

1 Q. With reference to the previous question, have there been any changes in Hydro's
2 applicable insurance policies in relation to unanticipated plant outages, and
3 generation facility repair, business interruption or lost generation in relation
4 thereto, since 2012, including any changes to what is covered, the applicable
5 deductibles and/or the premium paid? Does Hydro have reason to believe that
6 premiums and/or deductibles have increased, or have had to be increased to obtain
7 adequate coverage, as a result of any of the outage events which were the subject
8 of the Board's Phase 1 Outage Review?
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11 A. Changes in property premiums occur because of many factors including, but not
12 limited to, global insurance market conditions, with such market conditions
13 affected by global losses including natural catastrophes occurring elsewhere in the
14 world, the power generation and utility industry's global loss record, the availability
15 of capital to the global insurance marketplace, trends in company loss history,
16 changes in perceived risk by the insurer, and updated appraisal values of property.
17

18 During 2007-2014, Hydro experienced higher trends in large losses attributable to
19 aging infrastructure in all areas of Hydro (i.e., diesel generation, terminal stations,
20 and hydro stations), which contributed to increased property damage deductibles.
21

22 Hydro believes that the period of sustained losses contributed to the changes in the
23 deductibles and premiums. While this included the events that were subject to the
24 Phase I inquiry, these events were not the only contributing factors.
25

26 Since 2011, the terms and conditions of coverage remained unchanged with the
27 exception of the deductible and premiums as noted in Table 1.

Table 1 Insurance Deductibles and Premiums (\$millions)

Insured item	2011	2012	2013	2014	2015	2016	2017
Deductible							
Turbine units and generator step up units	2.0	2.0	Varies	10.0	10.0	10.0	10.0
Terminal stations	1.0	2.0	2.0	10.0	10.0	10.0	10.0
Smaller Hydro locations	1.0	2.0	2.0	10.0	10.0	10.0	10.0
Larger Hydro Stations ¹	1.0	2.0	10.0	10.0	10.0	10.0	10.0
All other assets	1.0	2.0	10.0	10.0	10.0	10.0	10.0
Premiums ²	1.4	1.5	2.0	1.9	1.9	1.9	1.9

¹ Large Hydro Stations include Bay d'Espoir, Hinds Lake, Upper Salmon, Cat Arm, Granite Canal.

² Coverage runs from July 1st to June 30th of the following year.