

Nuclear insurance

Misperceptions or a lack of understanding about insurance requirements for the carriage of Class 7 materials can create problems as consignors seek carriers for their products.

Specialist nuclear insurance “Pools” exist in a number of countries specifically to provide insurance cover for the activities of those involved in the nuclear fuel cycle.

Companies’ requirements for insurance flow from the international nuclear liability regime. The Paris and Vienna Conventions ‘channel’ nuclear liability to the responsible operator who is required to provide an amount of security, as specified under their domestic legislation, by insurance or other means acceptable to the authorities in the country concerned. Compensation above this amount up to a level set by the Conventions will be provided out of public funds of the responsible operator’s state and thereafter by the funds of all signatories of the relevant Convention.

The major countries participating in the nuclear fuel cycle which are not signatories to the main Conventions also have legislation which generally encompasses the channelling concept. Where a nuclear transit emanating from a Convention country is bound for a non-Convention country the liability usually rests with the operator sending the material i.e. the consignor.

The amounts required by the Conventions have recently been reviewed and the Paris Convention in particular has been substantially revised. Consequently, the domestic legislation of the signatory countries is also under revision. The Convention has amended the minimum limits required, including those for transport, and the insurance pools are cautiously optimistic that they will be able to raise sufficient capacity to meet operator’s needs; however there could be problems in this respect should the limits be substantially increased, particularly where terrorism cover is required.

The revised Convention also introduces the cost of measures for reinstatement of impaired environment under the definition of nuclear damage; this is something that is generally uninsurable throughout the world’s insurance markets. Insurers will also seek to ensure that the existing ten year prescription arrangements for operators and their insurers are maintained.

It is to be hoped that the views of both operators and their insurers will be taken into consideration when new legislation is drafted by the signatory states.