AUCTION SEASON 2025 - DISCLOSURE

Managing Agent Name: Chaucer Syndicates Limited

Subject: Revised UK liability policy

Syndicate(s) Affected: 1176

TEXT:

As members are aware, Syn. 1176 has long argued that the Paris Convention, which deals with liability obligations of nuclear operators, and to which EEA companies, including the UK, adhere, requires language clarity. The syndicate has long presented that the issue of a 30-year discovery period following a nuclear incident, creates too much uncertainty in respect of reserving, and the potential for systemic risk, to be insurable. Because of this, several Governments, including the UK (for a number of insurers), take the discovery period for bodily injury claims from 10 to 30 years.

The syndicate has been working through Nuclear Risk Insurers Ltd (the agent of the British Nuclear Insurance Pool) and legal experts to shape a policy that would work, such that the syndicates concern regarding language ambiguity, are clarified.

The syndicate is pleased to confirm that it and NRI has made progress such that a new liability policy, will be introduced, initially in the UK, from January 1st 2026. Two new language clarifications have been introduced; clarification of a nuclear incident and, the introduction of an incident reporting period. The language introduced works around the concept of exceedance of Authorised Emissions, which is prescribed by law and monitored by Nuclear Regulators. They are at a notifiable level that is significant and are readily understood by industry and Government(s).

The combined effect of the above is to give clarity around a nuclear incident; clarity around notification and allows the syndicate to set appropriate reserves without holding undue capital for a 30 year tail period unless a demonstrable nuclear incident has occurred.

The syndicate has received approval from Lloyd's that the revised policy will be recorded under the current shorter tail liability risk code of NL for 2026. We also believe that when UK Operators approach HM government with the revised policy, that HM Government will accept that it will cover their insurance liabilities under the Nuclear Installations Act 1965 (amended).

The syndicate does not anticipate a material change in income allocated to the NL risk code for 2026 and it is not expected that there will be a material adverse reserving methodology.

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