**UCAN Data Requests in A.14-11-003, Set 2**

**UCAN Data Requests in A.14-11-003, Set 1**

Date: April 13, 2015

Responses

Due: April 27, 2015

To: SDG&E

John Pacheco

From: UCAN

Don Kelly

3405 Kenyon Street, Suite 401

San Diego, CA 92110

(619) 610-9001

Data Request No: 3

(Please see instructions below)

**INSTRUCTIONS:**

Pursuant to rule 10.1 of the California Public Utilities Commission’s Rules of Practice and Procedure UCAN hereby submits this data request for information from SDG&E. If you will be unable to meet the above deadline, or need to discuss the content of this request, please call UCAN counsel at the number(s) shown above before the due date.

If you are unable to provide the information by the due date, have an objection to any request, or plan to assert a privilege to any request, please provide a written explanation to UCAN’s counsel seven calendar days before the due date as to why the response date cannot be met and your best estimate of when the information can be provided.

If you are asserting an objection or privilege please provide the specific nature of that objection or privilege claimed and the facts upon which such claim is based. If any document is redacted, please clearly identify and describe any information that is redacted from the document and provide an explanation for the redaction. Please identify the person who provides the response and his (her) phone number. Provide electronic responses if possible.

If a document is available in Word or Excel format, do not send it as a PDF file. All data responses need to have each page numbered, referenced, and indexed so worksheets can be followed. If any number is calculated, include a copy of all electronic files so the formula and their sources can be reviewed.

These data requests shall be deemed continuing in nature so that you shall produce any additional or more current information that come to your attention after your initial responses have been sent up to the time of hearing or settlement.

**Testimony of Katherine Carbon:**

1. Please provide details of the 2013/2014 insurance renewal including copies of all workpapers, correspondence and presentations pertaining to that renewal.
2. Please provide diagrams of the Primary and Excess General Liability, Wildfire Liability and Wildfire Property Damage Reinsurance layers together with the identity of the participants in each layer and their percentage of participation.
3. Please provide a breakdown of the Primary and Excess General Liability, Wildfire Liability and Wildfire Property Damage Reinsurance premiums by layer.
4. Were any alternatives to the existing General Liability, Wildfire Liability and Wildfire Property Damage Reinsurance programs considered? If so, please provide copies of all analyses, reports, presentations and any other documents that evaluate the alternatives. If not, please provide a narrative explaining why the existing program structure was considered to be optimal in terms of both coverage and cost.
5. Please provide a diagram of the Primary and Excess Property programs together with the identity of the participants in each layer and their percentage of participation.
6. On Page KC-4, Ms. Carbon states that the current structure of the Property Insurance Program involves a mutual insurance company, Oil Insurance Limited (“OIL”) and a commercially purchased insurance program (wrap) that “works along side” OIL’s coverage. Ms. Carbon further states the following: “This structure has historically limited the involvement of domestic insurers, which has had the undesired effect of limiting competition.” Given this circumstance, have any alternatives to the existing program been considered? If so, please provide copies of all analyses, reports, presentations and any other documents that evaluate the alternatives. If no alternatives have been considered, please provide a narrative explaining the reason(s) why this is so.
7. On Page KC-5, Ms. Carbon comments as follows: “ Historical loss activity for an energy company of Sempra’s size…. is relatively high. This is partially a function of relatively low deductibles when compared to a peer group of power and utility companies. With the exception of 2013, the loss activity has had a negative impact on Sempra’s property pricing over the past several years.” Please indicate whether Sempra has given consideration to increasing deductible levels. If so, please provide copies of all analyses, reports, presentations and any other documents that evaluate the alternatives. If not, please provide a narrative explaining why an increase in deductibles was not deemed to be worthy of consideration.
8. Please provide a summary of Property paid and reserved claims from 2008 to the present.
9. Please indicate whether SDG&E has considered an increase in its level of retained risk for General and/or Wildfire Liability in 2013/14. If so, please provide copies of all analyses, reports, presentations and any other documents that evaluate the alternatives. If not, please provide a narrative explaining the reason(s) why the existing levels of retained risk are considered to provide the best balance between the amount of risk assumed and prospective premium savings.
10. Please provide a summary of General, Wildfire Liability and Wildfire Property Damage Reinsurance paid and reserved claims from 2008 to the present.
11. Ms. Carbon has forecast broker fees to be $1.1 million in 2016. Does the forecasted amount include reinsurance brokerage fees and/or commissions for the Wildfire Property Damage Reinsurance program? If not, what are the brokerage fees and/or commissions for that program?
12. On Page KC -12, Ms. Carbon states that a 5% escalation factor has been utilized for “expected changes in compensation structure” with respect to broker fees for Property insurance. On Page KC-18, Ms. Carbon states that a 5% escalation factor has been applied to broker fees for Liability insurance for the same reason. Please offer a narrative describing the “expected changes” in compensation structure that will require a 5% annual increase in broker fees.
13. On Page KC-4 Ms. Carbon states: “Not all lines of insurance are impacted equally and/or at the same time. “ Yet, SDG&E has employed a 5% escalation factor for all lines of insurance except the Wildfire Liability (3% increase) and Wildfire Property Damage Reinsurance (flat). Please include copies of all calculations and workpapers supporting the 5% escalation factor.
14. Please provide the amount of the annual “continuity credit” received from AEGIS Insurance Services for the 2013/14 policy year. Were prospective “continuity credits” considered in arriving at the escalation factor for liability premiums?
15. On Page KC-7, Ms. Carbon states that “many new insurers” were attracted to the energy/utility market because of higher premiums. Yet, on Page KC-8 Ms. Carbon comments as follows: “…SDG&E and SoCalGas face a limited number of companies willing to write utility policies. On Page KC-8, Ms. Carbon also states the following: “Because most insurers try to attach high or low on an insurance program, it is most challenging for Sempra to insure in the middle attachment range of its program.” Were any efforts made to revise the layering structure of the liability insurance program in order to attract new insurance capacity. If so, please provide copies of all analyses, reports, presentations and any other documents that evaluate alternatives. If not, please provide a narrative explaining why revisions in the existing layering structure were not deemed to be worthy of consideration.
16. Please provide copies of any presentations to insurers describing the mitigation efforts that have been undertaken by SDG&E since the 2007 wildfires.