



# ***Historical Background 1***

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## **Nuclear Electricity Production resulted in Insurance Problems:**

- Unknown, poorly perceived risk (nuclear bombs 1945)
- Low frequency outlook
- High catastrophe potential
- Few insured installations
- Accumulation Potential

# ***Historical Background 2***

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Result: nuclear exclusion clause in  
insurance policies

Compensation: Nuclear Insurance Pools

# ***Fundamental Principles***

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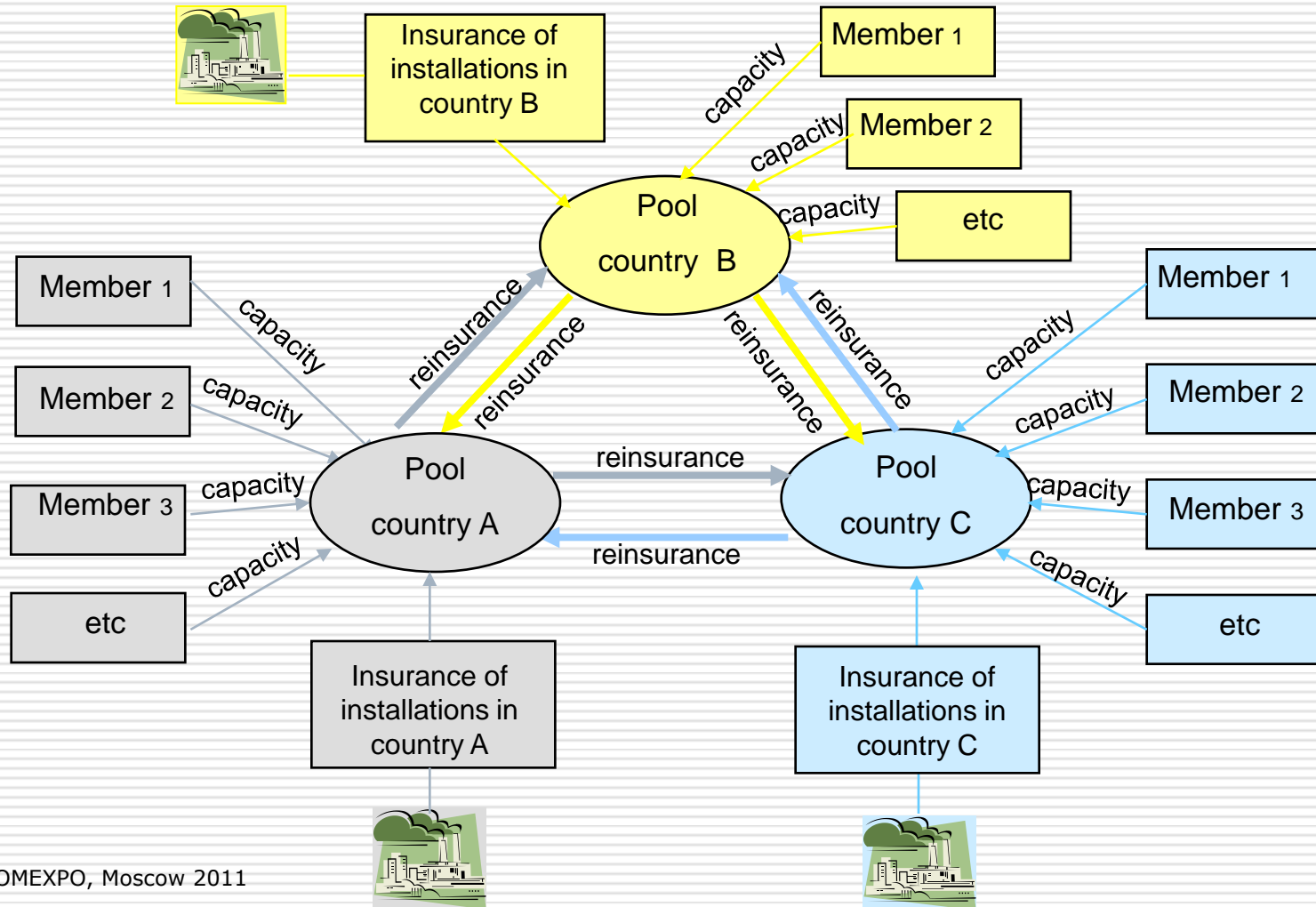
## **Pools are market wide**

- Ensures concentration of knowhow and experience
- Provides appropriate claims settlement entity

## **Reinsurance with other nuclear pools**

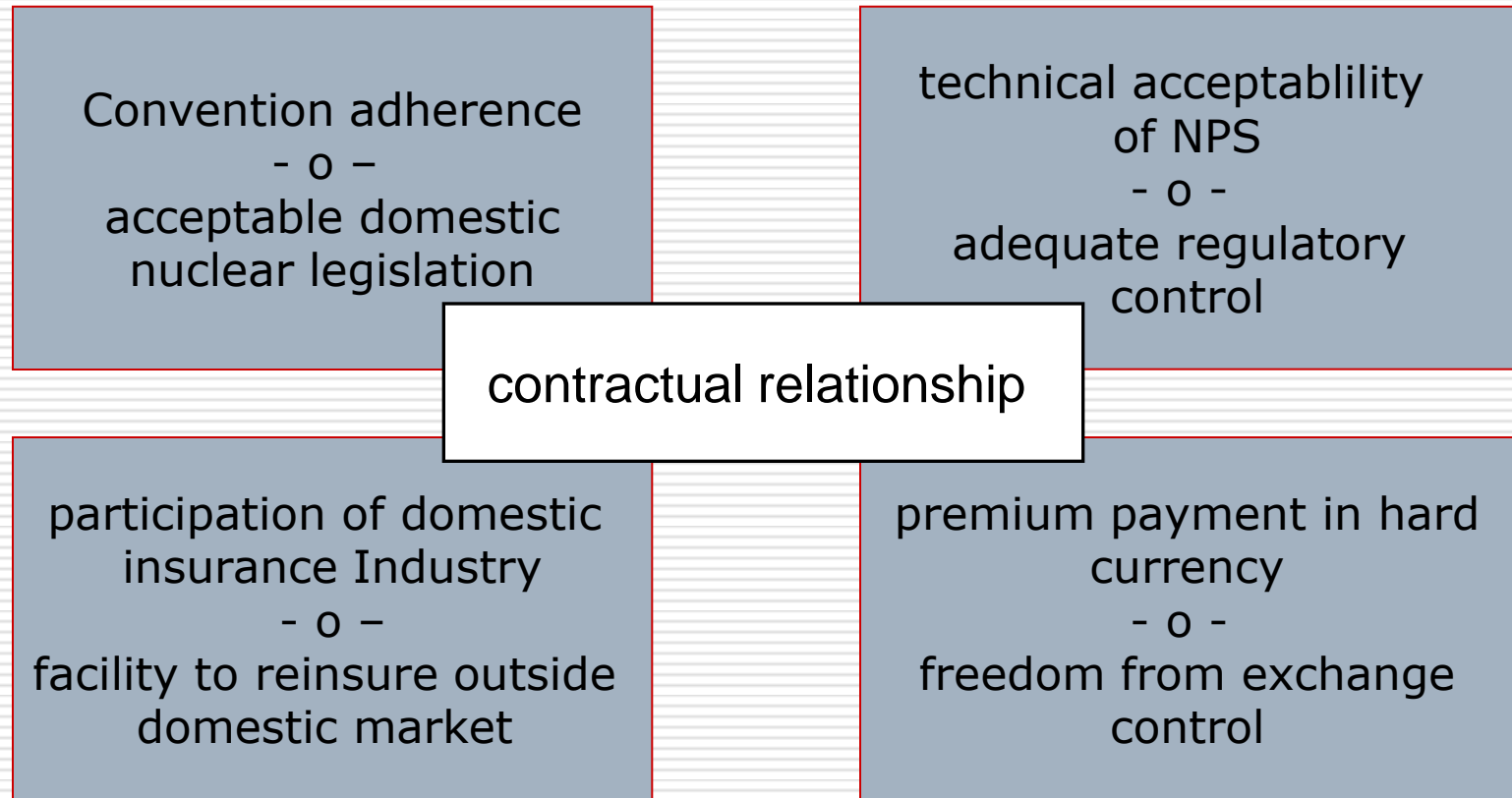
- Assures easy access to global insurance capacity
- Enables a certain spread of risk

# Nuclear Insurance Business Flow



# Prerequisites for Pool Cover

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# ***Subject of Insurance***

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## **All Pools:**

Nuclear Power Stations

## **Most Pools:**

Other Installations of the Nuclear Fuel Cycle

Nuclear Transports

## **Some Pools:**

Radioisotopes or Nuclides

# ***Types of Insurance Cover***

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## **Third Party Liability**

## **Material Damage Insurance**

- Fire and allied perils plus nuclear risk: normal practice
- Some Pools: machinery breakdown cover
- Some Pools: business interruption cover

## **CAR/EAR Insurance**

- Offered by some Pools



# ***Third Party Liability Insurance***

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## **Relation to international Conventions**

- ❑ Strict, no-fault liability
- ❑ Channeling of liability
- ❑ Requirement of financial security:  
*insured amounts vary per country*

# ***Third Party Liability Insurance***

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## **Cover**

- Nuclear perils
- Non-nuclear perils
- Exclusions
  - war & warlike events
  - *exceptional natural disasters*
  - *extinction periods > 10 yrs.*
  - *pure environmental damage*
- Limitations
  - *terrorism (sometimes)*

# ***Large Loss Claims Experience***

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## **□ Nuclear TPL insurance:** Limited experience

- Chernobyl not insured
- Tokai Mura
- Fukushima: EQ and Tidal Waves excluded
- Three Mile Island

*within 24 hours of accident American Pool had office near facility making emergency assistance payments*

## **□ Pool preparation:** national programs, bilateral agreements

## **□ In general:** wide expertise in handling multiple claims

# Claims Handling

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