

## **Appendix 7-C**

### **Memorandum - Impacts on Insurability**



## MEMORANDUM

**TO:** Ron Miller, The Hudson Group  
David Gaskell, The Hudson Group

**FROM:** Steve Remillard

**SUBJECT:** *CPV Valley – DES: Section 7.4.5 Impacts on Insurability*

**DATE:** 1/23/2009

**CC:** Mary Ann Johnson, Greenplan  
Pat Hines, MHE  
Glenn Harkness, TRC  
Laura Lefebvre, TRC

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### INTRODUCTION:

The following provides a summary of additional efforts taken with regard to Section 7.4.5 “*Impacts on Insurability*”. The initial DEIS contained an overview of research done by CPV in an effort to determine if proximity to a power plant impacts the insurability of nearby residences and homeowner insurance rates. In summary, this initial effort included an internet-based research that did not yield any publicly available reports regarding the topic, and phone interviews with representatives from the insurance industry that provided an appreciation of how insurance companies evaluate and assess risk of residential property. This was described in the DEIS. In response to comments on the initial draft of the DEIS, CPV conducted additional investigation into potential impacts of a power plant on residential insurance. The following documents the process and results of interviews conducted with six (6) representatives of the insurance industry.

### ACTION TAKEN

Six (6) representatives of the insurance company were contacted via phone with regard to insurability and rate impacts resulting from power plants. Five (5) of the representatives were from companies that had experience in underwriting homeowners insurance policies in locations where power generation facilities currently exist. These references provide a good basis for determining whether locating a power generation facility would impede a homeowner’s ability to obtain insurance. Also, since some of these existing facilities are of a differing and potentially more complex technology, this provides more perspective potential impacts on a homeowners insurability from the CPV Valley Energy Center. To address the specific location of the proposed CPV Valley Energy Center, an insurance representative in the Wawayanda-Middletown, New York area was contacted to provide a local perspective.

The following are the representatives contacted, the company represented, telephone number and general location.

| <b>Name</b>           | <b>Insurance Company</b>      | <b>Tel. No.</b> | <b>Location</b> |
|-----------------------|-------------------------------|-----------------|-----------------|
| 1.) Francis Loughlin  | State Farm                    | 518-943-2855    | New York        |
| 2.) Donna Obryon      | Grapeville Agency             | 518-943-3220    | New York        |
| 3.) David Kreider     | State Farm                    | 570-752-3681    | Pennsylvania    |
| 4.) Nathan J. Snavely | Nationwide Insurance          | 570-752-5931    | Pennsylvania    |
| 5.) Philip S. Allen   | HUB International New England | 781-792-3392    | Massachusetts   |
| 6.) Glenn W. Gleeson  | State Farm                    | 845-342-5721    | New York        |

## **RESULTS**

### **Agent 1 – Francis Loughlin**

Since there is an existing power plant in Athens, New York, a representative of CPV contacted Mr. Loughlin, of State Farm Insurance Company, to inquire as to whether there is an increase (impact) in homeowner insurance rates as a result of the Athens Generation Facility in the area. The Athens Generation Facility is a natural gas turbine facility in combined-cycle mode. This is similar to that of the proposed CPV Valley Energy Center. Mr. Loughlin responded that there is no rate difference for homes closer to the plant [Athens Generation Facility]. Mr. Loughlin also responded that in order for there to be an increase something would have to happen at the plant and happen often, and further, there was no rate increase simply because of the existence of the plant.

### **Agent 2 – Donna Obryon**

To verify the statements made by the State Farm Insurance Company with regard to the Athens Generation Facility, a representative of CPV also contacted Ms. Obryon of the Grapeville Agency. Ms. Obryon asserted that there is no rate difference for homes closer to the plant [Athens Generating Facility] and she also added that home owner's insurance is mostly influenced by proximity to fire hydrants and fire stations.

### **Agent 3 – David Kreider**

Since there is an existing power plant in Berwick, Pennsylvania, a representative of CPV contacted Mr. Krieder, of State Farm Insurance Company, to inquire as to whether there is an increase in homeowner's insurance rates as a result of the Susquehanna Nuclear Power Plant. While this facility is much more technically complex than the CPV Valley Energy Center, selecting this location does provide further evidence that homeowners insurance is available in locations that also have a power generation facility. Mr. Krieder responded that there is no rate difference and they had never before even heard that question raised.

#### **Agent 4 – Nathan J. Snavely**

Mr. Snavely of Nationwide Mutual Insurance Company also insures homes near the Susquehanna Nuclear Power Plant. A representative from CPV contacted Mr. Snavely, and similar to Mr. Krieder's response, Mr. Snavely had no knowledge of homeowner's insurance rates being affected by proximity to the power plant. He also stated that he had never before heard this question raised.

#### **Agent 5 – Philip Allen**

A representative of CPV contacted Mr. Alen, of HUB International, CPV's insurance company and a firm providing insurance products to the residential market, as well as to the power industry. HUB International also provides homeowners insurance to residents near the Pilgrim Power Plant located in Seabrook, New Hampshire. When asked whether HUB International was aware of any impacts on home owner's insurability or rates as a result of proximity to a power facility, Mr. Allen indicated that there was no additional premium or assessment for those homes because of their proximity to the power plant.

#### **Agent 6 – Glenn Gleason**

A representative of CPV contacted Mr. Gleason of State Farm Insurance, and inquired as to whether residences nearby the proposed power plant would experience increased rates as a result of the power plant. As a local insurance broker serving the Middletown, New York area, CPV felt that obtaining the perspective from a local insurer would be helpful in assessing any impacts. Mr. Gleason indicated that while he had no experience with this concern, to the best of his knowledge there would be no increase.

### **CONCLUSIONS**

The additional investigations conducted included representatives of the insurance industry with specific experience providing insurance coverage to homeowners in proximity to existing power plants. Since State Farm, HUB International, Grapeville and Nationwide all currently provide home owners insurance in areas where power plants currently exist, one can conclude that power plants do not impact a home owners ability to obtain homeowners insurance. Also, based on the responses from those companies providing insurance in those areas where power plants currently exist, there is no impact on insurance rates as a result of proximity to a power generation facility.