  
are amended to read:

1. ADVANCE PREMIUM: It is agreed that the Advance  
Premium due the companies for the period designated above  
is: \$ 845,123.00.

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: \$ 639,969.00.  
Additional Premium: \$ 16,315.28.

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 hereon. No Insurance is afforded hereunder.

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

Effective Date of  
this Endorsement January 1, 1987 To form a part of Policy No NF-248  
12:01 A.M. Standard Time

Issued to Duke Power Company

Date of Issue April 15, 1988

For the Subscribing Companies

By   
General Manager

Endorsement No 48

Countersigned by 

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

CHANGES IN SUBSCRIBING COMPANIES AND IN THEIR PROPORTIONATE LIABILITY ENDORSEMENT  
CALENDAR YEAR 1988

1. 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 below.
  - b. The policy shall be binding on such companies only.
  - c. Each such company shall be liable for its proportion of any obligation assumed or expense incurred under the policy because of such bodily injury or property damage as designated below.
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 31, 1988, or to the time of the termination or cancellation of the policy, if sooner.

Aetna Casualty & Surety Co.	12.730961%
Allianz Insurance Company	1.493766%
Allstate Insurance Company	5.455641%
American Home Assurance Co.	0.682380%
Continental Casualty Company	5.264677%
Continental Insurance Company	10.184769%
Federal Insurance Company	2.121827%
Gen Accident Ins. Co of Amer.	1.697461%
General Ins. Co. of America	1.697461%
Hanover Insurance Company	0.586473%
Hartford Accid. & Indemnity Co.	10.184769%
Highlands Insurance Company	0.339492%
Home Indemnity Company	1.591370%
Ins. Co. of North America	7.638577%
Motors Insurance Corporation	0.169746%
Ohio Casualty Insurance Co.	0.169746%
Pacific Indemnity Company	0.594112%
Providence Washington Ins. Co.	0.190964%
Reliance Insurance Company	0.509238%
Royal Ins. Co. of America	3.564669%
St Paul Fire & Marine Ins. Co.	5.905468%
State Farm Fire & Casualty Co.	0.848731%
Tokio Marine & Fire Co.	0.509238%
Transamerica Insurance Co.	0.848731%
Travelers Indemnity Company	12.670701%
U.S. Fidelity & Guaranty Co.	8.487307%
U.S. Fire Insurance Company	2.291573%
Universal Underwriters Ins Co.	0.169746%
Zurich Insurance Company	1.400406%
NE-88	

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 hereon. No Insurance is underwritten hereunder.

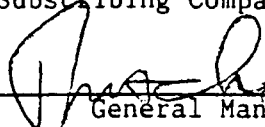
John L. Quattrocchi, Vice President-Liability Underwriting  
American Nuclear Insurers

Effective Date of  
this Endorsement January 1, 1988 To form a part of Policy No. NF-248  
12:01 A.M. Standard time

Issued to Duke Power Company

Date of Issue March 1, 1988

For the Subscribing Companies,

By   
General Manager

Endorsement No. 47

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

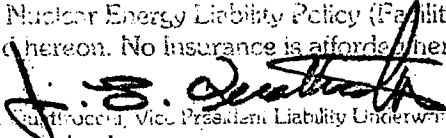
# NUCLEAR ENERGY LIABILITY INSURANCE

## NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

### ADVANCE PREMIUM AND STANDARD PREMIUM CALENDAR YEAR 1988 ENDORSEMENT

1. ADVANCE PREMIUM: It is agreed that the Advance Premium due the companies for the period designated above is:  
  
\$ 1,166,498.00
  
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:  
  
\$ 884,214.00

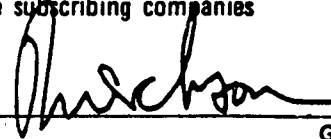
This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No insurance is afforded hereunder.

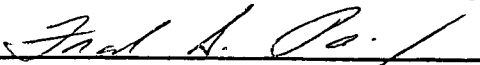
  
John L. Safford, Vice President, Liability Underwriting  
American Nuclear Insurers

Effective Date of  
This Endorsement January 1, 1988 To form a part of Policy No. NF-248  
12:01 A.M. Standard Time

Issued to Duke Power Company

Date of Issue December 15, 1987

For the subscribing companies  
By   
General Manager

Endorsement No. 46 Countersigned by 

Nuclear Energy Liability Insurance  
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

AMENDMENT OF COVERAGE ENDORSEMENT

FOR WORKERS CLAIMS

(Facility Form)

PREAMBLE

1. The insurance and rating plan presently used by Nuclear Energy Liability Insurance Association ("NELIA") and Mutual Atomic Energy Liability Underwriters ("MAELU") do not make a distinction between workers claims arising from catastrophic events and those arising from lesser events;
2. NELIA and MAELU believe that the lack of such a distinction will adversely affect their ability to continue to attract from world markets very large amounts of nuclear energy liability insurance for the nuclear industry;
3. NELIA and MAELU want to avoid this potential loss of capacity and to continue to provide nuclear energy liability insurance for workers claims. Accordingly NELIA and MAELU desire to restructure their present insurance programs, including this policy, effective January 1, 1988.

NOW, THEREFORE, the Named Insured and the companies do hereby agree as follows:

1. DEFINITIONS

When used in reference to this endorsement:

"this policy" means the policy of which this endorsement forms a part;

"nuclear related employment" means all work performed at one or more than one nuclear facility in the United States of America or in connection with the transportation of nuclear material to or from any such facility. All of a worker's nuclear related employment shall be considered as having begun on the first day of such employment, regardless of the number of employers involved or interruptions in such employment;

"worker" refers to a person who is or was engaged in nuclear related employment;

"workers claims" means claims for damages because of bodily injury to a worker caused by the radioactive, toxic, explosive or other hazardous properties of nuclear material and arising out of or in the course of the worker's nuclear related employment;

"extraordinary nuclear occurrence" means an event which the United States Nuclear Regulatory Commission has determined to be an "extraordinary nuclear occurrence" as defined in the Atomic Energy Act of 1954, or in any law amendatory thereof.

2. APPLICATION OF THIS ENDORSEMENT

This endorsement applies only to such insurance as is afforded by this policy for workers claims which do not arise in whole or in part out of an extraordinary nuclear occurrence.

3. EXCLUSION OF NEW WORKERS CLAIMS

This policy does not apply to bodily injury to a worker which arises in whole or in part out of nuclear related employment that begins on or after January 1, 1988.

4. APPLICATION OF POLICY TO WORKERS CLAIMS NOT EXCLUDED

With respect to such insurance as is afforded by this policy for workers claims which are not excluded, Insuring Agreement IV does not apply and the following Insuring Agreement IV-A does apply:

IV-A APPLICATION OF POLICY TO WORKERS CLAIMS

This policy applies only to bodily injury (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 the close of December 31, 1997.

5. AVAILABILITY OF SUPPLEMENTAL INSURANCE

NELIA and MAELU are offering to make insurance under one or more Master Worker Policies available to all holders of Nuclear Energy Liability Policies (Facility Form). THIS OFFER IS CONTINGENT ON SUFFICIENT SUPPORT FROM POLICYHOLDERS, AND MAY BE WITHDRAWN OR MODIFIED BY NELIA OR MAELU AS THEY DEEM NECESSARY OR APPROPRIATE.

The Master Worker Policies will provide, under their separate terms and conditions, coverage for new workers claims. Premiums will be subject to a separate Industry Retrospective Rating Plan.



COVERAGE UNDER THE NEW MASTER WORKER POLICIES IS NOT AUTOMATIC. A WRITTEN REQUEST MUST BE SUBMITTED TO NELIA OR MAELU THROUGH REGULAR MARKET CHANNELS.

It is understood and agreed that all of the provisions of this endorsement shall remain in full force and effect without regard to this Section 5, and without regard to whether or not the Named Insureds become insureds under the Master Worker Policies, or whether or not NELIA or MAELU terminate such policies or withdraw or modify their offer to underwrite such policies.

Executed for the companies

Date 1/6/88 By J. S. Quattrocchi  
(Signature of Authorized Officer)

John L. Quattrocchi, Vice President-Liability Underwriting  
(Print or Type Name and Title of Officer)

Executed for the Named Insured

Duke Power Company  
(Named Insured - Print or Type)

Date 1/1/88 By Steve C. Griffith, Jr.  
(Signature of Authorized Officer)  
Sr. Vice President &  
General Counsel  
(Print or Type Name and Title of Officer)

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, 1988 To form a part of Policy No NF-248  
12:01 A.M. Standard Time

Issued to Duke Power Company

Date of Issue October 19, 1987

For the subscribing companies

By [Signature]  
General Manager

Endorsement No 45 Countersigned by [Signature]

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

**AMENDATORY ENDORSEMENT - NORTH CAROLINA**

It is agreed with respect to this Certificate:

1. In addition to the provisions found in Section XII of the policy, the following cancellation provisions will also apply:
  - a. If this Certificate is in effect for 60 days or more, or the policy of which this Certificate is a part is renewed, the companies may cancel this Certificate prior to (1) the expiration of the policy period, or (2) the anniversary date stated in the policy only for one or more of the following reasons:
    - (a) Nonpayment of premium;
    - (b) An act or omission by the insured or his or her representative that constitutes material misrepresentation or non-disclosure of a material fact in obtaining this Certificate, continuing this Certificate or presenting a claim under this Certificate;
    - (c) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;
    - (d) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;
    - (e) A fraudulent act against the companies by the insured or his or her representative that materially affects the insurability of the risk;
    - (f) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by the companies;
    - (g) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-476;
    - (h) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;
    - (i) A determination by the Commissioner of Insurance that the continuation of the policy would place the companies in violation of the laws of North Carolina; or
    - (j) The insured fails to meet the requirements contained in any of the companies' corporate charters, articles of incorporation or bylaws when the company was organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.
  - b. The companies may also cancel this Certificate for any reason not stated above provided the companies obtain prior written consent of the first Named Insured under this Certificate.

2. The following provisions shall apply to this Certificate:

a. NONRENEWAL

(1) If the companies elect not to renew this policy, the companies will mail or deliver to the first Named Insured shown in the Declarations of this Certificate written notice of nonrenewal at least forty-five (45) days prior to the:

- (a) Expiration of the policy if this policy has been written for one year or less; or
- (b) Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.

(2) If the companies elect to terminate this Certificate, the companies will mail or deliver to the first Named Insured shown in the Declarations of this Certificate written notice of nonrenewal at least forty-five (45) days prior to the anniversary date of this Certificate if this policy has been written for more than one year or for an indefinite period.

(3) The companies need not mail or deliver the notice of nonrenewal if the first Named Insured has:

- (a) Insured property covered under this Certificate under any other insurance policy;
- (b) Accepted replacement coverage; or
- (c) Requested or agreed to nonrenewal of this Certificate.

(4) If notice is mailed, proof of mailing will be sufficient proof of notice.

The written notice of cancellation or nonrenewal will:

- a. Be mailed or delivered to the first Named Insured at its address shown in this Certificate, or if not indicated in this Certificate, at its last known address; and
- b. State the reason or reasons for cancellation or nonrenewal.

Effective Date of

this Endorsement January 1, 1988 To form a part of Certificate No. NW-146  
12:01 A.M. Standard Time

Issued to Duke Power Company

Date of Issue June 14, 1988

For the Subscribing Companies

By

PRESIDENT

Endorsement No. 4

Countersigned by

NE-W-8 (1/1/88)

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

John L. Quattrone, Jr., President  
American Nuclear Insurers

Nuclear Energy Liability Insurance  
MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

AMENDATORY ENDORSEMENT - NORTH CAROLINA

It is agreed with respect to this Certificate:

1. In addition to the provisions found in Section XII of the policy, the following cancellation provisions will also apply:
  - a. If this Certificate is in effect for 60 days or more, or the policy of which this Certificate is a part is renewed, the companies may cancel this Certificate prior to (1) the expiration of the policy period, or (2) the anniversary date stated in the policy only for one or more of the following reasons:
    - (a) Nonpayment of premium;
    - (b) An act or omission by the insured or his or her representative that constitutes material misrepresentation or non-disclosure of a material fact in obtaining this Certificate, continuing this Certificate or presenting a claim under this Certificate;
    - (c) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;
    - (d) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;
    - (e) A fraudulent act against the companies by the insured or his or her representative that materially affects the insurability of the risk;
    - (f) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by the companies;
    - (g) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-476;
    - (h) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;
    - (i) A determination by the Commissioner of Insurance that the continuation of the policy would place the companies in violation of the laws of North Carolina; or
    - (j) The insured fails to meet the requirements contained in any of the companies' corporate charters, articles of incorporation or bylaws when the company was organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.
  - b. The companies may also cancel this Certificate for any reason not stated above provided the companies obtain prior written consent of the first Named Insured under this Certificate.

2. The following provisions shall apply to this Certificate:

a. NONRENEWAL

- (1) If the companies elect not to renew this policy, the companies will mail or deliver to the first Named Insured shown in the Declarations of this Certificate written notice of nonrenewal at least forty-five (45) days prior to the:
- (a) Expiration of the policy if this policy has been written for one year or less; or
  - (b) Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.
- (2) If the companies elect to terminate this Certificate, the companies will mail or deliver to the first Named Insured shown in the Declarations of this Certificate written notice of nonrenewal at least forty-five (45) days prior to the anniversary date of this Certificate if this policy has been written for more than one year or for an indefinite period.
- (3) The companies need not mail or deliver the notice of nonrenewal if the first Named Insured has:
- (a) Insured property covered under this Certificate under any other insurance policy;
  - (b) Accepted replacement coverage; or
  - (c) Requested or agreed to nonrenewal of this Certificate.
- (4) If notice is mailed, proof of mailing will be sufficient proof of notice.

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

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

The written notice of cancellation or nonrenewal will:

- a. Be mailed or delivered to the first Named Insured at its address shown in this Certificate, or if not indicated in this Certificate, at its last known address; and
- b. State the reason or reasons for cancellation or nonrenewal.

Effective Date of  
this Endorsement January 1, 1988 To form a part of Certificate No. MW-71

Issued to Duke Power Company

Date of Issue June 14, 1988

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By J. S. Quattrone

Countersigned by Frank A. Peck  
Authorized Representative

Endorsement No. 4

ME-W-8 (1/1/88)

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

NUCLEAR ENERGY LIABILITY POLICY  
(Facility Worker Form)

herein called the  
MASTER WORKER POLICY

C E R T I F I C A T E O F I N S U R A N C E

Certificate No. NW-146

Date of Issue Jan. 20 19 88

This is to certify that the insureds named in Item 1 of the Declarations hereof, hereinafter called the "Named Insureds", have obtained insurance under the Master Worker Policy issued by Nuclear Energy Liability Insurance Association on behalf of its members. The insurance is subject to all of the provisions of this "Certificate" and the Master Worker Policy.

1  
DECLARATIONS

Item 1. Named Insureds and Addresses:

Duke Power Company  
P.O. Box 2178  
Charlotte, North Carolina 28242

Item 2. Certificate Coverage Period:

Beginning at 12:01 a.m. January 1, 1988 and ending at the close of December 31, 1992, Eastern Standard Time, or at the time and date this Certificate is cancelled or terminated, whichever first occurs.

Item 3. Description of the Facility:

Location: See Endorsement No. 3

Type: Power Reactor

Operator of the Facility: Duke Power Company

Item 4. Amount of Insurance Available:

The amount of insurance afforded by the Master Worker Policy through this Certificate shall be determined by Section VIII of the Master Worker Policy and all of the other provisions of the policy relating thereto.

Item 5. Advance Premium: \$ 33,325.00

2

APPLICATION OF CERTIFICATE

This Certificate applies only to bodily injury to a new worker (1) which is caused during the Certificate Coverage Period by the nuclear energy hazard and (2) which is discovered and for which written claim is first made against an insured under the Certificate within the discovery period of the Master Worker Policy.

3

INDUSTRY RETROSPECTIVE RATING PLAN

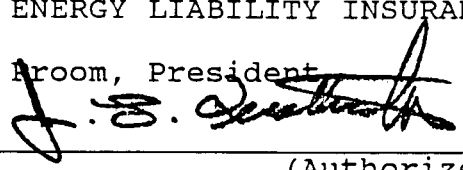
All insurance under the Master Worker Policy is subject to the Industry Retrospective Rating Plan in use by the companies. No insurance is provided under this Certificate unless and until the first Named Insured has accepted in writing the Industry Retrospective Rating Plan Premium Endorsement and a copy of the signed endorsement has been issued by the companies to form a part of this Certificate.

IN WITNESS WHEREOF, the companies subscribing the Master Worker Policy have caused this Certificate to be executed and attested on their behalf by the President of Nuclear Energy Liability Insurance Association and duly countersigned by an authorized representative.

For the Subscribing Companies of  
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

Burt C. Broom, President

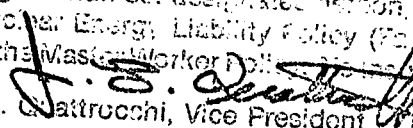
By

  
(Authorized Agent)

Countersigned by:

  
(Authorized Representative)

This is to certify that this is a true copy of the original Certificate bearing the number designated herein, for insurance coverage under the Nuclear Energy Liability Policy (Facility Workers Form) herein called the Master Worker Policy. Assurance is afforded by this copy.

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



Nuclear Energy Liability Insurance  
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

INDUSTRY RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT

It is agreed that:

1. DEFINITIONS

With reference to the premium for the Certificate of which this endorsement forms a part:

"Master Worker Policy" means the Master Worker Policy issued by NELIA;

"Certificate Holder" means the first Named Insured in a Certificate issued to form a part of the Master Worker 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 Retrospective Rating Plan), premiums and minimum premiums applicable to this insurance. Standard premium includes elements for premium taxes, expenses, profit and contingencies, guaranteed cost insurance and estimated reserve premium. The elements of standard premium, other than for premium taxes and estimated reserve premium, are not subject to retrospective adjustment;

"reserve premium" means that portion of the premium for a Certificate (including reserve premium charges paid) that is specifically allocated under the Industry Retrospective Rating Plan for ratable incurred losses;

"industry reserve premium", for any period, is the sum of the reserve premiums for that period for all Certificates issued to form a part of the Master Worker Policy;

"retrospective adjustment ratio", for any period, is the ratio of the reserve premium for this Certificate for that period to the industry reserve premium for the same period;

"incurred losses" means the sum of all:

- (1) losses and expenses paid by NELIA, and
- (2) reserves for losses and expenses as estimated by NELIA,

because of obligations assumed and expenses incurred in connection with such obligations by the members of NELIA under the Master Worker Policy;

"ratable incurred losses" means 95% of incurred losses. Ratable incurred losses are the portion of incurred losses which are not covered by the guaranteed cost insurance element of standard premiums;

"non-ratable incurred losses" means 5% of incurred losses. Non-ratable incurred losses are the portion of incurred losses which are covered by the guaranteed cost insurance element of standard premiums;

"reserve for refunds", as of any date, is the algebraic difference between:

- (1) all industry reserve premium for the period from January 1, 1988 through such date, minus
- (2) the total for the same period of (a) all ratable incurred losses and (b) all industry reserve premium refunds made under the Industry Retrospective Rating Plan by members of NELIA;

"industry reserve premium charge", for any period, means the amount determined pursuant to the provisions of Section 4 of this endorsement for payment by the Named Insureds under Certificates;

"reserve premium charge" means the portion of an industry reserve premium charge payable by the Named Insureds under this Certificate;

"industry reserve premium refund", for any period, means the amount determined pursuant to the provisions of Section 4 of this endorsement for return to the Named Insureds under Certificates;

"reserve premium refund" means the portion of an industry reserve premium refund returnable to the Named Insureds under this Certificate.

## 2. PAYMENT OF ADVANCE AND STANDARD PREMIUMS

The Named Insureds shall pay the companies the advance premium stated in the declarations, for the period from the effective date of this Certificate through December 31 following. Thereafter, at the beginning of each calendar year while this Certificate is in force, the Named Insureds shall pay the advance premium for such year to the companies.

The advance premium for each calendar year shall be stated in the Advance and Standard Premium Endorsement

for the year issued by the companies as soon as practicable prior to or after the beginning of the year.

As soon as practicable after the end of a calendar year or the Certificate Coverage Period, the standard premium for the preceding year shall be finally determined and stated in the Advance and Standard Premium Endorsement for that year. If the standard premium exceeds the advance premium paid for that year, the Named Insureds shall pay the excess to the companies; if less, the companies shall return to the Named Insureds the excess portion paid.

The Named Insureds 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 Certificate Coverage Period and at such other times as the companies may direct.

### 3. SPECIAL RESERVE ACCOUNT; USE OF RESERVE PREMIUMS

NELIA shall maintain on behalf of its members a Special Reserve Account for holding collectively all reserve premiums paid for all Certificates issued to form a part of the Master Worker Policy. Such premiums, together with any undistributed net income realized thereon after taxes and investment expenses, shall be used for the following purposes only:

- (1) to pay ratable incurred losses or, in the event ratable incurred losses are paid under the Master Worker Policy from funds advanced by the members of NELIA subscribing the policy, to reimburse such members as a matter of first priority for the funds advanced;
- (2) to refund any amounts so held to the Named Insureds, as provided in Section 4.

No members of NELIA and no Named Insureds shall have any individual interest in or claim upon amounts held in the Special Reserve Account, except to participate proportionally in any refund or reimbursement provided for above.

All reserve premiums paid or payable for this Certificate may be used by NELIA to discharge the obligations of its members under the Master Worker Policy with respect to the above purposes and arising out of claims made under any Certificate issued to form a part of the Master Worker Policy.

#### 4. PAYMENT OF RESERVE PREMIUM CHARGES AND REFUNDS

As soon as practicable after each December 31 the companies will review the status of the reserve for refunds and report their findings to all Certificate Holders.

If, at any time, the companies find that there is a negative balance in the reserve for refunds and that such condition is likely to prevail, they shall determine an appropriate industry reserve premium charge. Similarly, if the companies find that there is a surplus positive balance, they shall determine an appropriate industry reserve premium refund.

The portion of an industry reserve premium charge or an industry reserve premium refund that is:

- (1) payable by the Named Insureds as a reserve premium charge, or
  - (2) due such insureds as a reserve premium refund,
- shall be determined by multiplying the industry reserve premium charge or the industry reserve premium refund by the retrospective adjustment ratio applicable to this Certificate.

The amount of any reserve premium charge shall be stated in a Retrospective Reserve Premium Charge Endorsement. The charge shall be paid promptly after receipt of the endorsement.

When all claims covered by the Master Worker Policy are closed the companies shall make a final review and report, and shall determine a final industry reserve premium charge or industry reserve premium refund equal to the amount of the balance.

#### 5. FINAL PREMIUM

The final premium for this Certificate shall be (a) the sum of the standard premiums for each calendar year, or portion thereof, during which the Certificate remains in force plus (b) the sum of all reserve premiums, including all reserve premium charges, minus (c) the sum of all reserve premium refunds.

#### 6. RESERVE PREMIUM CHARGE AGREEMENT

In consideration of (a) the participation of Named Insureds in other Certificates subject to the Industry Retrospective Rating Plan, (b) the undertaking of such Named Insureds to pay their appropriate share of any industry reserve premium charge and (c) the obligations assumed by the members of NELIA under the Master Worker

Policy, the Named Insureds, by acceptance of the Master Worker Policy, agree:

- (1) That the insurance provided by the Master Worker Policy applies collectively to all claims covered by the policy through any and all Certificates issued to form a part of the policy.
- (2) That the right of each Named Insured under a Certificate to receive reserve premium refunds and the obligation of each such insured to pay reserve premiums charges applies to all claims covered by the Master Worker Policy and continues until all such claims are closed, whether or not such claims were before the inception of the Certificate or after its termination.
- (3) To pay all reserve premium charges due promptly after receipt of the Retrospective Reserve Premium Charge Endorsement, whether or not the Certificate is terminated. Any reserve premium charge shall be overdue if not paid within 60 days of the date of the invoice for the charge.

Overdue reserve premium charges shall bear interest from the due date until paid at an annual rate equal to the sum of (a) 3% plus (b) a rate of interest equal to Moody's Average Public Utility Bond Yield described in the issue of Moody's Bond Survey current on the due date. Any reserve premium refund due to Named Insureds under a Certificate shall be used to pay any overdue reserve premium charges to such Named Insureds.

#### 7. RESERVE PREMIUM REFUND AGREEMENT

Each member of NELIA subscribing the Master Worker Policy for any calendar year, or portion thereof, with respect to which an industry reserve premium refund is determined to be payable thereby agrees for itself, severally and not jointly, and in the respective proportion of its liability assumed under the Master Worker Policy for that calendar year, to return promptly to the Named Insureds that portion of such refund due such Insureds, as determined in accordance with the provisions of this endorsement.

Accepted and agreed by the first Named Insured in behalf of itself and every other Named Insured stated in the Declarations of the Certificate of which this endorsement forms a part.

Duke Power Company

(First Named Insured - Print or Type)

Date 10/19/87 By [Signature]

(Signature of Authorized Officer)

Sr. Vice President &

Steve C. Griffith, Jr. General Counsel

(Print or Type Name and Title of Officer)

This is to certify that this is a true copy of the original Endorsement having the endorsement number and policy number of the Certificate of Insurance to which it is attached. It is for Insurance coverage under the Policy Form, Liability Policy (Facility Workers Form). No other coverage is intended.

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

Effective Date of  
this Endorsement January 1, 1988  
12:01 A.M. Standard Time

To form a part of  
of Certificate No. NW-146

Issued to Duke Power Company

Date of Issue October 19, 1987

For the subscribing companies

By [Signature]

General Manager

Endorsement No. 1

Countersigned by [Signature]

Nuclear Energy Liability Insurance  
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ADVANCE PREMIUM AND STANDARD PREMIUM ENDORSEMENT

CALENDAR YEAR 1988

1. ADVANCE PREMIUM: It is agreed that the Advance Premium due the companies for the period designated above is:

\$ 33,325.00 .

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 Retrospective Rating Plan, the Standard Premium is said Advance Premium and the estimated Reserve Premium element of the Standard Premium is:

\$ 26,660.00

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

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

Effective Date of this Endorsement January 1, 1988 To form a part of Certificate No. NW-146  
12:01 A.M. Standard Time

Issued to Duke Power Company

Date of Issue January 20, 1988

For the Subscribing Companies

By *[Signature]*

PRESIDENT

Endorsement No. 2

Countersigned by *[Signature]*

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

DESCRIPTION OF THE FACILITY ENDORSEMENT

It is agreed that Item 3 of the Declarations the Description of the Facility "Location" is as follows:

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 4, 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 Certificate of Insurance bearing the number designated herein for Insurance coverage under the Nuclear Energy Liability Policy (Facility Workers Form). 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, 1988 To form a part of Certificate No. NW-146  
12:01 A.M. Standard Time

Issued to Duke Power Company

Date of Issue January 20, 1988

For the Subscribing Companies

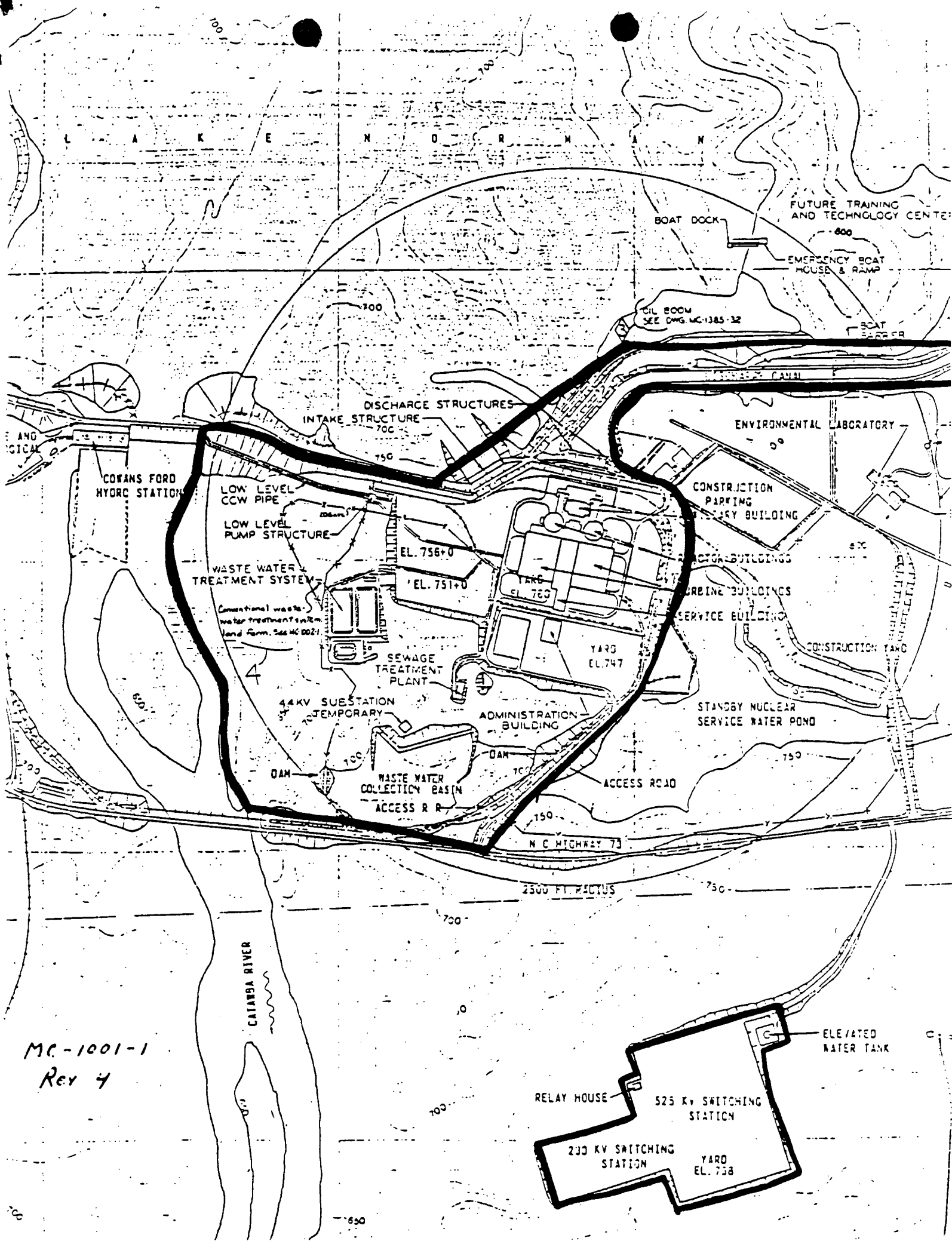
By *[Signature]*

**PRESIDENT**

Endorsement No. 3

Countersigned by *[Signature]*





MC-1001-1  
Rev 4

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

NUCLEAR ENERGY LIABILITY POLICY  
(Facility Worker Form)

herein called the  
MASTER WORKER POLICY

C E R T I F I C A T E O F I N S U R A N C E

Certificate No. MW-71

Date of Issue Jan. 20 19 88

This is to certify that the insureds named in Item 1 of the Declarations hereof, hereinafter called the "Named Insureds", have obtained insurance under the Master Worker Policy issued by Mutual Atomic Energy Liability Underwriters on behalf of its members. The insurance is subject to all of the provisions of this "Certificate" and the Master Worker Policy.

1  
DECLARATIONS

Item 1. Named Insureds and Addresses:

Duke Power Company  
P.O. Box 2178  
Charlotte, North Carolina 28242

Item 2. Certificate Coverage Period:

Beginning at 12:01 a.m. January 1, 1988 and ending at the close of December 31, 1992, Eastern Standard Time, or at the time and date this Certificate is cancelled or terminated, whichever first occurs.

Item 3. Description of the Facility:

Location: See Endorsement No. 3

Type: Power Reactor

Operator of the Facility: Duke Power Company

Item 4. Amount of Insurance Available:

The amount of insurance afforded by the Master Worker Policy through this Certificate shall be determined by Section VIII of the Master Worker Policy and all of the other provisions of the policy relating thereto.

Item 5. Advance Premium: \$ 9,675.00

2  
APPLICATION OF CERTIFICATE

This Certificate applies only to bodily injury to a new worker (1) which is caused during the Certificate Coverage Period by the nuclear energy hazard and (2) which is discovered and for which written claim is first made against an insured under the Certificate within the discovery period of the Master Worker Policy.

3  
INDUSTRY RETROSPECTIVE RATING PLAN

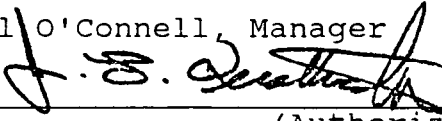
All insurance under the Master Worker Policy is subject to the Industry Retrospective Rating Plan in use by the companies. No insurance is provided under this Certificate unless and until the first Named Insured has accepted in writing the Industry Retrospective Rating Plan Premium Endorsement and a copy of the signed endorsement has been issued by the companies to form a part of this Certificate.

IN WITNESS WHEREOF, the companies subscribing the Master Worker Policy have caused this Certificate to be executed and attested on their behalf by the Manager of Mutual Atomic Energy Liability Underwriters and duly countersigned by an authorized representative.

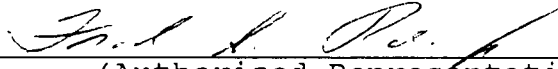
For the Subscribing Companies of  
MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

J. Michael O'Connell, Manager

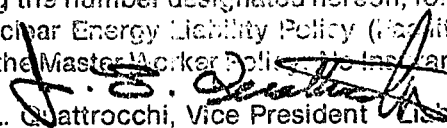
By

  
(Authorized Agent)

Countersigned by:

  
(Authorized Representative)

This is to certify that this is a true copy of the original Certificate bearing the number designated hereon, for insurance coverage under the Nuclear Energy Liability Policy (Employment Workers Form) herein called the Master Worker Policy. Insurance is afforded by this copy.

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

Nuclear Energy Liability Insurance  
MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

INDUSTRY RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT

It is agreed that:

1. DEFINITIONS

With reference to the premium for the Certificate of which this endorsement forms a part:

"Master Worker Policy" means the Master Worker Policy issued by MAELU;

"Certificate Holder" means the first Named Insured in a Certificate issued to form a part of the Master Worker 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 Retrospective Rating Plan), premiums and minimum premiums applicable to this insurance. Standard premium includes elements for premium taxes, expenses, profit and contingencies, guaranteed cost insurance and estimated reserve premium. The elements of standard premium, other than for premium taxes and estimated reserve premium, are not subject to retrospective adjustment;

"reserve premium" means that portion of the premium for a Certificate (including reserve premium charges paid) that is specifically allocated under the Industry Retrospective Rating Plan for ratable incurred losses;

"industry reserve premium", for any period, is the sum of the reserve premiums for that period for all Certificates issued to form a part of the Master Worker Policy;

"retrospective adjustment ratio", for any period, is the ratio of the reserve premium for this Certificate for that period to the industry reserve premium for the same period;

"incurred losses" means the sum of all:

- (1) losses and expenses paid by MAELU, and
- (2) reserves for losses and expenses as estimated by MAELU,

because of obligations assumed and expenses incurred in connection with such obligations by the members of MAELU under the Master Worker Policy;

"ratable incurred losses" means 95% of incurred losses. Ratable incurred losses are the portion of incurred losses which are not covered by the guaranteed cost insurance element of standard premiums;

"non-ratable incurred losses" means 5% of incurred losses. Non-ratable incurred losses are the portion of incurred losses which are covered by the guaranteed cost insurance element of standard premiums;

"reserve for refunds", as of any date, is the algebraic difference between:

- (1) all industry reserve premium for the period from January 1, 1988 through such date, minus
- (2) the total for the same period of (a) all ratable incurred losses and (b) all industry reserve premium refunds made under the Industry Retrospective Rating Plan by members of MAELU;

"industry reserve premium charge", for any period, means the amount determined pursuant to the provisions of Section 4 of this endorsement for payment by the Named Insureds under Certificates;

"reserve premium charge" means the portion of an industry reserve premium charge payable by the Named Insureds under this Certificate;

"industry reserve premium refund", for any period, means the amount determined pursuant to the provisions of Section 4 of this endorsement for return to the Named Insureds under Certificates;

"reserve premium refund" means the portion of an industry reserve premium refund returnable to the Named Insureds under this Certificate.

## 2. PAYMENT OF ADVANCE AND STANDARD PREMIUMS

The Named Insureds shall pay the companies the advance premium stated in the declarations, for the period from the effective date of this Certificate through December 31 following. Thereafter, at the beginning of each calendar year while this Certificate is in force, the Named Insureds shall pay the advance premium for such year to the companies.

The advance premium for each calendar year shall be stated in the Advance and Standard Premium Endorsement for the year issued by the companies as soon as practicable prior to or after the beginning of the year.

As soon as practicable after the end of a calendar year or the Certificate Coverage Period, the standard premium for the preceding year shall be finally determined and stated in the Advance and Standard Premium Endorsement for that year. If the standard premium exceeds the advance premium paid for that year, the Named Insureds shall pay the excess to the companies; if less, the companies shall return to the Named Insureds the excess portion paid.

The Named Insureds 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 Certificate Coverage Period and at such other times as the companies may direct.

3. SPECIAL RESERVE ACCOUNT; USE OF RESERVE PREMIUMS

MAELU shall maintain on behalf of its members a Special Reserve Account for holding collectively all reserve premiums paid for all Certificates issued to form a part of the Master Worker Policy. Such premiums, together with any undistributed net income realized thereon after taxes and investment expenses, shall be used for the following purposes only:

- (1) to pay ratable incurred losses or, in the event ratable incurred losses are paid under the Master Worker Policy from funds advanced by the members of MAELU subscribing the policy, to reimburse such members as a matter of first priority for the funds advanced;
- (2) to refund any amounts so held to the Named Insureds, as provided in Section 4.

No members of MAELU and no Named Insureds shall have any individual interest in or claim upon amounts held in the Special Reserve Account, except to participate proportionally in any refund or reimbursement provided for above.

All reserve premiums paid or payable for this Certificate may be used by MAELU to discharge the obligations of its members under the Master Worker Policy with respect to the above purposes and arising out of claims made under any Certificate issued to form a part of the Master Worker Policy.

#### 4. PAYMENT OF RESERVE PREMIUM CHARGES AND REFUNDS

As soon as practicable after each December 31 the companies will review the status of the reserve for refunds and report their findings to all Certificate Holders.

If, at any time, the companies find that there is a negative balance in the reserve for refunds and that such condition is likely to prevail, they shall determine an appropriate industry reserve premium charge. Similarly, if the companies find that there is a surplus positive balance, they shall determine an appropriate industry reserve premium refund.

The portion of an industry reserve premium charge or an industry reserve premium refund that is:

- (1) payable by the Named Insureds as a reserve premium charge, or
- (2) due such insureds as a reserve premium refund, shall be determined by multiplying the industry reserve premium charge or the industry reserve premium refund by the retrospective adjustment ratio applicable to this Certificate.

The amount of any reserve premium charge shall be stated in a Retrospective Reserve Premium Charge Endorsement. The charge shall be paid promptly after receipt of the endorsement.

When all claims covered by the Master Worker Policy are closed the companies shall make a final review and report, and shall determine a final industry reserve premium charge or industry reserve premium refund equal to the amount of the balance.

#### 5. FINAL PREMIUM

The final premium for this Certificate shall be (a) the sum of the standard premiums for each calendar year, or portion thereof, during which the Certificate remains in force plus (b) the sum of all reserve premiums, including all reserve premium charges; minus (c) the sum of all reserve premium refunds.

#### 6. RESERVE PREMIUM CHARGE AGREEMENT

In consideration of (a) the participation of Named Insureds in other Certificates subject to the Industry Retrospective Rating Plan, (b) the undertaking of such Named Insureds to pay their appropriate share of any industry reserve premium charge and (c) the obligations assumed by the members of MAELU under the Master Worker



Policy, the Named Insureds, by acceptance of the Master Worker Policy, agree:

- (1) That the insurance provided by the Master Worker Policy applies collectively to all claims covered by the policy through any and all Certificates issued to form a part of the policy.
- (2) That the right of each Named Insured under a Certificate to receive reserve premium refunds and the obligation of each such insured to pay reserve premiums charges applies to all claims covered by the Master Worker Policy and continues until all such claims are closed, whether or not such claims were before the inception of the Certificate or after its termination.
- (3) To pay all reserve premium charges due promptly after receipt of the Retrospective Reserve Premium Charge Endorsement, whether or not the Certificate is terminated. Any reserve premium charge shall be overdue if not paid within 60 days of the date of the invoice for the charge.

Overdue reserve premium charges shall bear interest from the due date until paid at an annual rate equal to the sum of (a) 3% plus (b) a rate of interest equal to Moody's Average Public Utility Bond Yield described in the issue of Moody's Bond Survey current on the due date. Any reserve premium refund due to Named Insureds under a Certificate shall be used to pay any overdue reserve premium charges to such Named Insureds.

#### 7. RESERVE PREMIUM REFUND AGREEMENT

Each member of MAELU subscribing the Master Worker Policy for any calendar year, or portion thereof, with respect to which an industry reserve premium refund is determined to be payable thereby agrees for itself, severally and not jointly, and in the respective proportion of its liability assumed under the Master Worker Policy for that calendar year, to return promptly to the Named Insureds that portion of such refund due such Insureds, as determined in accordance with the provisions of this endorsement.

Accepted and agreed by the first Named Insured in behalf of itself and every other Named Insured stated in the Declarations of the Certificate of which this endorsement forms a part.

Duke Power Company

(First Named Insured - Print or Type)

Date 10/20/87 By [Signature]

(Signature of Authorized Officer)

Sr. Vice President &

Steve C. Griffith, Jr. General Counsel

(Print or Type Name and Title of Officer)

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Certificate of Insurance reading the Mutual Atomic Energy Liability Underwriting coverage under the Nuclear Energy Liability Policy (Facility Workers Form). No insurance is afforded hereunder.

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

Effective Date of  
this Endorsement January 1, 1988  
12:01 A.M. Standard Time

To form a part of  
of Certificate No. MW-71

Issued to Duke Power Company

Date of Issue October 19, 1987

For the Subscribing Companies

**MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS**

By [Signature]

Endorsement No. 1

Countersigned by [Signature]  
Authorized Representative

Nuclear Energy Liability Insurance  
MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

ADVANCE PREMIUM AND STANDARD PREMIUM ENDORSEMENT

CALENDAR YEAR 1988

1. ADVANCE PREMIUM: It is agreed that the Advance Premium due the companies for the period designated above is:

\$ 9,675.00.

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 Retrospective Rating Plan, the Standard Premium is said Advance Premium and the estimated Reserve Premium element of the Standard Premium is:

\$ 7,740.00

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Certificate of Insurance bearing the nuclear designated license for insurance coverage under the Nuclear Energy Liability Policy (Facility Workers Form). 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, 1988 To form a part of Certificate No. MW-71  
12:01 A.M. Standard Time

Issued to Duke Power Company

Date of Issue January 20, 1988

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By *J. S. Quattrocchi*

Countersigned by *Paul A. Rief*

Endorsement No. 2

**Nuclear Energy Liability Insurance**  
**MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS**

DESCRIPTION OF THE FACILITY ENDORSEMENT

It is agreed that Item 3 of the Declarations the Description of the Facility "Location" is as follows:

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 4, 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 Mecklenberg 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 Certificate of Insurance bearing the number designated hereon for insurance coverage under the Nuclear Energy Liability Policy (Facility Workers Form). No Insurance is afforded hereunder.

*J. S. Quattrone*  
John L. Quattrone, Vice President, Liability Underwriting  
American Nuclear Insurers

Effective Date of this Endorsement January 1, 1988 To form a part of Certificate No. MW-71  
12:01 A.M. Standard Time

Issued to Duke Power Company

Date of Issue January 20, 1988

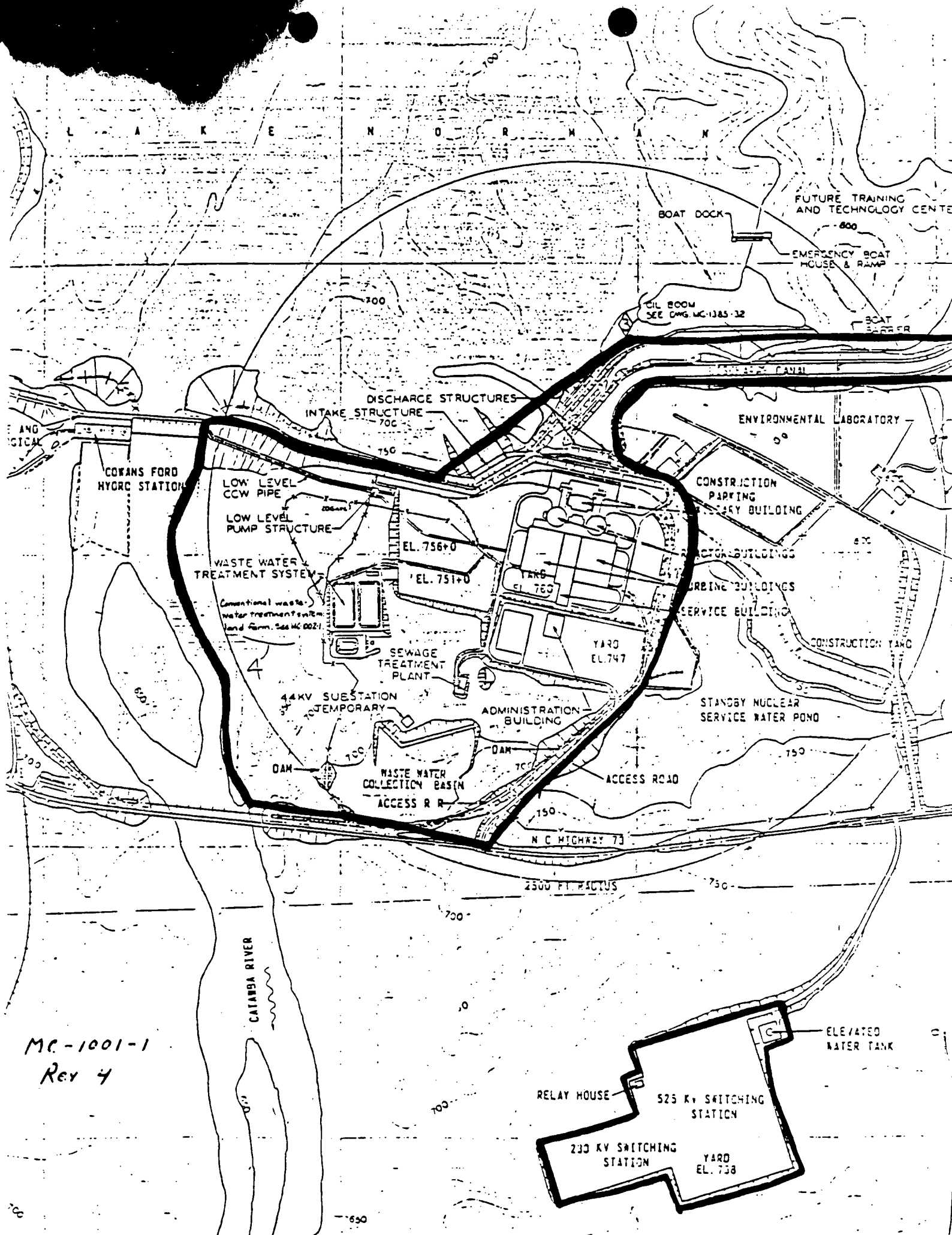
For the Subscribing Companies

**MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS**

By *J. S. Quattrone*

Countersigned by *Frank S. Papp*

Endorsement No. 3



MC-1001-1  
Rev 4