

May 18, 1981

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



## M&M Nuclear Consultants

Tennessee Valley Authority  
Sequoyah Nuclear Plant Unit 2  
ANI Secondary Financial Protection  
Excess Binder EB-75 and Bond  
CERTIFIED COPIES

Dear Mr. Saltzman:

Enclosed for your records are two certified copies of the fully executed Binder, Declarations and Bond to ANI Secondary Financial Protection Excess Binder EB-75 on the Tennessee Valley Authority Sequoyah Nuclear Plant Unit 2.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jean".

Jean Fielder

cc: L. L. Snell  
J. R. Monahan

jf

Enclosure

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BINDER

INCLUDING

BINDER NO. EB- 75

DECLARATION AND

BOND FOR PAYMENT OF RETROSPECTIVE PREMIUMS

BINDER

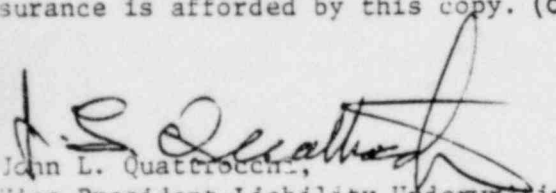
The members of Nuclear Liability Insurance Association, hereinafter called the "companies", subscribing this binder, each for itself, severally and not jointly, and in the respective proportions set forth herein, and the insureds named in Item 1 of the Declarations below, agree as follows:

- 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

This is to certify that this is a (a) with respect to which the primary financial protection described in Item 4 below would apply but for exhaustion of its limits of liability and

bear the number designated (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

herein, 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. (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 the extraordinary nuclear occurrence

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

DECLARATIONS

Item 1. Named insureds and addresses:

(a) Tennessee Valley Authority - Chattanooga, Tennessee 37401

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 2 of the Sequoyah Nuclear Plant located in Hamilton County, Tennessee

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

Nuclear Energy Liability Insurance Association Policy NF-247 \$124,000,000  
Mutual Atomic Energy Liability Underwriters Policy MF-102 \$ 36,000,000

Do other nuclear reactors share the limit of liability provided under the primary financial protection? Yes

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: \$3,875,000.

- 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 \$4,650 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 cancellation 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 Nuclear Energy Liability Insurance Association (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. CANCELLATION 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

Nelson J. Trummer  
Assistant Secretary

NAMED INSURED:

Tennessee Valley Authority  
(Named Insured - Type or Print)

By L. L. Snell (SEAL)  
(Signature of Officer)

L. L. Snell, Purchasing Agent  
(Type or Print Name & Title of Officer)

Date: February 20, 1981

\_\_\_\_\_  
(Named Insured - Type or Print)

By \_\_\_\_\_ (SEAL)  
(Signature of Officer)

\_\_\_\_\_  
(Type or Print Name & Title of Officer)

Date: \_\_\_\_\_

\_\_\_\_\_  
(Named Insured - Type or Print)

By \_\_\_\_\_ (SEAL)  
(Signature of Officer)

\_\_\_\_\_  
(Type or Print Name & Title of Officer)

Date: \_\_\_\_\_

\_\_\_\_\_  
(Named Insured - Type or Print)

By \_\_\_\_\_ (SEAL)  
(Signature of Officer)

\_\_\_\_\_  
(Type or Print Name & Title of Officer)

Date: \_\_\_\_\_

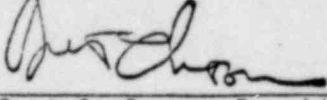


IN WITNESS WHEREOF, the subscribing companies have caused the Binder and the Declarations to be signed on their behalf by the President of Nuclear Energy Liability Insurance Association to be effective as of the time and date of the inception of the binder period, and countersigned below by a duly authorized representative.

Attest or Witness



For the Subscribing Companies of  
Nuclear Energy Liability Insurance  
Association

By   
Burt C. Proom, President

Countersigned by \_\_\_\_\_  
(Authorized Representative)

SUBSCRIBING COMPANIES

PROPORTION OF 100%

Aetna Casualty and Surety Co., The, 151 Farmington Ave., Hartford, CT 06156	10.067410
Aetna Insurance Company, 55 Elm St., Hartford, CT 06115	2.516852
Affiliated FM Insurance Co., Allendale Park, P.O. Box 7500, Johnston, RI 02919	.251665
Alliant Insurance Company, 6420 Wilshire Blvd., Suite 500, Los Angeles, CA 90048	1.342321
Allstate Insurance Co., Allstate Plaza, Northbrook, IL 60062	4.194754
American Home Assurance Co., 102 Maiden La., New York, NY 10005	.880898
American Motorists Insurance Co., Long Grove, IL 60049	.419475
Bismarck Casualty Corporation, 320 18th St., Rock Island, IL 61201	.419475
Centennial Insurance Co., 45 Wall St., New York, NY 10005	.576779
Commercial Union Insurance Co., One Beacon St., Boston, MA 02108	3.020223
Connecticut Indemnity Company, The, 1000 Asylum Ave., Hartford, CT 06101	.419475
Continental Casualty Co., CNA Plaza, Chicago, IL 60685	4.194754
Continental Insurance Co., The, 80 Maiden La., New York, NY 10038	7.528610
Federal Insurance Co., 51 John F. Kennedy Pkwy., Short Hills, NJ 07078	1.510112
Fireman's Fund Insurance Co., 3333 California St., San Francisco, CA 94119	5.033705
General Accident Fire and Life Assurance Corp., Ltd., Fourth and Walnut Streets, Philadelphia, PA 19105	1.342321
Great American Insurance Co., 580 Walnut St., Cincinnati, OH 45201	1.342321
Hanover Insurance Co., The, 440 Lincoln St., Worcester, MA 01605	.503371
Hartford Accident and Indemnity Co., Hartford Plaza, Hartford, CT 06115	7.131082
Hartford Steam Boiler Ins. & Ins. Co., The, 56 Prospect St., Hartford, CT 06102	.503371
Highlands Insurance Co., 600 Jefferson Street, Houston, TX 77002	.419475
Home Indemnity Co., The, 55 Maiden La., New York, NY 10038	3.691384
Insurance Co. of North America, 1600 Arch Street, Philadelphia, PA 19101	1.677902
Monarch Insurance Co. of Ohio, The, 19 Rector St., New York, NY 10006	.325580
National Casualty Company, 28333 Telegraph Road, Southfield, MI 48034	.325580
Northern Insurance Company of New York, 59 John Street, New York, NY 10038	1.845692
Northwestern National Ins. Co., 731 No. Jackson Street, Milwaukee, WI 53201	.671161
Ohio Casualty Insurance Company, The, 138 North Third Street, Hamilton, OH 45025	.167790
Pacific Indemnity Co., 3200 Wilshire Blvd., Los Angeles, CA 90010	.325580
Peerless Insurance Co., 52 Maple Ave., Keene, NH 03431	.125843
Protective Insurance Co., 3100 No. Meridian St., Indianapolis, IN 46208	.251665
Providence Washington Insurance Co., 20 Washington Place, Providence, RI 02903	.104869
Puritan Insurance Company, 1815 Summer St., Stamford, CT 06905	.251665
Reliance Insurance Company, 4 Penn Center Plaza, Philadelphia, PA 19103	1.484943
Royal Globe Insurance Company, 150 William Street, New York, NY 10038	3.355203
St. Paul Fire & Marine Ins. Co., 385 Washington St., St. Paul, MN 55102	4.751617
Seaboard Surety Co., 80 William St., New York, NY 10038	.419475
State Farm Fire & Casualty Company, 112 East Washington St., Bloomington, IL 61701	.838951
Transamerica Insurance Co., 1150 So. Olive St., Los Angeles, CA 90015	.838951
Travelers Indemnity Company, The, One Tower Square, Hartford, CT 06115	10.906361
United States Fidelity and Guaranty Co., 100 Light Street, Baltimore, MD 21202	10.067410
United States Fire Insurance Co., Madison Ave. at Canfield Rd., Morristown, NJ 07960	2.684543
Zurich Insurance Co., 111 W. Jackson Blvd., Chicago, IL 60604	1.258426

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POOR ORIGINAL