

1 **Q. Please have Medavie Blue Cross provide statements for the Newfoundland Power**
2 **Group Benefits Plan showing for the years 2007 and 2008 the total of premiums**
3 **paid by employees on account of Healthcare Benefits, by Newfoundland Power on**
4 **account of Healthcare Benefits, and the amount of retention paid and by whom**
5 **retention is held.**

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7 A. Attachment A contains Medavie Blue Cross Health Accounting Statements for
8 Newfoundland Power's group benefits plan detailing total premiums paid for October 1,
9 2006 through August 31, 2007 and September 1, 2007 through August 31, 2008.¹

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11 Table 1 provides the total of premiums paid by employees and retirees under age 65
12 ("Members") and by Newfoundland Power related to health insurance for 2007 and
13 2008.²

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Table 1
Premiums Paid by Members and Newfoundland Power
Health Insurance
2007 and 2008

	2007	2008
Member Paid	\$ 872,968	\$1,095,162
Company Paid ³	1,431,281	1,838,458
Total	\$2,304,249	\$2,933,620

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18 Attachment B contains the calculation of retention held by Medavie Blue Cross for
19 Newfoundland Power.

¹ Medavie Blue Cross Health Accounting Statements refer to premiums paid as "deposits".

² Medavie Blue Cross does not break down total premiums between those paid by Members and those paid by Newfoundland Power.

³ Includes premiums paid by the Company for Retirees over age 65 and their survivors.

Medavie Blue Cross
Health Accounting Statement for Newfoundland Power Inc.
For the period October 1, 2006 to August 31, 2008

**MEDAVIE BLUE CROSS
HEALTH ACCOUNTING STATEMENT
NEWFOUNDLAND POWER INC
FOR THE PERIOD 01 OCTOBER 2006 TO 31 AUGUST 2007**

		<u>Health</u>
1	<u>Deposits</u>	\$ 3,381,104
	Less: Dental	\$ (115,755)
	Less: Life	\$ (1,097,956)
	Less Travel Pooling	\$ (63,018)
	Less UDA	\$ (298,297)
	Less ILAP	\$ (20,650)
	Less Sales Tax	\$ (1,537)
	Net Deposits	\$ 1,783,891
2.	<u>Previous Year Claims</u>	
	Paid in Current Year	\$ -
	Previous IBNR Reserve	\$ -
	Charged to Current Year	\$ -
	<u>Current Year Claims</u>	
	Incurred and Paid	\$ 2,009,741
	Less Pooled Claims	\$ -
	IBNR Reserve	\$ 65,387
	Total Incurred	\$ 2,075,128
	<u>Total Current Year Claims</u>	\$ 2,075,128
3.	<u>Retention Charges</u>	
	General Administration and Claims Processing	\$ 120,584
	Risk Charge	\$ 17,839
	Premium Tax	\$ 70,745
	Commissions	\$ 46,849
	Total	\$ 256,017
4	<u>Current Year Gain / (Loss)</u>	\$ (547,254)
5.	<u>Interest Credits</u>	
	IBNR Reserve	\$ 1,184
	Surplus / (Deficit) at Start of Year	\$ -
	Cash Flow Interest	\$ (12,646)
	Total	\$ (11,462)
6.	<u>Current Year Surplus/(Deficit)</u>	\$ (558,716)
7	<u>Account Reconciliation</u>	
	Previous Rate Stabilization Fund @ 30 September 2006	\$ -
	Refund on Expenses	\$ 1,200
	Current Year Surplus / (Deficit)	\$ (558,716)
	Current Rate Stabilization Fund @ 31 August 2007	\$ (557,516)
8.	<u>Estimated Outstanding/(Advance) Deposits</u>	\$ 178,259
9	<u>Estimated Account Balance Including Outstanding/(Advance) Deposits</u>	\$ (379,257)
10	<u>Interest Rates</u>	
	Prime Rate + 1% - 01 October 2006 -	7.00%
	Annual GIC Rate + 1% - 01 October 2006 -	4.00%
	Annual GIC Rate + 1% - 01 April 2007 -	3.95%

**MEDAVIE BLUE CROSS
HEALTH ACCOUNTING STATEMENT
NEWFOUNDLAND POWER INC
FOR THE PERIOD 01 SEPTEMBER 2007 TO 31 AUGUST 2008**

	<u>Health</u>
1. <u>Deposits</u>	\$ 2,671,983
Less: Travel Pooling	\$ (95,698)
Less: ILAP	<u>\$ (22,879)</u>
Net Deposits	\$ 2,553,406
2. <u>Previous Year Claims</u>	
Paid in Current Year	\$ 77,990
Previous IBNR Reserve	<u>\$ 65,387</u>
Charged to Current Year	\$ 12,603
<u>Current Year Claims</u>	
Incurred and Paid	\$ 2,287,882
Less: Pooled Claims	\$ -
IBNR Reserve	<u>\$ 83,856</u>
Total Incurred	\$ 2,371,738
<u>Total Current Year Claims</u>	\$ 2,384,341
3. <u>Retention Charges</u>	
General Administration and Claims Processing	\$ 141,952
Risk Charge	\$ 38,301
Premium Tax	\$ 100,881
Commissions	<u>\$ 57,966</u>
Total	\$ 339,100
4. <u>Current Year Gain / (Loss)</u>	\$ (170,035)
5. <u>Interest Credits</u>	
IBNR Reserve	\$ 3,134
Surplus / (Deficit) at Start of Year	\$ (40,420)
Cash Flow Interest	\$ (1,199)
Transfer from UDA	\$ 9,165
Biaxin Credit	<u>\$ 1</u>
Total	\$ (29,319)
6. <u>Current Year Surplus/(Deficit)</u>	\$ (199,354)
7. <u>Account Reconciliation</u>	
Previous Rate Stabilization Fund @ 31 August 2007	\$ (557,516)
Transfer from UDA	\$ 126,419
Biaxin Credit	\$ 1,066
Current Year Surplus / (Deficit)	<u>\$ (199,354)</u>
Current Rate Stabilization Fund @ 31 August 2008	\$ (629,385)
8. <u>Estimated Outstanding/(Advance) Deposits</u>	\$ 239,488
9. <u>Estimated Account Balance Including Outstanding/(Advance) Deposits</u>	\$ (389,897)
10. <u>Interest Rates</u>	
Prime Rate + 1% - 01 September 2007 -	7.25%
Annual GIC Rate + 1% - 01 September 2007 -	4.20%

**Medavie Blue Cross
Retention Calculations for Newfoundland Power Inc.
For the period October 1, 2006 to August 31, 2008**

**MEDAVIE BLUE CROSS
RETENTION CALCULATIONS
NEWFOUNDLAND POWER INC
FOR THE PERIOD 01 OCTOBER 2006 TO 31 AUGUST 2007**

1 INDIVIDUAL LARGE AMOUNT POOLING

\$1,290,634 x 1.6% = \$ 20,650

2 RETENTION CHARGES

General Administration and Claims Processing Charge

\$2,009,741 x 6% \$ 120,584

Risk Charge

\$1,783,891 x 1% \$ 17,839

Premium Tax

Alberta - (\$12,549 x 2.0%)	\$	251	
British Columbia - (\$1,749 x 2.0%)	\$	35	
New Brunswick - (\$566 x 2.0%)	\$	11	
Newfoundland - (\$1,749,938 x 4.0%)	\$	69,998	
Nova Scotia - (\$6,882 x 3.0%)	\$	206	
Ontario - (\$12,208 x 2.0%)	\$	244	= \$ 70,745

Commissions

\$2,082,188 x 2.25% \$ 46,849 = \$ 256,017

3 INTEREST CREDITS/CHARGES

IBNR Reserve

(\$0 + \$65,387) x 1/2 x 3.95% x 11/12 = \$ 1,184

Surplus/Deficit at Start of Year

\$0 x 4.00% = \$ -

Cashflow

Deposits	\$	26,951	
Claims	\$	(35,123)	
Expenses	\$	(4,474)	= \$ (12,646)

**MEDAVIE BLUE CROSS
RETENTION CALCULATIONS
NEWFOUNDLAND POWER INC
FOR THE PERIOD 01 SEPTEMBER 2007 TO 31 AUGUST 2008**

1. INDIVIDUAL LARGE AMOUNT POOLING

$\$1,429,910 \times 1.6\%$ = \$ 22,879

2. RETENTION CHARGES

General Administration and Claims Processing Charge

$\$2,365,872 \times 6\%$ \$ 141,952

Risk Charge

$\$2,553,406 \times 1.5\%$ \$ 38,301

Premium Tax

Alberta - (\$22,866 x 2.0%)	\$	457	
British Columbia - (\$18,544 x 2.0%)	\$	371	
New Brunswick - (\$2,441 x 2.0%)	\$	49	
Newfoundland - (\$2,485,976 x 4.0%)	\$	99,439	
Nova Scotia - (\$9,359 x 3.0%)	\$	281	
Ontario - (\$14,218 x 2.0%)	\$	284	= \$ 100,881

Commissions

$\$2,576,285 \times 2.25\%$ \$ 57,966 = \$ 339,100

3. INTEREST CREDITS/CHARGES

IBNR Reserve

$(\$65,387 + \$83,856) \times 1/2 \times 4.20\%$ = \$ 3,134

Surplus/Deficit at Start of Year

$(\$557,516) \times 7.25\%$ = \$ (40,420)

Cashflow

Deposits	\$	50,954	
Claims	\$	(45,615)	
Expenses	\$	(6,538)	= \$ (1,199)

Transfer from UDA

$\$126,419 \times 7.25\%$ = \$ 9,165

Biaxin Credit

$\$1,066 \times 4.20\% \times 10/365$ = \$ 1