

Viewpoint of the review and issues relating to the review of the compensation system for nuclear damage

(Response to the Fukushima accident in terms of compensation)

- Ø On 2011 March, the accident at TEPCO Fukushima Nuclear Power Plant occurred and the Act on Compensation for nuclear damage was applied.
- Ø TEPCO , as a nuclear operator, has carried out the compensation based on the law.
- Ø The government has taken necessary measures so that the compensation is carried out appropriately.
 - The government set up the Dispute Reconciliation Committee for Nuclear Compensation and formulated the guidelines
 - The government set up the ADR center and carried out the mediation settlement.
 - The government paid an indemnity to TEPCO based on the Government indemnity agreement.
 - The government set up the NDF as a framework of support from the government so that TEPCO can ensure an amount of financial resources for compensation.

(Main topics in reviewing the compensation system for nuclear damage)

Under the premise that the nuclear operator shall bear the liability for compensation, especially in major accident,

- in order to ensure the financial compensation to fulfil nuclear operator's responsibility,
 - in order to carry out a rapid and appropriate procedure for compensation to the victims,
- the important issue is what responsibility the government should take.

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(Viewpoint of the review of the compensation system for nuclear damage)

Approach to protection of victims

- we should consider a system where the victims may receive appropriate compensation for every damage that is recognised as nuclear damage(“appropriate compensation”).

Approach to burden on citizens

- it is necessary to consider reasonable burden borne by the electricity charges and the general taxation, together with the most optimum division of responsibility between the State and the nuclear operator.

Foreseeability of the nuclear operator in changing business environment

- Based on status of the nuclear power and the electricity system reform under the Basic Energy Plan, it is necessary to consider such opinions as limited liability of the nuclear operator.

Current Nuclear Damage Compensation System in Japan

[Act on Compensation for Nuclear Damage]

in order to protect victims and to promote the sound development of nuclear industry

A nuclear operator engaged in the reactor operation, etc. **is liable for nuclear damages** caused by its reactor operation, etc. (no-fault liability, channeling of liability, **unlimited liability**)

[Liability caused by grave natural disasters of an exceptional character and insurrections exempted]

A nuclear operator is required to have financial security (Private Liability insurance and Government Indemnity Agreement)

Nuclear Damage Compensation System

Amount of Damage

Compensation by a nuclear operator
(unlimited liability)

[+ Government aid as necessary]

Financial assistance from NDF

**Financial Security
Amount:
¥120bn/site**

**Private Liability
Insurance**

**Government
Indemnity
Agreement**

caused by general accidents

caused by Earthquakes,
Volcanic eruption, Tsunami, etc

Operator exempted
from the liability
**Government
Measures**

(Necessary measures to
relieve victims and
prevent the spreading of
damages)

caused by grave natural
disasters of an exceptional
character and insurrections

a Nuclear Operator (no-fault liability/channeling of liability)

the Government

Compensation

Measures

Victims

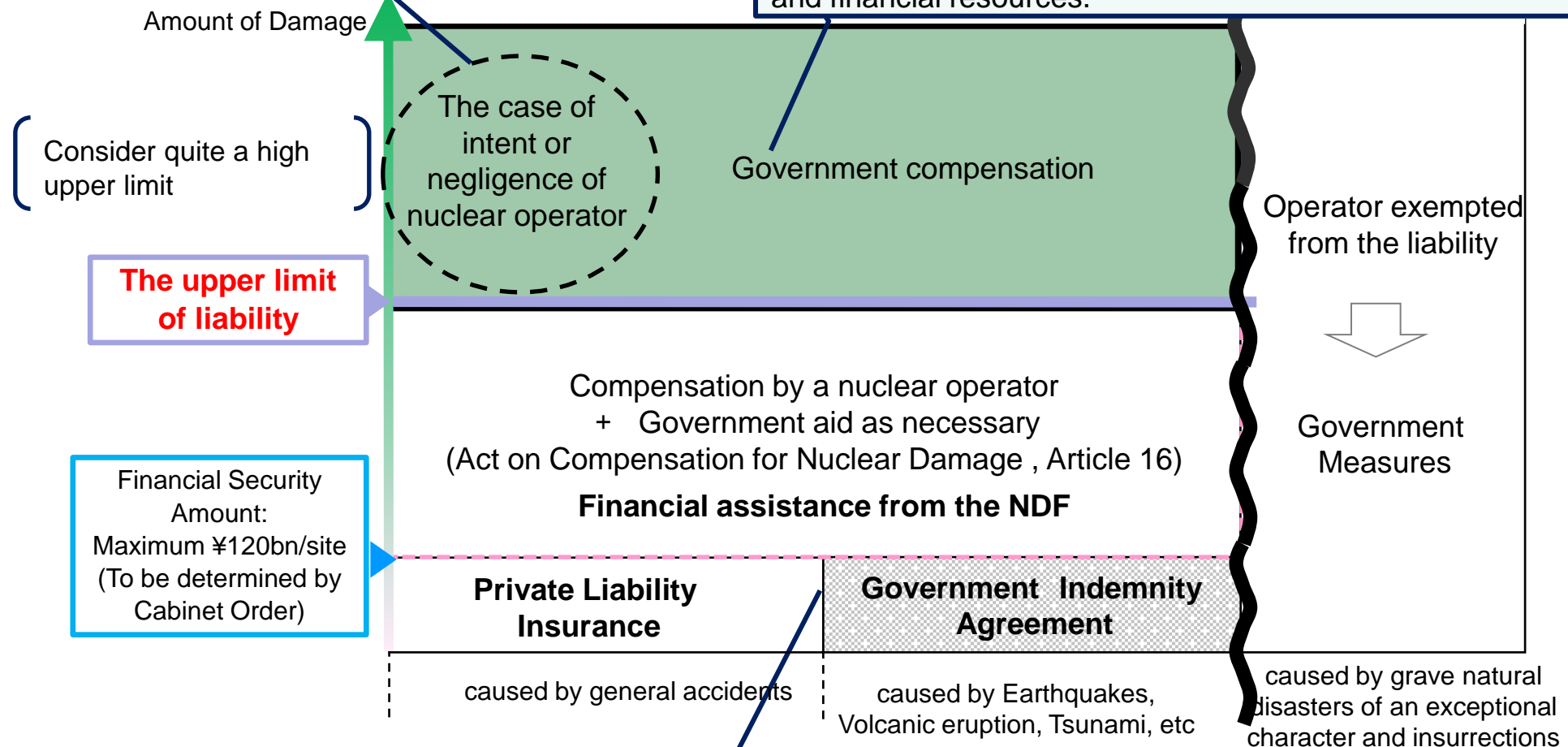
Procedure for compensation to the victims

Dispute Reconciliation Committee for Nuclear Damage formulate the guidelines establishing the scale of the nuclear damage and carry out mediation settlement
In the case of Fukushima accident, ADR center set up under the auspices of the Reconciliation Committee carries out the settlement mediation procedure.

Individual Arguments concerning to amount of liability, financial security (Limited liability)

- it is inappropriate for liability to be limited in accidents where there were intent or negligence ?
- it should be limited in some situations, depending on the cause of the accident?

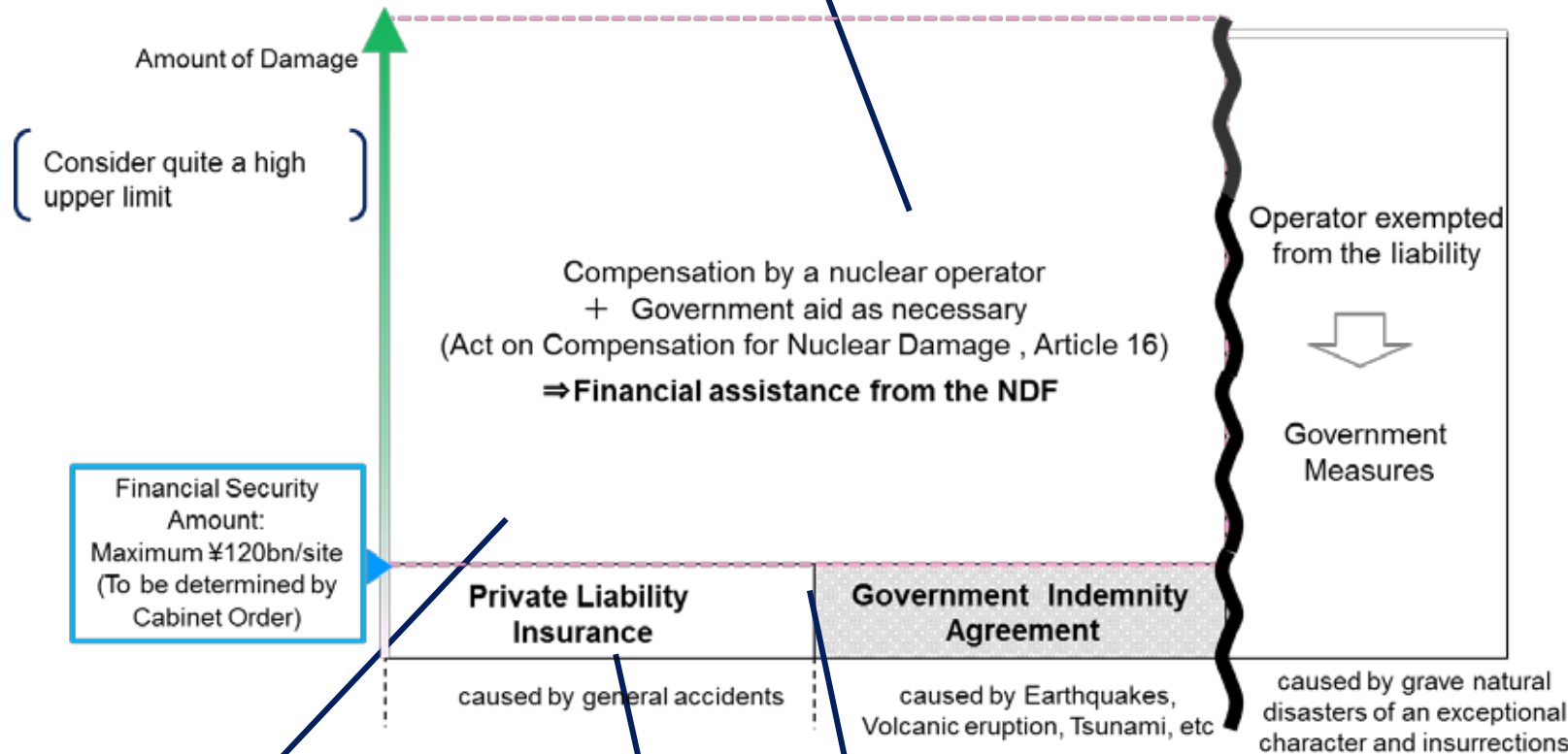
- it should be funded out of general taxation.
- this defrayment should be sought from electric power consumers through electricity charge.
- in the case of the funds are-being raised from general taxation, the severe budgetary situation of the State must be noted.
- it's necessary to consider the design of the structure, procedures and financial resources.



- this will be considered from the perspective of the allocation of liability between the nuclear operators and the State proportional liability

Individual Arguments concerning to amount of liability, financial security (Unlimited liability)

- Depending on the scale of the accident, stipulations should allow for a mechanism whereby the State would make an advance payment on behalf of the nuclear operator
- the civil liability rule principally applies based on the polluter-pay principle while an administrative measure may complement it as necessary in order to achieve fair and prompt relief of victims.



- some think that attention should be paid to this unbalanced situation between financial security and financial assistance from the NDF.

- the current financial security amount might be insufficient for a major accident.
- an insurance-type scheme should be the principal mechanism for the nuclear operator themselves to prepare for compensation.

- significant increase of the amount of liability insurance contracts would be difficult.