



Michael P. Cass
Vice President & General Counsel

November 9, 2010

Sophia Angelini, Attorney-Advisor
Office of General Counsel for Civilian Nuclear Programs
GC-52
U.S. Department of Energy
1000 Independence Avenue, SW.
Washington, DC 20585

Re: Notice of inquiry and request for comment
Convention on Supplementary Compensation Contingent Cost Allocation

Dear Ms. Angelini:

The Department of Energy (DOE) published a Notice of Inquiry in the Federal Register (75 Fed. Reg. 43,945) requesting public comment on issues related to the funding obligations under the Convention on Supplementary Compensation for Nuclear Damage (CSC) and Section 934 of the Energy Independence and Security Act of 2007. American Nuclear Insurers (ANI) is a voluntary, joint underwriting association comprised of member insurance and reinsurance companies conducting property or casualty insurance business in at least one jurisdiction in the U.S. We hereby provide the following comments related to insuring the retrospective risk pool set forth in Subsection 934(e) of the Energy Independence and Security Act of 2007 (the Act).

ANI considers it unlikely that its members would participate in a program to insure the contingent cost to the United States under the terms of the CSC and collected from nuclear suppliers through the retrospective risk pooling program established in Subsection 934(e). The obligation created by the Convention is a treaty obligation with that obligation transferred to nuclear suppliers through the Act. It is not in the nature of a breach of a duty that exists between an insured and an injured party creating a liability but a regulatory obligation without any determination of liability on the part of the nuclear supplier. ANI's membership is restricted from offering an insurance product that may not comport with the licenses of our member companies which are granted by the individual states and specify the lines of insurance our members are authorized to write.

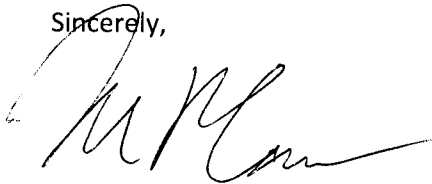
Just as significant, however, is the fact that the obligations under the CSC which will ultimately be borne by the nuclear suppliers under the Act will be triggered by damages which our members are disinclined to insure in the current market. Examples of several types of damage that present significant underwriting challenges to our members are economic damages, reinstatement of an impaired environment, and other economic loss if permitted by the general law on civil liability in the jurisdiction where the nuclear damage occurs as well as the prescription periods applicable to such damage claims. These examples of damages have also been cited as challenges to the ratification of the revised Paris Convention due to the lack of private insurance for such liabilities in Paris Convention states.

Furthermore, underwriting control over nuclear suppliers' risk, manifested as obligations under the Act, would be non-existent owing to the fact that the financial responsibilities of the nuclear suppliers through the Act will extend to nuclear incidents in any state that joins the CSC. As insurers of nuclear liability risk for over 50 years, ANI and its members have and continue to evaluate the nuclear technology, legal regimes, operating experience and other relevant underwriting considerations in the jurisdictions where we choose to place our insurance capacity at risk. We consider it fundamental to our members who voluntarily participate in the insurance programs we offer that ANI retains underwriting control over the risks we assume.

Regarding the six risk factors enumerated in Subsection 934(e)(2)(C)(ii) for which the Department has requested information on how each should be taken into account, ANI provides the following. Of the six risk factors, ANI underwriting criteria include an assessment of factors similar to factors I, II, III and V. The assessments form a part of ANI's underwriting of the risk insured through our foreign supplier's and transporter's policy. ANI considers all but risk factor V relevant to a risk-informed assessment formula as described in the Notice of Inquiry. Regarding risk factor V, under the CSC and the Act, the legal, regulatory and financial infrastructure in a jurisdiction where a covered installation is located would appear irrelevant, since the potential CSC obligation will be created so long as a state joins the convention. While very relevant to the determination whether to voluntarily underwrite a risk in a particular jurisdiction, it is unclear how the considerations included in risk factor V would somehow influence the obligation of any nuclear supplier under the Act, let alone the CSC.

ANI plans to continue to consider the development of an insurance approach for the funding obligations of nuclear suppliers under the Act as further clarity is provided by the Department with respect to the retrospective risk pooling program. In the meantime, should you require additional information regarding these comments, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. P. Cass', written in a cursive style.

Michael P. Cass