U.S.NRC
UNITED STATES NUCLEAR REGULATORY COMMISSION
Protecting People and the Environment

FACT SHEET

Office of Public Affairs
Phone: 301-415-8200
Email: opa.resource@nrc.gov

Nuclear Insurance and Disaster Relief Funds

Nuclear Insurance: Price-Anderson Act

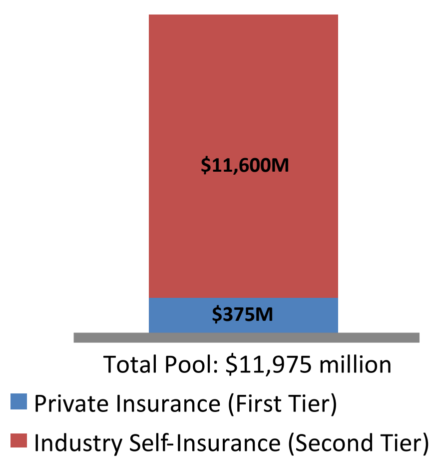
The Price-Anderson Act, which became law on September 2, 1957, was designed to ensure that adequate funds would be available to satisfy liability claims of members of the public for personal injury and property damage in the event of a nuclear accident involving a commercial nuclear power plant. The legislation helped encourage private investment in commercial nuclear power by placing a cap, or ceiling on the total amount of liability each holder of a nuclear power plant licensee faced in the event of an accident. Over the years, the "limit of liability" for a nuclear accident has increased the insurance pool to more than $12 billion.

Under existing policy, owners of nuclear power plants pay a premium each year for $375 million in private insurance for offsite liability coverage for each reactor unit. This primary or first tier, insurance is supplemented by a second tier. In the event a nuclear accident, causes damages in excess of $375 million, each licensee would be assessed a prorated share of the excess up to $111.9 million. With 104 reactors currently licensed to operate, this secondary tier of funds contains about $11.6 billion. If 15 percent of these funds are expended, prioritization of the remaining amount would be left to a federal district court. If the second tier is depleted, Congress is committed to determine whether additional disaster relief is required.

The only insurance pool writing nuclear insurance, American Nuclear Insurers, is comprised of property-casualty insurance companies. About 13 percent of the pool's total liability capacity comes from foreign sources. The average annual premium for a single-unit reactor site is $830,000. The premium for a second or third reactor at the same site is discounted to reflect a sharing of limits.

Claims resulting from nuclear accidents are covered under Price-Anderson; for that reason, all property and liability insurance policies issued in the U.S. exclude nuclear accidents. Claims can include any incident (including those that come about because of theft or sabotage) in the course of transporting nuclear fuel to a reactor site; in the storage of nuclear fuel or waste at a site; in the operation of a reactor, including the discharge of radioactive effluent; and in the transportation of irradiated nuclear fuel and nuclear waste from the reactor.

Nuclear Insurance Under The Price-Anderson Act



Owners of nuclear power plants pay for $375 million private insurance. If a nuclear accident surpasses this amount, each plant pays up to $111.9 million into a second tier insurance pool.

Price-Anderson does not require coverage for spent fuel or nuclear waste stored at interim storage facilities, transportation of nuclear fuel or waste that is not either to or from a nuclear reactor, or acts of theft or sabotage occurring after planned transportation has ended.

Insurance under Price-Anderson covers bodily injury, sickness, disease or resulting death, property damage and loss as well as reasonable living expenses for individuals evacuated. The Energy Policy Act of 2005 extended the Price-Anderson Act to December 31, 2025.

Price-Anderson in Action

When the accident at Three Mile Island Nuclear Power Plant in Middletown, Pa., occurred in 1979, the Price-Anderson Act provided liability insurance to the public. Coverage was available to those in need by the time Pennsylvania's governor recommended the evacuation of pregnant women and families with young children who lived near the plant. At the time of the accident, private insurers had $140 million of coverage available in the first tier pools. Insurance adjusters advanced money to evacuated families in order to cover their living expenses, only requesting that unused funds be returned; recipients responded by sending back several thousand dollars. The insurance pools also reimbursed over 600 individuals and families for wages lost as a result of the accident.

In addition to the immediate concerns, the insurance pools were later used to settle a class-action suit for economic loss filed on behalf of residents who lived near Three Mile Island. Because the Price-Anderson Act allowed for a certain amount of money to be spent on each accident, it covered court fees as well. The last of the litigation surrounding the accident was resolved in 2003.

To date, the insurance pools have paid approximately $71 million in claims and litigation costs associated with the Three Mile Island accident.

Disaster Relief Funds: Stafford Act

Disaster relief is also available to State and local governments under the Robert T. Stafford Disaster Relief and Emergency Assistance Act if a nuclear accident is declared an emergency or major disaster by the President. The Act is designed to provide early assistance to accident victims. Under a cost-sharing provision, State governments pay 25 percent of the cost of temporary housing for up to 18 months, home repair, temporary mortgage or rental payments and other "unmet needs" of disaster victims; the federal government pays the balance.

June 2011