

1 Q. **Reference: 7.**

2 What efforts did Hydro or their agents and/or representatives make to attempt to
3 secure Failure to Supply coverage for North Atlantic from other insurers or brokers,
4 and what were the responses? Please provide all documentation of those efforts
5 and responses.
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8 A. Efforts focused on achieving the best terms from Hydro's current insurer. The
9 market for Commercial General Liability coverage for utilities is thin – there are few
10 markets that will underwrite this type of coverage. Proceeding to market with a
11 large and recent claim outstanding would result in increases in premiums,
12 restrictive coverage, higher deductibles and/or exclusions. Hydro's broker indicates
13 that no insurer would provide Failure to Supply liability insurance under the terms
14 of the NARL contract. Failure to Supply is a "standard" exclusion in most insurance
15 policies but coverage is provided in a limited form by specialty underwriters for well
16 managed risks. There is no available documentation.