

1 **Q. Reference: NLH-NP-004**

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3 **Further to Newfoundland Power’s response to NLH-NP-004, please confirm that no**
4 **policy changes were made to mitigate the projected increase in insurance costs.**

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6 A. Newfoundland Power participates in the Fortis Inc. (“Fortis”) group insurance program,
7 which provides insurance coverage for items such as property loss, commercial general
8 liability, automobile liability, directors’ and officers’ liability, and cyber and network
9 security liability.¹ Changing the Company’s insurance policy would require obtaining its
10 own insurance program independent of the Fortis group insurance program.

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12 In early 2021, Newfoundland Power requested that Aon Reed Stenhouse Inc. (“Aon”), an
13 insurance broker, provide a comparison of the costs of an insurance program for
14 Newfoundland Power with the costs of the Company’s participation in the Fortis group
15 insurance program. Based on this analysis, Aon provided that: (i) Newfoundland Power
16 would incur additional insurance costs of \$1.6 million annually if it were to insure
17 independently of Fortis;² and (ii) the Company achieves the greatest cost efficiency and
18 the broadest coverage by remaining within the Fortis group insurance program.

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20 Accordingly, Newfoundland Power continues to participate in the Fortis group insurance
21 program.

¹ For the 2020-2021 term, Newfoundland Power is 3.3% of the overall allocation of insurance renewal costs of the Fortis group insurance program.

² This includes \$1.4 million for additional premium costs and \$0.2 million for additional broker fees.