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 Document Control Branch (Document Control Desk)

SUBJECT: Requests exemption from 10CFR50.54(w)(4) re insurance reporting requirements.

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U. S. Nuclear Regulatory Commission
 Attention: Document Control Desk
 Washington, D. C. 20555

Reference: 10 CFR 50.54(w)(4)
Insurance Reporting Requirements

Gentlemen:

The Nuclear Regulatory Commission promulgated a final rule effective October 5, 1987, which amended its regulations requiring licensees to maintain substantial amounts of onsite property insurance to provide financial security for stabilizing and decontaminating their licensed reactors in the event of an accident (52 Fed. Reg. 28972). The final rule imposed a requirement contained in 10 CFR 50.54(w)(4) that the proceeds of property damage insurance be subject to the decontamination priority in 10 CFR 50.54(w)(3) and be made payable "to a separate trust established for the sole purpose of paying for costs incurred in decontaminating the reactor and removing radioactive debris." Pursuant to 10 CFR 50.54(w)(5)(i), the decontamination priority and trust provisions are required to be incorporated into insurance policies by October 4, 1988.

Since insurance policies fully satisfying the decontamination priority and independent trustee requirements are not available, trust arrangements cannot be established by October 4, 1988. Because of this and other related issues, we understand that three separate petitions for rulemaking have been filed with the NRC: (a) on June 3, 1988 on behalf of American Nuclear Insurers and MAERP Reinsurance Association; (b) on June 22, 1988 on behalf of the Edison Electric Institute, the Nuclear Management and Resources Council, and 22 power reactor licensees; and (c) on July 6, 1988 on behalf of Nuclear Mutual Limited and Nuclear Electric Insurance Limited. These petitions request the NRC to reconsider various aspects of the subject requirements and to suspend the October 4, 1988 deadline while addressing the requests contained in the petitions.

On September 7, 1988, the NRC signed a proposed rule that would suspend the October 4, 1988 deadline for 18 months, to April 14, 1990 (see Extension of Time for the Implementation of the Decontamination Priority and Trusteeship Provisions of Property Insurance Requirements). It appears that the proposed rule cannot be finalized prior to the October 4, 1988 deadline, particularly since the comment period expires October 19, 1988. Accordingly, the NRC Staff has informed us that action will be taken in each affected docket prior to October 4, 1988 to exempt or otherwise relieve licensees from that deadline. The NRC Staff has requested that we not file a request for a specific exemption from the schedular requirements of 10 CFR 50.54(w)(5).

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The purpose of this letter is to inform the NRC that we are cognizant of the October 4, 1988 deadline, and to document our understanding of actions that are pending by the NRC, and our reliance on the assurance that we will be relieved from the October 4, 1988 deadline. While we plan no further action at this time, in the event that we are not relieved of such requirement, we will require an exemption, and we believe that the date of this letter should be deemed to be the date of our request for such exemption.

Very truly yours,



W. F. Conway
Senior Vice President - Nuclear

WFC/DRG/cm



Number of hauls	M. (%)	P. (%)	N. (%)
1	~10	~5	~5
2	~20	~5	~5
3	~30	~5	~5
4	~40	~5	~5
5	~50	~5	~5
6	~60	~5	~5
7	~70	~5	~5
8	~80	~5	~5
9	~90	~5	~5
10	~95	~5	~5

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• $\frac{1}{2} \times \frac{1}{2} = \frac{1}{4}$ (the probability of getting heads on both coins) is the same as the probability of getting heads on a single coin.