

# Act on Indemnity Agreements for Nuclear Liability

Enacted by Act No. 2764, Apr. 7, 1975

(Entered into force Apr. 7, 1975)

Amended by Act No. 8852, as amended other Act, Feb. 29, 2008

(Entered into force Feb. 2008)

Amended by Act No. 10912, as amended other Act, Jul. 25, 2011

(Entered into force Oct. 26, 2011)

Partially amended by Act No. 13076, Jan. 20, 2015

(Entered into force Jan. 20, 2015)

## Article 1 (Purpose)

The purpose of this Act is to protect the victims of nuclear damage and contribute to the sound development of nuclear industry by prescribing those matters concerning indemnity agreements for nuclear liability under Article 9 of the Nuclear Liability Act.

## Article 2 (Definitions)

The terms used in this Act shall be defined as follows:

1. The term “operation, etc. of nuclear reactors” means the operation, etc. of nuclear reactors as prescribed in Article 2 (1) 1. of the Liability Act;
2. The term “nuclear damage” means nuclear damage as prescribed in Article 2 (1) 2. of the Nuclear Liability Act(hereinafter referred to as the “Liability Act”);
3. The term “nuclear operator” means a nuclear operator as prescribed in Article 2 (1) 3. of the Liability Act;
4. The term “financial security” means financial security for nuclear liability as prescribed in Article 5 of the Liability Act;
5. The term “financial security amount” means the amount of financial security as prescribed in Article 6 (1) of the Liability Act;
6. The term “insurance contract” means a liability insurance contract for nuclear damage as prescribed in Article 7 of the Liability Act.

## Article 3 (Indemnity Agreements)

The government may conclude indemnity agreements for nuclear liability(hereinafter referred to as “indemnity agreement”) with nuclear operators.

**Article 4** (Indemnified Losses)

The loss against which the government indemnifies under the indemnity agreement shall be the loss suffered by a nuclear operator as a result of compensation of any of the following nuclear damage (hereinafter referred to as “indemnified loss”):

1. Nuclear damage caused by normal operation of nuclear reactor, etc. as prescribed by Presidential Decree;
2. Nuclear damages as prescribed by Presidential Decree other than those falling under subparagraph 1.

**Article 5** (Agreed Amount of Indemnity)

The agreed amount of indemnity under an indemnity agreement (hereinafter referred to as “agreed amount of indemnity”) shall be equivalent to the financial security amount as prescribed by Presidential Decree: Provided, That in cases where a nuclear operator takes measures other than an insurance contractor indemnity agreement as financial security, the agreed amount of indemnity shall be reduced by the amount available for providing compensation for nuclear damage under such other security, and, in cases where any other indemnity agreement has been concluded, the agreed amount of indemnity shall be reduced by the amount available for providing compensation for nuclear damage under such other indemnity agreements.

**Article 6** (Period of Indemnity Agreement)

The period of an indemnity agreement shall be from the date upon which such agreements are concluded to the date upon which the operation, etc. of the nuclear reactor referred to in the relevant indemnity agreement is terminated.

**Article 7** (Indemnity Fees)

The amount of an indemnity fee shall be an amount equivalent to that obtained by multiplying the agreed amount of indemnity by the rate prescribed by Presidential Decree in consideration of the probability of the occurrence of indemnified losses, government administrative expenses related to the indemnity agreement, etc.

**Article 8** (Conclusion of Indemnity Agreements, etc.)

Necessary matters concerning the conclusion of indemnity agreements, the time and method of paying indemnity fees, and the time and method of making indemnity payments shall be prescribed by Presidential Decree.

**Article 9** (Amount of Indemnity)

The amount of indemnity paid by the government under an indemnity agreement shall fall within the agreed amount of indemnity that indemnifies a nuclear operator against losses suffered from paying compensation for nuclear damage occurring due to the operation, etc. of a nuclear reactor during the period of the relevant indemnity agreement.

**Article 10** (Limit on Conclusion of Indemnity Agreement)

The total sum of the agreed amounts of indemnity under those indemnity agreements that the government concludes within a fiscal year shall remain within the limits determined by the National Assembly for each fiscal year.

**Article 11** (Reports)

When a nuclear operator concludes an indemnity agreement, he/she shall report to the government all important matters concerning the operation, etc. of nuclear reactors, as prescribed by Presidential Decree. The same shall apply to any modifications to reported matters.

**Article 12** (Prescription)

The entitlement to an indemnity payment shall be extinguished by prescription if said entitlement has not been exercised two years from the date upon which such entitlement could initially have been exercised.

**Article 13** (Subrogation, etc.)

In cases where the government has paid an indemnity under an indemnity agreement and a nuclear operator, as the other party to the indemnity agreement, has a right of recourse against a third party, the government shall share such right to the extent of the amount of indemnity it has paid. When said nuclear operator has been paid through the exercise of its right of recourse, the government shall be exempted from the obligation to indemnify to the extent of the amount that said nuclear operator has been paid.

**Article 14** (Return of Indemnity Payment)

When the government has paid an indemnity for an indemnified loss concerning nuclear damage falling under any of the following subparagraphs, it shall require the related nuclear operator to return such indemnity payment, as prescribed by

Presidential Decree:

1. Where a nuclear operator, the other party to the indemnity agreement, has not reported as prescribed in Article 11 or has fraudulently reported, that nuclear damage due to such matters which were unreported or reported fraudulently;
2. Where the government terminates an indemnity agreement as prescribed in Article 15, that nuclear damage incurred due to the operation, etc. of a nuclear reactor between the date upon which the nuclear operator received notice of such termination to the day before the date upon which such termination becomes valid.

**Article 15** (Termination of Indemnity Agreement)

(1) When a nuclear operator, the other party to an indemnity agreement, has taken other financial security than those by the relevant indemnity agreement and insurance contract, the government may terminate said indemnity agreement. The same shall apply when the relevant nuclear operator has applied for the termination of said indemnity agreement.

(2) When the action of a nuclear operator, the other party to an indemnity agreement, falls under any of the following subparagraphs, the government may terminate said indemnity agreement:

1. When he/she has violated Article 5 (1) of the Liability Act;
2. When he/she has failed to pay indemnity fees;
3. When he/she has failed to report under Article 11 or has made a fraudulent report;
4. When he/she has failed to take security measures prescribed by Presidential Decree at facilities for the operation, etc. of a nuclear reactor;
5. When he/she has failed to take measures necessary to the reduction or prevention of nuclear damage in cases where nuclear damage has occurred or is in danger of occurring;
6. When a reason for termination stipulated by an indemnity agreement other than those prescribed in subparagraphs 1 through 5 has occurred.

(3) The termination of an indemnity agreement under paragraph (1) or (2) shall become effective 90 days from the date upon which a nuclear operator, the other party to the indemnity agreement, receives notification of the termination.

**Article 16** (Approval, etc.)

(1) When a nuclear operator, the other party to an indemnity agreement, intends to acknowledge all or part of its liability to the victims of nuclear damage due to the operation, etc. of a nuclear reactor, he/she shall obtain the approval of the government.

(2) When nuclear damage has occurred due to the operation, etc. of a nuclear

reactor, or when a lawsuit regarding the compensation obligation for such nuclear damage has been filed by or against a nuclear operator, he/she as the other party to the indemnity agreement shall report it to the government without delay.

(3) Necessary matters concerning approval and report under paragraphs (1) and (2) shall be prescribed by Presidential Decree.

#### **Article 17** (Fines for Negligence)

(1) When a nuclear operator, the other party to an indemnity agreement, falls under any of the following subparagraphs, the government shall impose a fine for negligence pursuant to paragraph (2) after he/she receives an indemnity payment:

1. When he/she has failed to take measures necessary to reduce or prevent nuclear damage in cases where such damage has occurred or is in danger of occurring;
2. When he/she has failed to obtain approval pursuant to Article 16 (1);
3. When he/she has failed to report pursuant to Article 16 (2) or has made a fraudulent report.

(2) The amount of a fine for negligence under paragraph (1) shall fall within an amount according to the classification in the following:

1. When a nuclear operator, the other party to an indemnity agreement, falls under paragraph (1) 1 or 2, an amount equivalent to 1/10 of the amount of indemnity;
2. When a nuclear operator, the other party to an indemnity agreement, falls under paragraph (1) 3, an amount equivalent to 1/1,000 of the amount of indemnity: Provided, That in cases where such amount is less than 50,000won, it shall be deemed 50,000won.

#### **Article 18** (Administration of Duties)

The duties of the government prescribed by this Act shall be administered by the Nuclear Safety and Security Commission.

#### **Article 19** Omitted.

**ADDENDUM** <Act No. 2764, Apr. 7, 1975>

This Act shall enter into force on the date of its promulgation.

**ADDENDA** <Act No. 8852, Feb. 29, 2008>  
(Government Organization Act)

**Article 1** (Enforcement Date)

This act shall enter into force on the date of its promulgation: Provided, That... <omitted>..., among Acts amended pursuant to Article 60 of the ADDENDUM, the sections of those Acts promulgated but not yet in effect prior to the enforcement of this Act shall come into effect on the respective enforcement dates of the relevant Acts.

**Articles 2 through 5** Omitted.

**Article 6** (Revision of other Acts)

(1) through <138> Omitted.

<139> A portion of the Act on Indemnity Agreements for Nuclear Liability shall be revised as follows:

In Article 18, “Minister of Science and Technology” shall be revised to “Minister of Education, Science and Technology.”

<140> through <760> Omitted.

**Article 7** Omitted.

**ADDENDA** <Act No. 10912, Jul. 25, 2011>  
(Act on Establishment and Operation of the Nuclear Safety and Security Commission)

**Article 1** (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.

**Articles 2 and 3** Omitted.

**Article 4** (Revision of other Acts)

Paragraphs (1) and (2) Omitted.

(3) A portion of the Act on Indemnity Agreements for Nuclear Liability shall be revised as follows:

In Article 18, “Minister of Education, Science and Technology” shall be revised to “Nuclear Safety and Security Commission.”

Paragraph (4) Omitted.

**Article 5** Omitted.