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9 *Attorney for Guam Power Authority*

10 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

11 **IN THE MATTER OF:**

GPA DOCKET NO. 24-02

12 **GUAM POWER AUTHORITY'S**
13 **CASUALTY INSURANCE CONTRACT**
14 **FOR FY 2024 WITH TWO ONE-YEAR**
15 **RENEWAL OPTIONS**

GPA'S REPORT RE SELF-INSURANCE
FOR PROFESSIONAL LIABILITY
INSURANCE

16 Pursuant to the order of the Public Utilities Commission of Guam (PUC), the Guam Power
17 Authority (GPA) hereby files its report on self-insurance for professional liability insurance.

18 In its order issued under this docket on October 26, 2023, the PUC authorized GPA to
19 award a casualty insurance policy contract to AM Insurance at a cost of up to \$2,064,968 for one
20 year, from November 1, 2023, to October 31, 2024, with two one-year options to renew. The
21 PUC's order indicated that approval "is subject to the requirement that GPA evaluate whether it
22 can self-insure for professional insurance." Order, Dkt No. 24-02 at 6 (Oct. 26, 2023). The order
23 further directs GPA to "notify PUC in writing as to whether it can self-insure for professional
24 insurance". *Id.*

25 GPA consulted with its risk manager, Bolton, part of the IMA Financial Group, Inc., who
26 recommended that GPA explore a higher deductible option rather than pure self-insurance. This
27 could reduce GPA's premium without loss of the services provided by the insurance carrier.



1 The risk manager pointed out that GPA is not a pure architecture, engineering or
2 contracting firm. As a result, it is difficult to project losses. When professional liability claims
3 occur, they are typically severe and complex, and usually require specialized claims handlers or
4 counsel provided by the insurance companies. When a claim is made against the policy, carriers
5 will assign defense counsel specializing in investigation, settlement, and defense of professional
6 liability claims. The risk manager stated that it is critical to have efficient claims handling because
7 the mishandling of a claim has the potential to exacerbate damages and prolong the claim.
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10 According to the risk manager, GPA can have self-insurance, but should also identify a
11 claims adjuster/handler and defense counsel that GPA would engage in the event of a professional
12 liability lawsuit.
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15 In light of the foregoing, as argued in GPA's original petition, it is reasonable, necessary
16 and prudent for GPA to continue to have professional liability insurance.
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18 Respectfully submitted this 26th day of November, 2024.

19 *Attorney for Guam Power Authority*

20 *M. Woloschuk*

21 By: _____

22 Marianne Woloschuk
23 GPA Legal Counsel
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