

NUCLEAR *facts*



Are Canadians insured against damage from nuclear plant accidents?

YES. CANADA'S *NUCLEAR LIABILITY ACT* MAKES PROVISION FOR COMPENSATION FOR INJURY OR PROPERTY DAMAGE CAUSED AS A RESULT OF AN ACCIDENT AT A NUCLEAR POWER PLANT.



The Act requires nuclear power plant operators such as Ontario Power Generation to obtain liability insurance for damages up to a maximum of \$75 million. The operator is held to be absolutely liable for damage, that is, claimants do not have to prove negligence on the part of the operator. They need only prove that they have suffered damage.

If an accident occurs in which it becomes evident that damages are likely to exceed \$75 million, the federal government must appoint an independent tribunal that will receive claims, assess damages and recommend the level of compensation that should be paid. The responsibility to pay claims exceeding \$75 million then rests with the federal government. The Act does not set a limit on what the government would pay.

The *Nuclear Liability Act* has been under review for some time. It will likely be modified to increase the required insurance, which is now available, and some other less significant features.

Why do home insurance policies exclude claims for nuclear plant accidents?

The insurance companies in the pool, which provides coverage under the *Nuclear Liability Act*, are generally the same companies that issue individual property insurance policies. Since coverage is already provided under the Act, coverage in individual policies is redundant. In effect, property owners are already protected against damage from

nuclear plant accidents with premiums being paid as part of their electricity bill by all consumers of nuclear-generated electricity.

Why are equipment suppliers exempt from liability?

Equipment suppliers meet all the requirements of the strict standards set by the Canadian Standards Association for nuclear equipment, and meet the specifications of the designers and operators of the nuclear plant. They therefore take the view that they should not be held liable for potential operator errors and the result of equipment misuse. To avoid lengthy legal conflicts over which specific pieces of equipment may have caused a problem, or whether an accident was due to operator error, the government decided to make the plant operator absolutely liable for any damages caused by an accident. This does not limit the opportunity for legal action that a plant operator can take to ensure suppliers meet quality standards and contractual obligations. Partly because suppliers are exempt from liability, there is a rigorous process for qualifying as a supplier of reactor components.



It takes years for an equipment supplier to develop acceptable quality assurance procedures and pass the independent auditing tests required to meet applicable Canadian standards.

Why is operator liability limited to \$75 million?

At the time that the limit of \$75 million was set it represented the maximum amount of liability that the insurance industry was able to cover. Today more than 50 insurance companies pool together in the Nuclear Insurance Association of Canada to provide the coverage. As noted above, consideration is being given to raising the limit.

What protection does the government have against finding itself responsible for a large payout?

The government, through its regulatory agency, the Canadian Nuclear Safety Commission, regulates the nuclear industry through a licensing process. The safety systems, protective barriers and other licensing requirements provide adequate assurance against the risk of public damage. Indeed the cost of those systems is the real premium paid by the plant operators for public protection. The Commission ensures compliance with its licensing requirement and regulations by having resident inspectors on-site at all nuclear generating stations. The Commission has the power to suspend or cancel licences if regulations are breached or an operator fails to comply with instructions from the Commission. (See *Nuclear Facts* - "How is the nuclear industry regulated?")

Does a limit on the operator's liability encourage unsafe operation?

No. The most likely consequences of an accident would be the loss of the use of the reactor, which would be extremely costly. The operator has every reason to prevent accidents. There is, therefore, no relationship between the level of liability and operational safety.

Nuclear power plant workers train for eight years before being licensed to be in charge of operation of a reactor. In the event of an accident, they would clearly be the most vulnerable persons. Their concern for safety is totally unrelated to the level of liability for public damage.

Canadians receive comprehensive nuclear insurance, similar to that found in other nations, in the Nuclear Liability Act of the federal government.

Are Canadians insured for damage caused by an accident at an American reactor?

Yes. The U.S. has similar legislation to Canada and there is a reciprocal agreement under which Canadians are covered by the U.S. legislation, known as the *Price-Anderson Act*, for damages caused by an accident at a U.S. facility.

If damages exceeded \$75 million, would everyone's claim be paid in full?

It is clearly expected that the government would provide the funds necessary to match the recommendations of its independent assessment tribunal. The Act places no limit on the amount to be paid.

