

Marsh Ltd - 14 April 2011

Dear Sirs, we enclose our response to the above consultation exercise.

Regards,

Tim Fayers, Divisional Director
Client Management
Marsh Ltd. | Tower Place, London, EC3R 5BU

Paris and Brussels Conventions on nuclear third party liability

1 Chapter 4 – Categories of Damage

(a) Prioritisation of Claim

We don't believe that prioritisation of claims is practical. This may however result in the unintended consequence that clean up and environmental costs together with property damage claims exhaust available compensation leaving injury claims, which are likely to manifest themselves much later, with no limit available

2 Chapter 5 – Geographical Scope

Our legislation should be as closely aligned to the Convention as possible

3 Chapter 6 – Limitation Periods

We consider it impractical to impose a different limitation period in respect of injury caused by preventative measures. The same limit should apply for all injury claims.

4 Chapter 7 – Liability during transport

The proposed changes to the Conventions, we believe, will cause problems for those Sites that are multi-tenure. Neither proposal (7.11/7.12) deals with the fundamental principle of clear channelling of liability to the Operator.

5 Chapter 8 – Financial Liability Level

The likely impact of increasing the standard liability level to €1.2billion as compared to €700million is that existing, and potentially new Operators, will be faced with significant additional costs which may affect the viability, investment into, and competitiveness of their operations compared to such activities in other Convention/Non Convention Countries.

Given the above we do not see the merit in the proposed incremental increases which adds a further level of complexity to implementation, and to the settlement of losses.

6 Chapter 9 – Availability of Insurance/Financial Security

We believe that this question is wider than merely assessing the viability of alternative financial security but also needs to address the criteria for judging the acceptability of insurance from a particular insurer e.g. domicile, financial strength, claims handling ability etc. Any financial security alternative to an insurance policy should be judged on similar criteria.

We believe that whilst the insurance market will be able to respond to many of the amendments, there will ultimately be gaps in insurance, or any alternative financial security. We believe that an actuarial calculation of the premium to cover such gap result in a minimal

charge. However, this would be likely to lead to insurers not extending the scope of their cover to pick up these “gap” exposures due to the minimal premiums that they would additionally accrue.

The alternative is for the Government to charge a disproportionate premium for the risk exposure; whilst this may encourage commercial insurers to reassess the risk, and accept coverage, this would place a further financial burden on the Operators again affecting the viability and competitiveness of their operations.

8 Chapter 11 – Nuclear Waste Disposal Facilities

We are supportive of the proposals and believe that this offers clarity in respect of the disposal of very low level waste and offers an alternative disposal route which should offer more competitive disposal options to operators.

The proposal also supports the principles of the Conventions on clarity on the channelling of liability.

Impact Assessment Questions

IA1/IA2

Whilst we place a significant proportion of global nuclear risks on behalf of our clients, client confidentiality prevents us from disclosing premium information. Due to the current structure of the market for nuclear liability risks, we believe that the current markets may seek to impose premium increases of up to 1000% on current premiums to cover the majority of the new requirements. The imposition of terms at this level may deter investment in existing and new build operations but may result in alternative markets offering coverage at more competitive terms in the longer term.

IA3

The comments above relate to all types of installation and transport activities.