

# ACT ON GOVERNMENTAL CONTRACTS FOR NUCLEAR DAMAGE COMPENSATION

Act No. 2764, Apr. 7, 1975  
Amended by Act No. 8852, Feb. 29, 2008  
Act No. 10912, Jul. 25, 2011  
Act No. 13076, Jan. 20, 2015

## Article 1 (Purpose)

The purpose of this Act is to provide for matters concerning indemnity agreements for nuclear damage compensation under Article 9 of the Nuclear Damage Compensation Act in order to protect victims of nuclear damage and contribute to the sound development of nuclear business.

## Article 2 (Definitions)

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

1. The term "operation, etc. of a nuclear reactor" means the operation, etc. of a nuclear reactor referred to in Article 2 (1) 1 of the Nuclear Damage Compensation Act (hereinafter referred to as the "Compensation Act");
2. The term "nuclear damage" means nuclear damage referred to in Article 2 (1) 2 of the Compensation Act;
3. The term "nuclear business entity" means a nuclear business entity referred to in Article 2 (1) 3 of the Compensation Act;
4. The term "measures for compensation" means the measures for compensation referred to in Article 5 of the Compensation Act;
5. The term "amount of measures for compensation," means the amount of measures for compensation referred to in Article 6 (1) of the Compensation Act;
6. The term "insurance policy" means a liability insurance policy for nuclear damage compensation referred to in Article 7 (1) of the Compensation Act.

## Article 3 (Indemnity Agreements for Nuclear Damage Compensation)

The Government may conclude indemnity agreements for nuclear damage compensation with nuclear business entities (hereinafter referred to as "indemnity agreement").

## Article 4 (Indemnifiable Loss)

A loss for which the Government indemnifies under an indemnity agreement shall be a loss caused when a nuclear business entity pays compensation for any of the following nuclear damage (hereinafter referred to

as "indemnifiable loss"):

1. Nuclear damage caused by the normal operation, etc. of a nuclear reactor prescribed by Presidential Decree;
2. Nuclear damage other than that under subparagraph 1, which is prescribed by Presidential Decree.

#### **Article 5 (Amount of Indemnity Agreement)**

The amount set forth in an indemnity agreement (hereinafter referred to as "amount of an indemnity agreement") shall be an amount equivalent to the amount of measures for compensation, as prescribed by Presidential Decree: Provided, That where a nuclear business entity takes measures other than an insurance policy or indemnity agreement as measures for nuclear damage compensation, or concludes other indemnity agreements, the amount shall be calculated by subtracting the amount available for nuclear damage compensation by such measures or indemnity agreements.

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

The period of an indemnity agreement shall be from the date on which the agreement is concluded to the date on which the operation, etc. of a nuclear reactor subject to the relevant indemnity agreement ends.

#### **Article 7 (Indemnity Fees)**

The amount of an indemnity fee shall be calculated by multiplying the amount of an indemnity agreement by the rate prescribed by Presidential Decree, in consideration of the potential of indemnifiable losses and indemnity agreement-related affairs expenses, etc. of the Government.

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

Matters necessary for the conclusion of indemnity agreements, timing for and method of paying indemnity fees, and timing for and method of indemnification shall be prescribed by Presidential Decree.

#### **Article 9 (Limitation of Amount of Indemnity)**

The amount for which the Government indemnifies under an indemnity agreement shall not exceed the amount of the indemnity agreement for an indemnifiable loss incurred from nuclear damage caused by the operation, etc. of nuclear reactors during the period of the indemnity agreement.

#### **Article 10 (Limitation of Conclusion of Indemnity Agreements)**

The aggregate of amounts of indemnity agreements that the Government concludes during a fiscal year shall not exceed the amount resolved by the National Assembly each fiscal year.

#### **Article 11 (Reporting)**

A nuclear business entity shall, when concluding an indemnity agreement, report to the Government important matters concerning the operation, etc. of nuclear reactors, as prescribed by Presidential Decree. The same shall apply to any change to reported matters.

#### **Article 12 (Prescription)**

If the right to be paid an indemnity is not exercised for two years from the date on which it is possible to exercise such right, the extinctive prescription shall be completed.

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

Where a nuclear business entity, who is the other party to an indemnity agreement, holds a right to indemnity against a third party, the Government shall subrogate the right within the limit of the amount it has indemnified, in cases of paying an indemnity under the indemnity agreement. Where the nuclear business entity has received an indemnity by the exercise of the right to indemnity, the Government shall be exempted from the obligation of indemnification within the extent of the amount paid.

#### **Article 14 (Return of Indemnities)**

Where the Government has paid an indemnity for an indemnifiable loss incurred from any of the following nuclear damage, the Government shall require the relevant nuclear business entity to return such indemnity, as prescribed by Presidential Decree:

1. Where a nuclear business entity, who is the other party to an indemnity agreement, fails to file a report pursuant to Article 11 or files a false report, nuclear damage caused by the failure of reporting or matters falsely reported;
2. Where the Government terminates an indemnity agreement under Article 15, nuclear damage caused by the operation, etc. of nuclear reactors during the period from the date on which the nuclear business entity is notified of the termination to the date preceding the date on which the termination takes effect.

#### **Article 15 (Termination of Indemnity Agreements)**

(1) Where a nuclear business entity who is the other party to an indemnity agreement takes any measure for compensation other than those under the indemnity agreement and insurance policy, the Government may terminate the indemnity agreement. The same shall apply where the nuclear business entity files an application for the termination of the indemnity agreement.

(2) Where a nuclear business entity, who is the other party to an indemnity agreement, falls under any of the following subparagraphs, the Government may terminate the indemnity agreement:

1. Where a nuclear business operator violates Article 5 (1) of the Compensation Act;
2. Where a nuclear business entity fails to pay an indemnity fee;
3. Where a nuclear business entity fails to file a report referred to in Article 11 or files a false report;
4. Where a nuclear business entity fails to take security measures prescribed by Presidential Decree for facilities for the operation, etc. of nuclear reactors;
5. Where a nuclear business entity fails to take measures necessary for the mitigation or prevention of nuclear damage, if nuclear damage occurs or is feared to occur;
6. Where a nuclear business entity has a ground for termination stipulated in the indemnity agreement other than cases falling under subparagraphs 1 through 5.

(3) The termination of an indemnity agreement under paragraph (1) or (2) shall become effective after 90 days have passed from the date on which a nuclear business entity, who is the other party to the indemnity agreement, is notified of such termination.

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

(1) Where a nuclear business entity, who is the other party to an indemnity agreement, intends to fully or partly assume the liability for damage he/she owes to the victims of nuclear damage caused by the

operation, etc. of nuclear reactors, he/she shall obtain approval therefor from the Government.

(2) Where a nuclear business entity, who is the other party to an indemnity agreement, falls under any of the following subparagraphs, he/she shall report such fact to the Government without delay:

1. Where nuclear damage is caused by the operation, etc. of nuclear reactors;
2. Where a nuclear business entity files a lawsuit, or a lawsuit is filed against the nuclear business entity with respect to the liability to compensate for nuclear damage referred to in subparagraph 1.

(3) Matters necessary for approval and reporting referred to in paragraphs (1) and (2) shall be prescribed by Presidential Decree.

#### **Article 17 (Administrative Fines)**

(1) Where a nuclear business entity, who is the other party to an indemnity agreement, falls under any of the following subparagraphs, the Government shall impose an administrative fine prescribed in paragraph (2) on the nuclear business entity after he/she receives an indemnity:

1. Where the nuclear business entity fails to take measures to mitigate or prevent nuclear damage, if damage occurs or is feared to occur;
2. Where the nuclear business entity fails to obtain approval referred to in Article 16 (1);
3. Where the nuclear business entity fails to file a report referred to in Article 16 (2) or files a false report.

(2) The amount of administrative fines referred to in paragraph (1) shall not exceed the amounts classified in the following subparagraphs:

1. Cases falling under paragraph (1) 1 or 2: An amount equivalent to 1/10 of an indemnity;
2. Cases falling under paragraph (1) 3: An amount equivalent to 1/1000 of an indemnity: Provided, That where the amount is less than 50,000 won, it shall be deemed 50,000 won.

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

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

**Article 19 Deleted.** <by Act No. 13076, Jan. 20, 2015>

#### ADDENDUM

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

ADDENDA <Act No. 8852, Feb. 29, 2008>

#### **Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

#### **Articles 2 through 7 Omitted.**

ADDENDA <Act No. 10912, Jul. 25, 2011>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 5 Omitted.**

ADDENDUM <Act No. 13076, Jan. 20, 2015>

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

