

1 **Q. Reference: CA-NP-88, part b: please provide a cost comparison of NP's forecast**  
2 **2008 insurances costs showing the assumed deductible used in the forecast as**  
3 **compared to the other deductible choices that NP has at its disposal.**  
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5 A. Newfoundland Power has not completed a cost comparison of forecast 2008 insurance  
6 costs based on alternate deductible options. All 2008 estimates of insurance costs are  
7 based on the assumption of no change in the insurance deductibles currently provided for  
8 in the Company's policies.  
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10 It has been Newfoundland Power's experience that, in the current insurance market  
11 environment, the premium savings associated with higher deductibles are not sufficient  
12 to justify the assumption of additional risk.  
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14 For example, during the 2007 insurance renewal process, the insurance group examined  
15 whether premium savings could be achieved by increasing the commercial general  
16 liability deductible from \$25,000 to \$200,000 per occurrence. However, based on the  
17 available premium reduction, Newfoundland Power's allocated share of the premium  
18 would have been reduced by less than \$15,000. Increasing the Company's risk retention  
19 clearly could not be justified based on such a small premium reduction.