

***Nuclear insurance: update on  
European & UK legislative &  
commercial positions affecting  
operations***

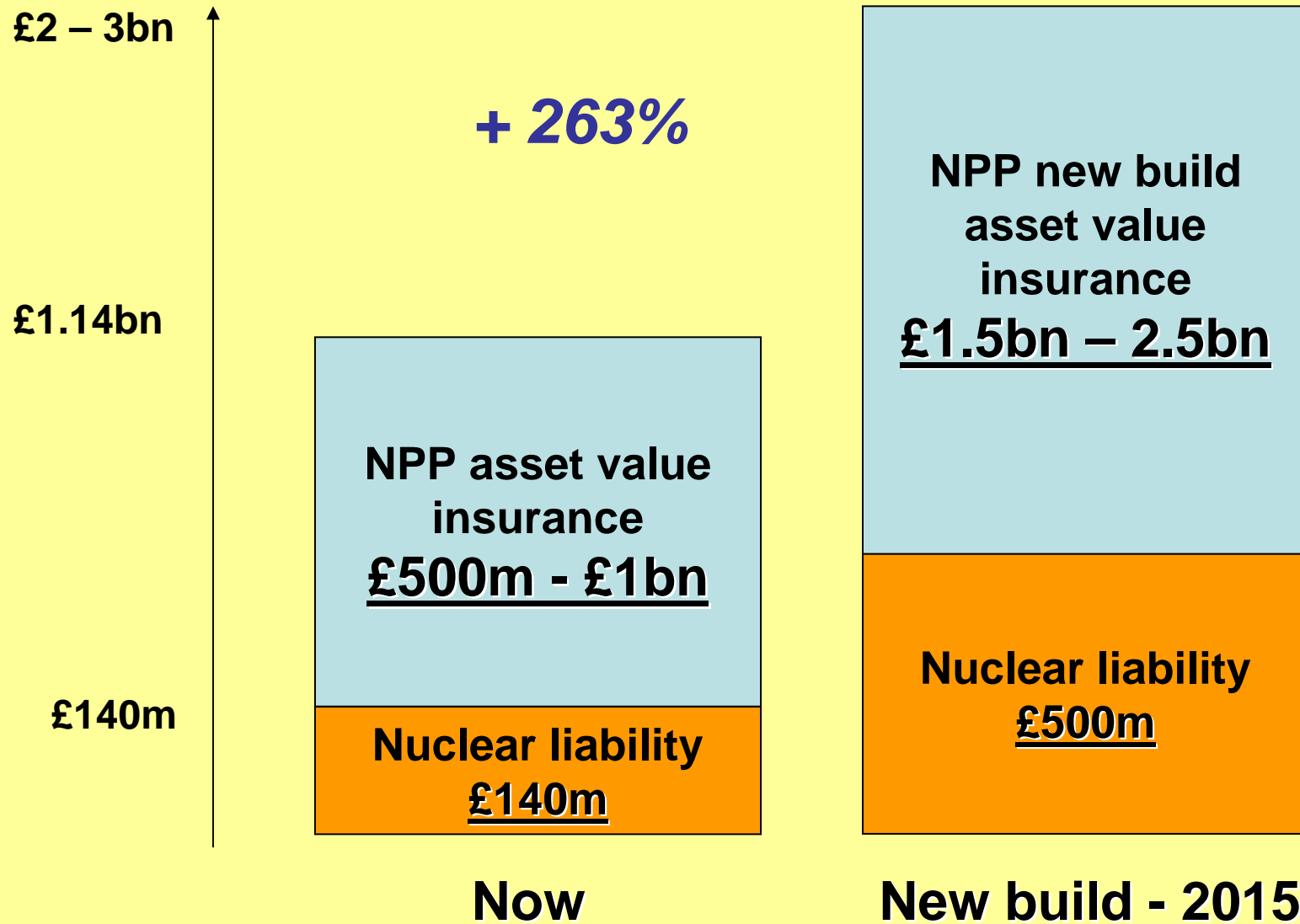
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**Westminster Energy Forum**  
Risk & reward in future nuclear markets  
London 7<sup>th</sup> February 2008

# Insurance – key issues

- New build
- Revision to international liability treaties
- Legal harmonisation
- Decommissioning tendering
- Nuclear transport
- Conclusion

# Insurance capacity requirements



# Other new build issues

- New technology:
  - FOAK risk requires different survey techniques.
  - Olki III - Largest STG ever built.
  - Different plant designs (G.IIIa, G.IV)
- Allocation of exposures:
  - Between new & existing nuclear plants.
  - Between areas of construction & existing plant.
- Lower premiums:
  - New designs are safer.

# Nuclear liability: Revision of concept of Nuclear Damage

## *Current*

1. loss of life, personal injury
2. loss of or damage to property

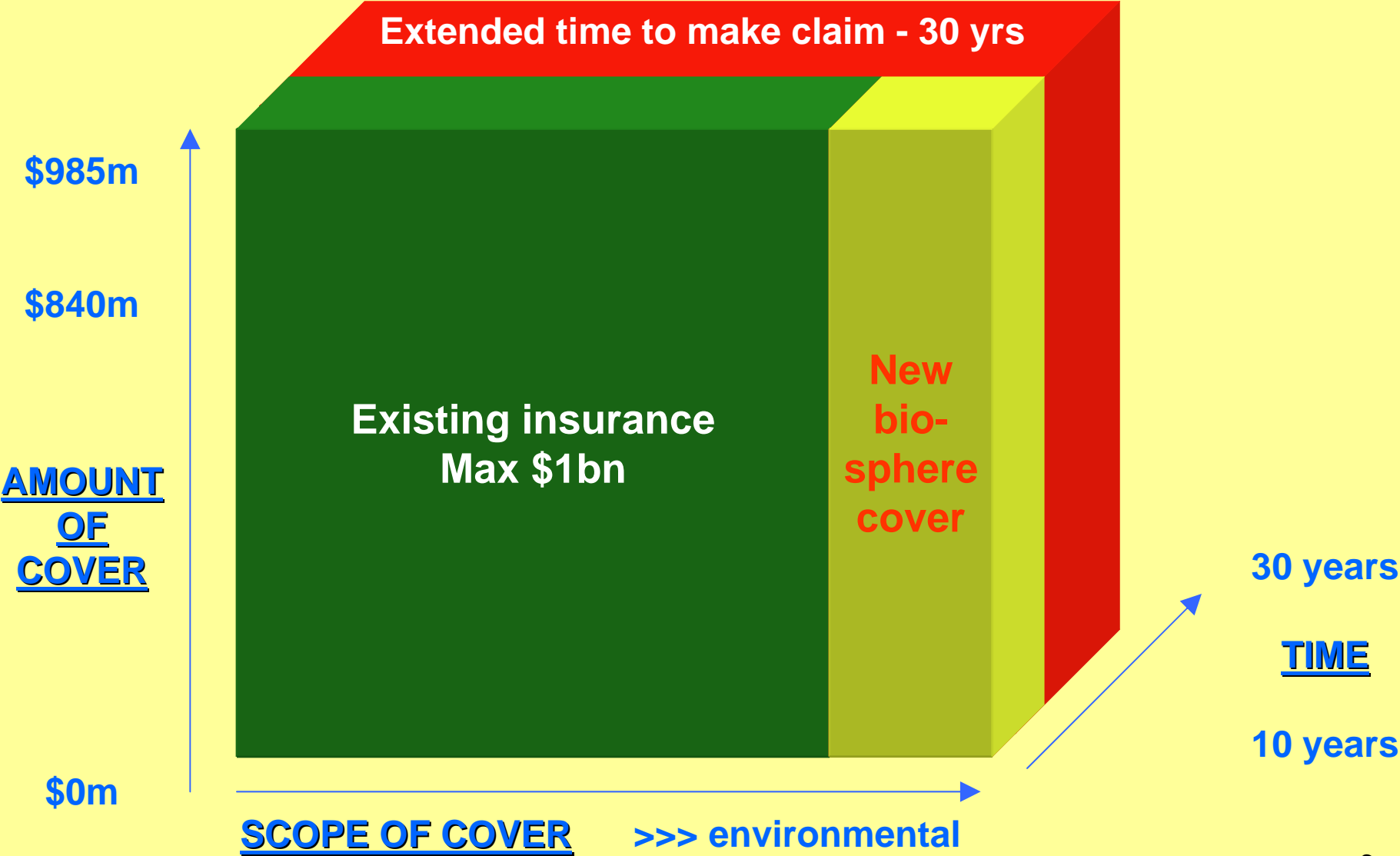
## *Future*

3. economic loss related to 1 and 2
4. reinstatement of impaired environment
5. use or enjoyment of environment
6. preventive measures

■ *insurable*

□ *concerns with regard to full insurability*

# Revised liability scope of cover



# Future liability arrangements?

*CSC supplementary cover to \$2-4bn?*

*Insurers & capital markets*

*Excess cover to new limit (\$1bn)*

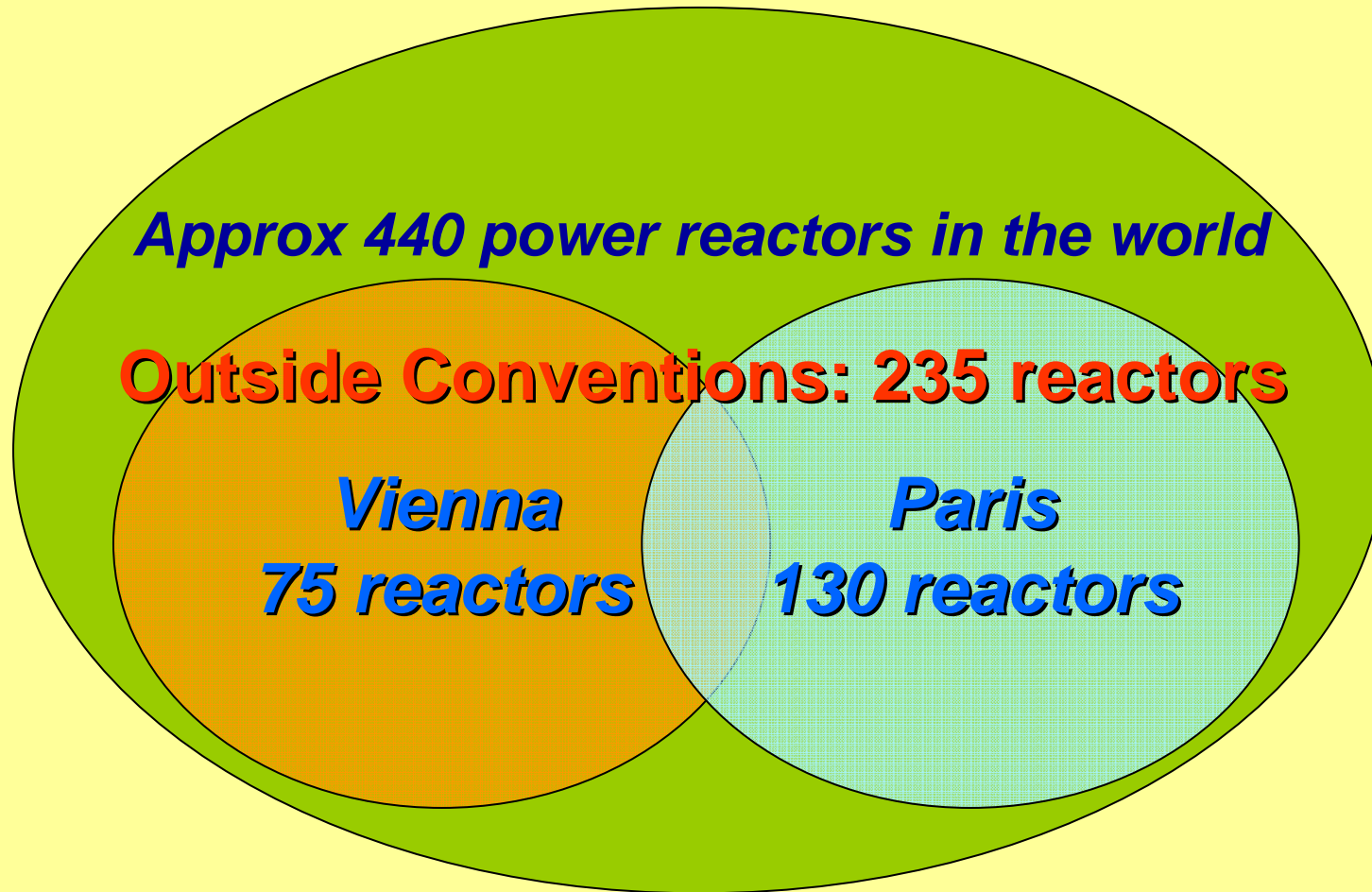
*Insurers*

**Threshold – INES 5 or US ENO equivalent ?** — — — — —

*Primary full cover: pooled & funded Nationally?*

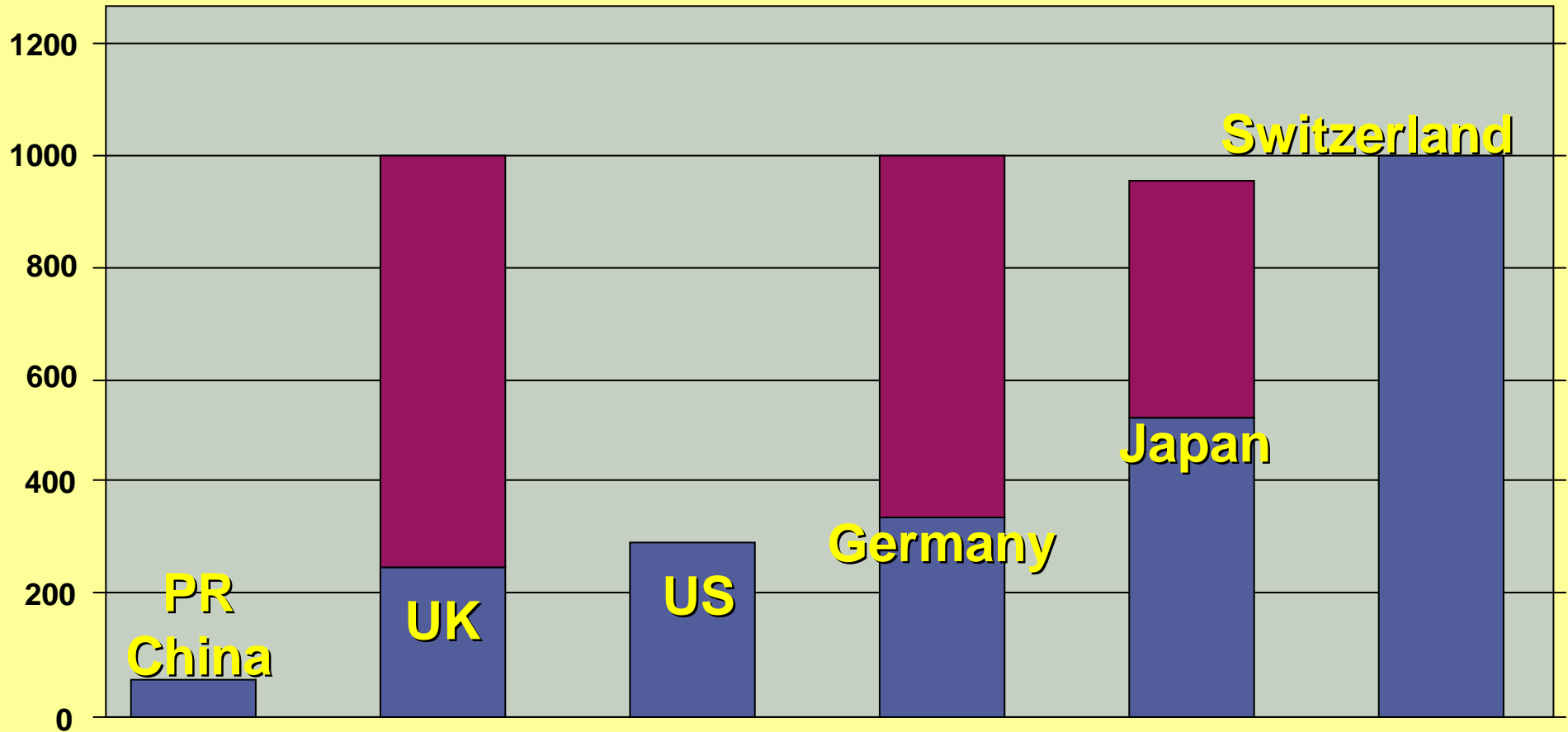
*Insurers, operators & State*

# Legal harmonisation



# Liability financial obligations

US\$m



# Decommissioning & transport

- **Decommissioning tenders:**
  - Complex legal structure & some concerns about parent company exposures due to lack of insurance & state guarantee.
  - Insurers accumulation of exposure.
- **Transport:**
  - New liability treaties help transport.
  - Process difficulties – protectionist administration for CoFs.

# Conclusions

- **Market capacity will be available to support nuclear renaissance for majority of new & old liabilities.**
- **Available capacity is correlated to certainty of cover scope & definitions.**
- **Some development still required in liability legislation.**
- **Ultimately greater legal harmonisation will help everyone.**

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