

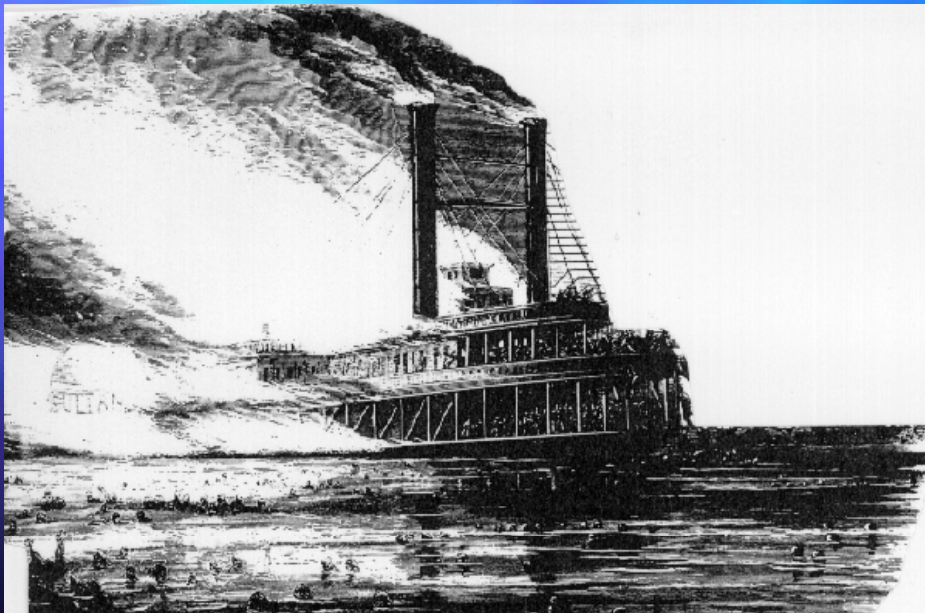


MHEC MPP  
Annual Loss Control Workshop  
St. Louis, 2011



HSB: Leading the industry  
yesterday, today, and tomorrow

# History of Equipment Breakdown



Steam boilers powered the nation

Boiler explosions were common

Through engineering & inspections

explosions were prevented

Engineering judgements

backed by a financial guarantee

# Covered Equipment Breakdown Causes of Loss

## Property Coverage Standard Exclusions:

Mechanical Breakdown

Electrical Arcing

Explosions of Steam Boilers,  
Piping, Engines, Turbines

Loss or damage to Steam  
Boilers

Loss or damage to Hot Water  
Boilers

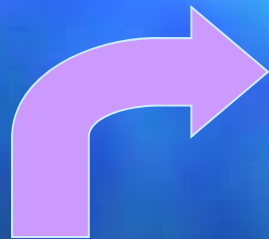
## Equipment Breakdown Covered Causes of Loss:

- (1) Mechanical Breakdown, including rupture or bursting by centrifugal force
- (2) Artificially generated electrical current, that disturbs electrical devices, appliances or wires
- (3) Explosions of Steam Boilers, Piping, Engines, Turbines caused by or resulting from any condition or event inside such equipment
- (4) Loss or damage to Steam Boilers caused by or resulting from any condition or event inside such equipment
- (5) Loss or damage to Hot Water Boilers, or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment

# Equipment Breakdown The Marketplace Today



Portfolio Concept



Reinsurance Transactional

Monoline

Boiler & Machinery =  
Equipment Breakdown

# Five Key Benefits:

- A better fit with property forms
- Protects more equipment
- More coverage
- Easier to understand

# Better Fit With Property Forms:

- HSB's treaty with Lexington tracks closely with the language in property forms.
- Equipment related exclusions in the property form have been converted into equipment coverage's.
- This helps to eliminate costly coverage gaps and overlaps.

# Equipment Breakdown

## The Exposures Today

- Computers
- Phone Systems
- Security and Protection Equipment
- Bar Code Scanners and Cash Registers
- Compressors, Motors, Production  
Machines
- Miscellaneous Electrical Apparatus (MEA)
- Air Conditioning & Refrigeration
- Boilers and Pressure Vessels

# Equipment Included Under "MEA" Umbrella

Circuit Breakers

Disconnect switches

Switchgear

Bus/Bus Duct

Batteries/Chargers

Distribution Panels

Capacitors/Reactors

Instrument  
Transformers

Control

Transformers

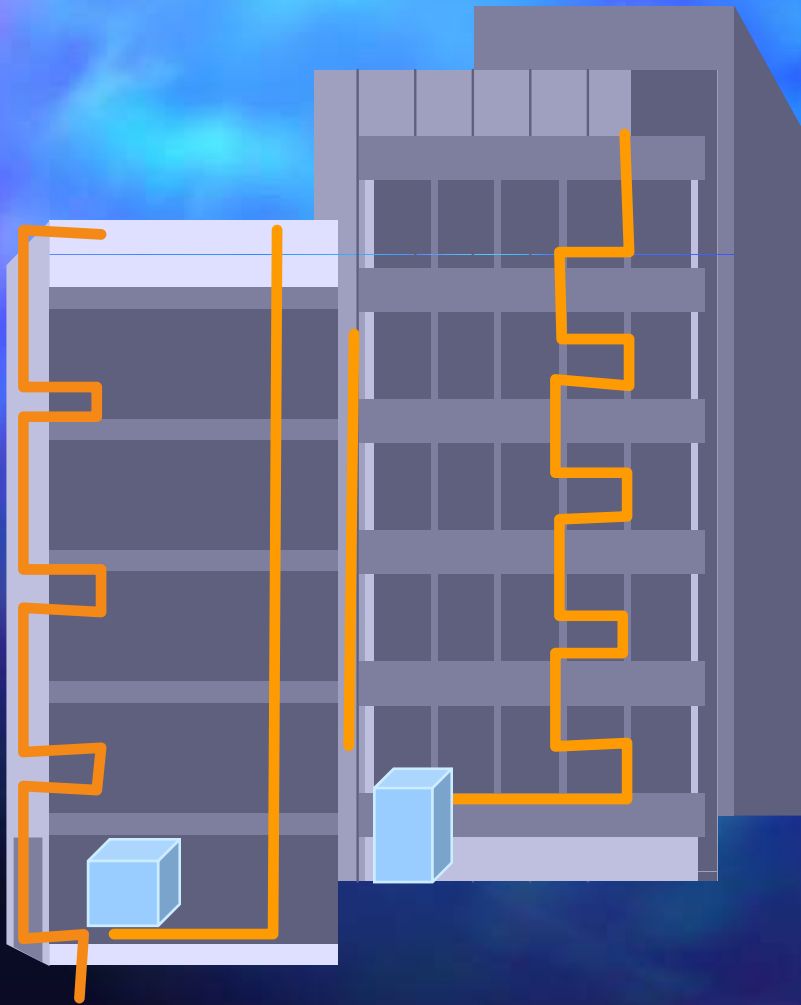
Rectifiers

Cables & Wiring

Motor Starters

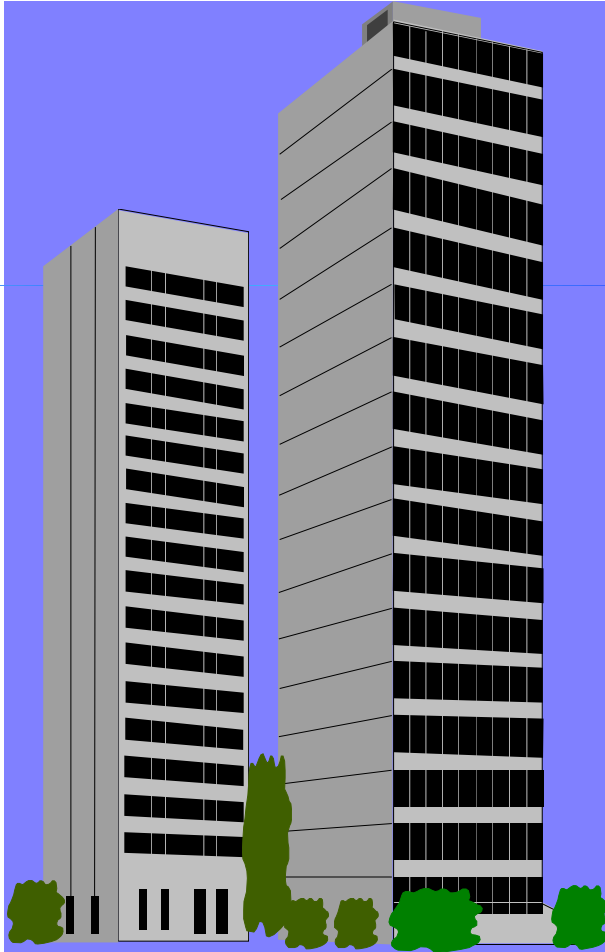
Motor Control Ctrs

# Electrical Equipment Exposures



- Integrated Within Building
- Power Vital to Operations
- Loose Connection Can Cause Arcing and Failure
- Severity Potential

# Smart Buildings



- 👉 **Elevators Talk**
- 👉 **Machines Think**
- 👉 **Buildings Turn Themselves On and Off**
- 👉 **Computers Control Equipment**
- 👉 **Equipment is Interconnected and Interdependent**

# Perfect Storm?



- Equipment in a global economy
- Aging Infrastructure





- Rising Energy Demand
- Proliferation of Technology



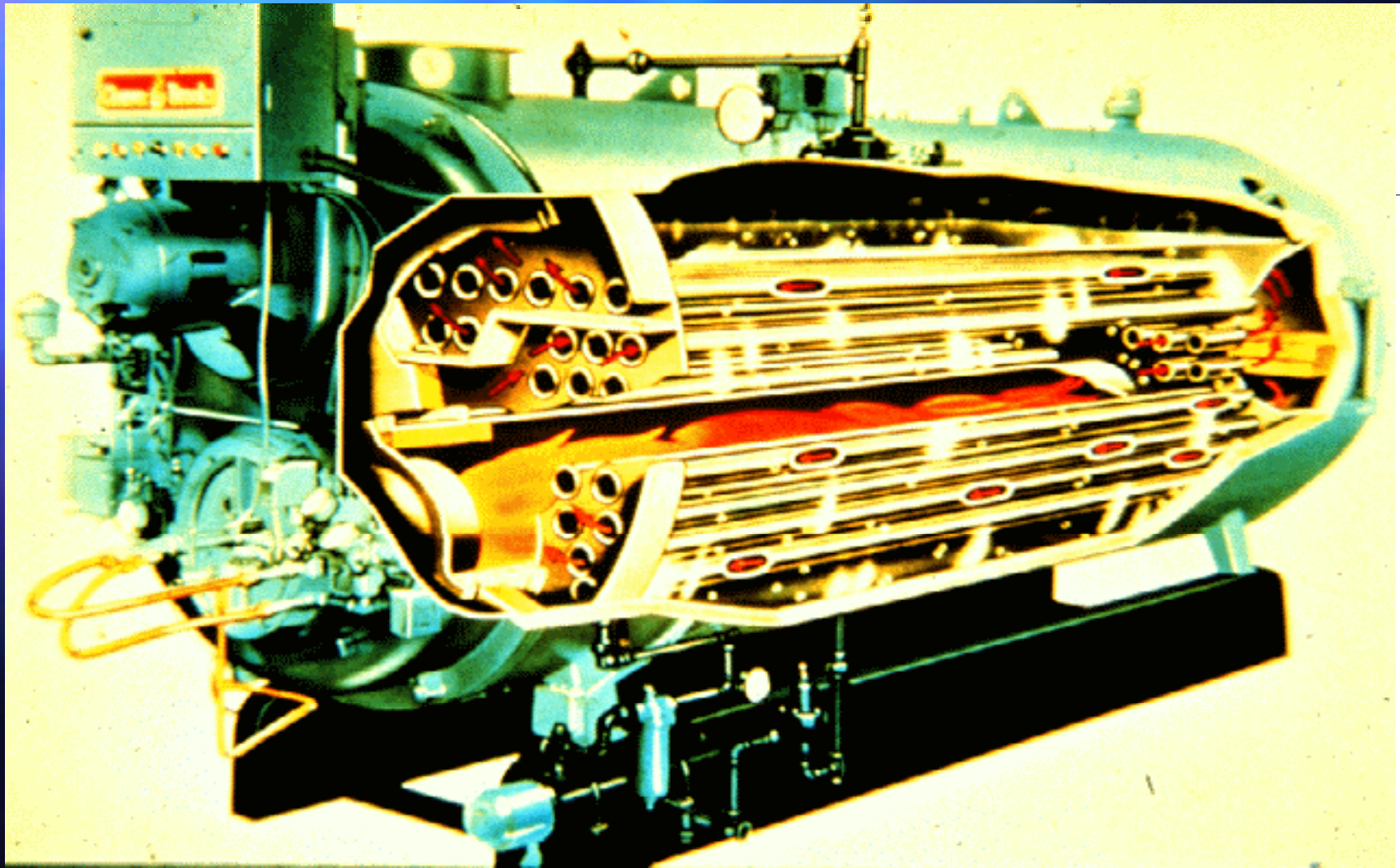
This is not a form of Loss Control!



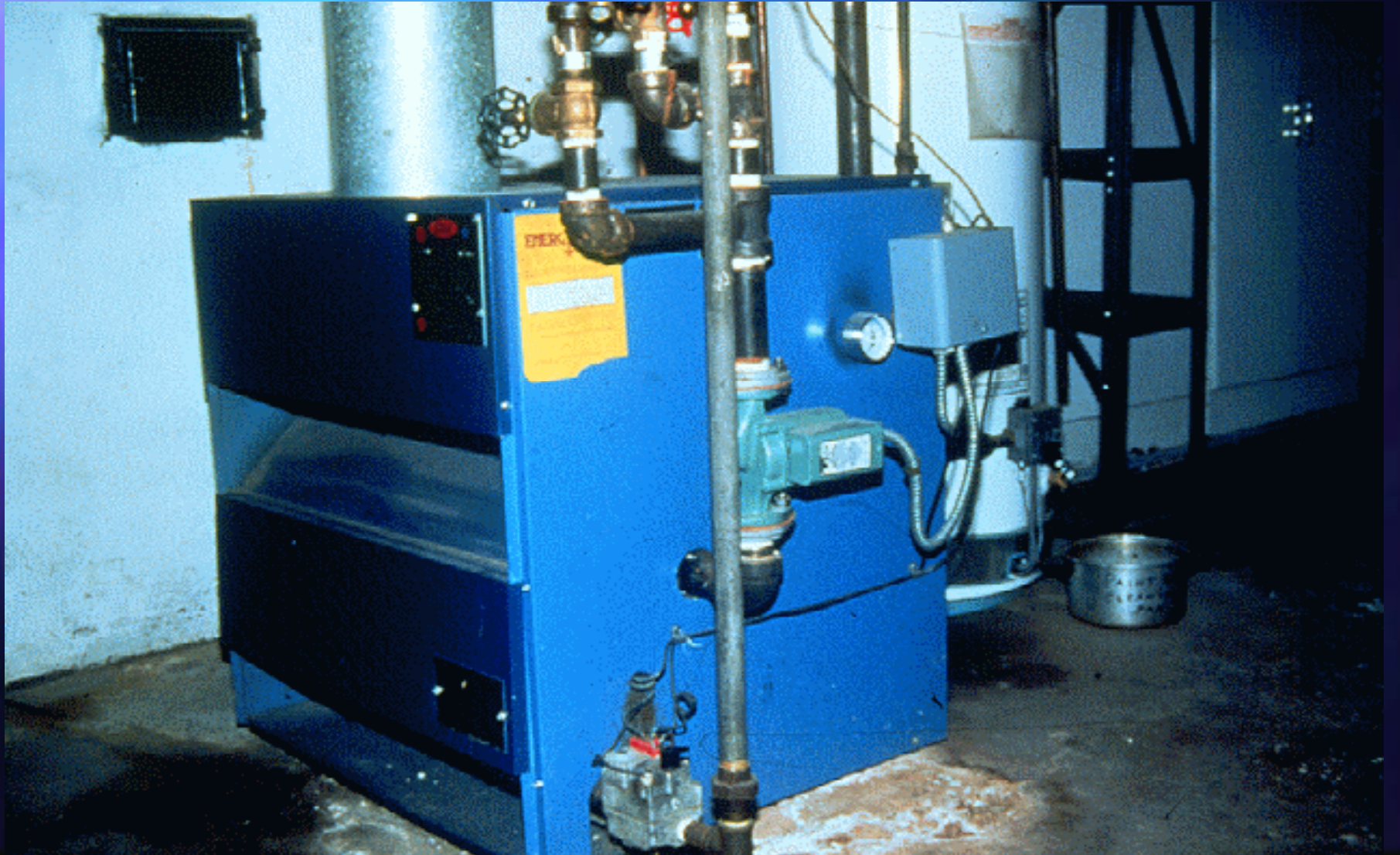
# Electrical Switchgear - Arcing



# FTSM Boiler - Internal View



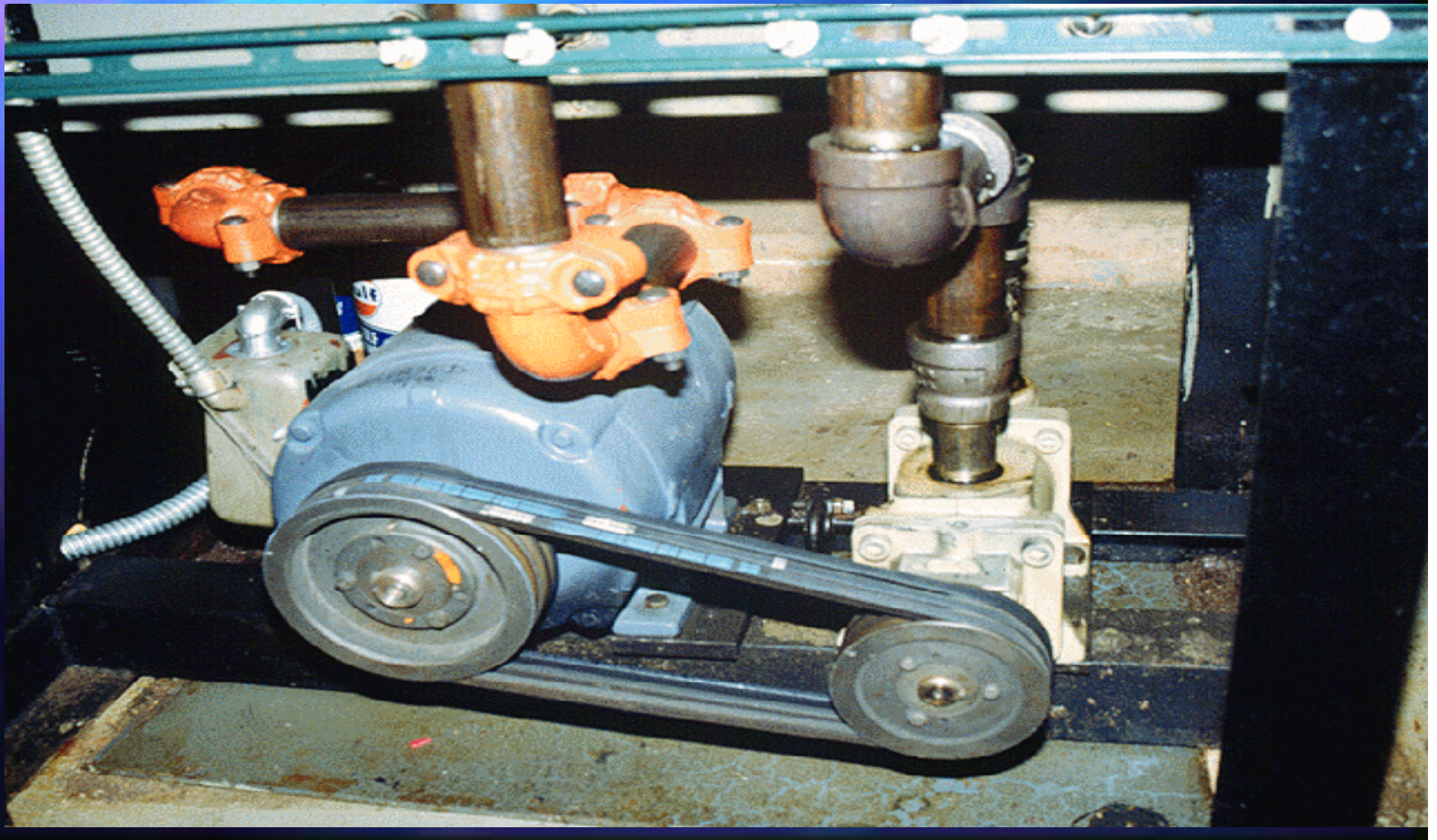
# Cast Iron Boiler



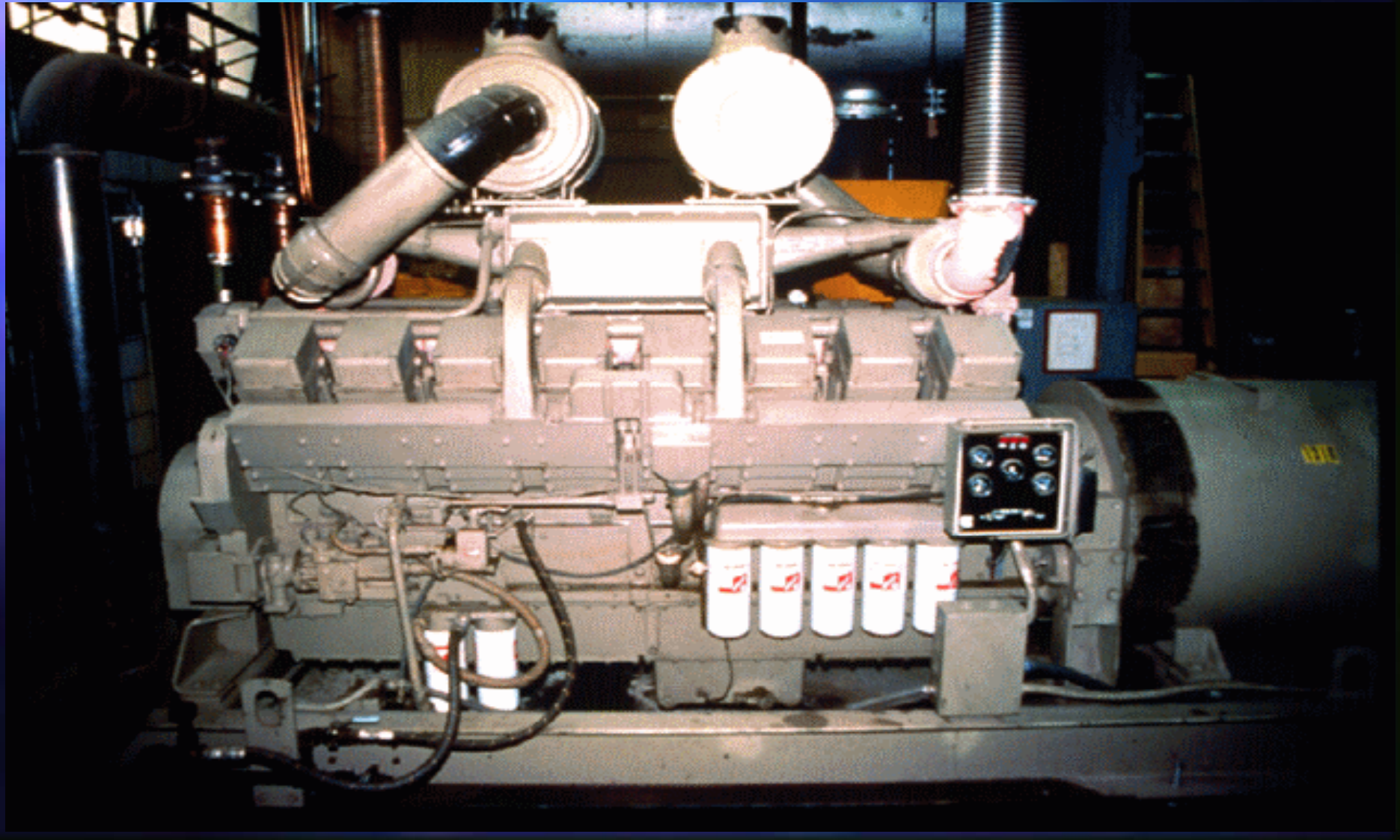
# Pole Mounted Transformers



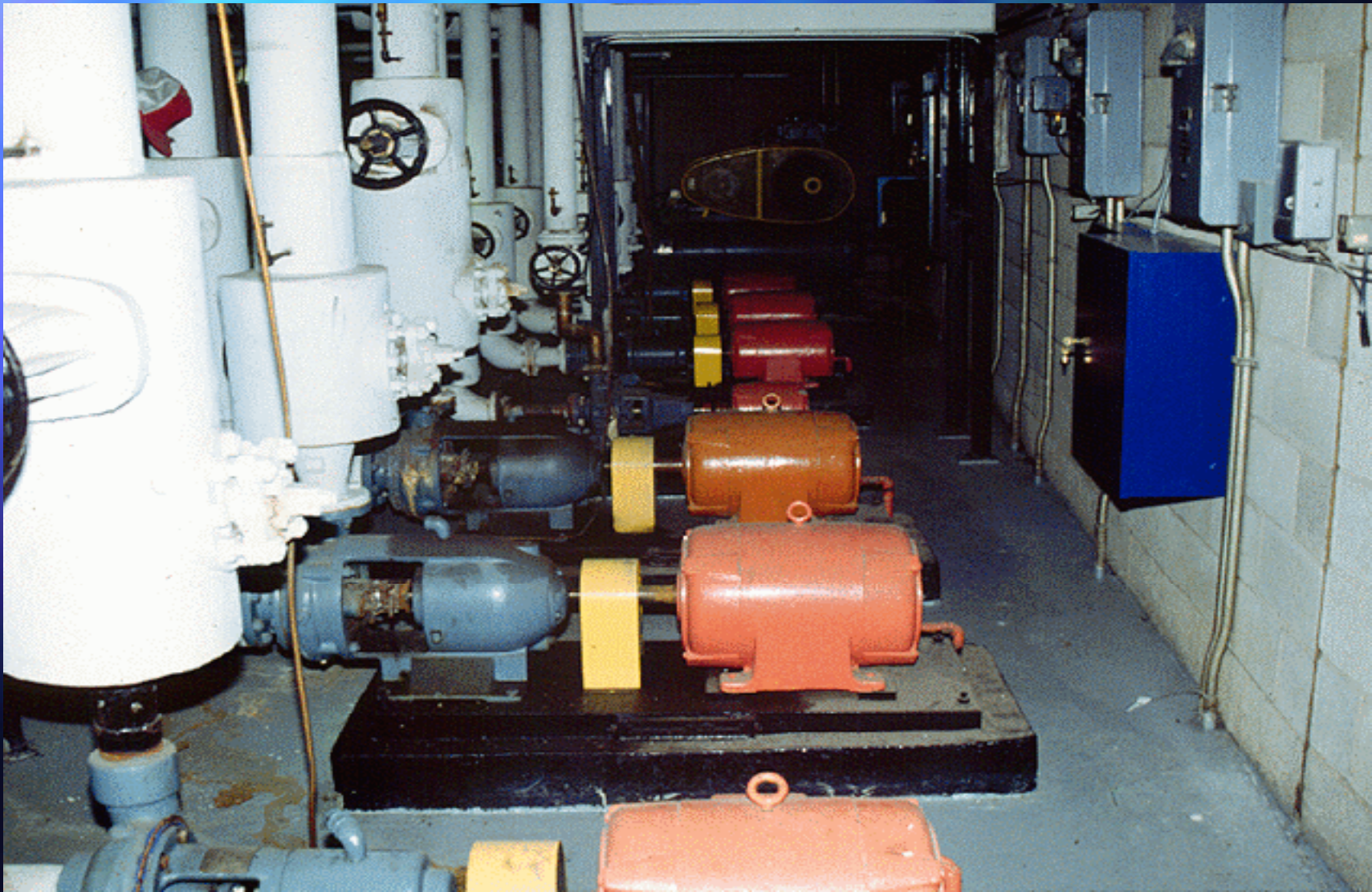
# Rotating Electric Equipment



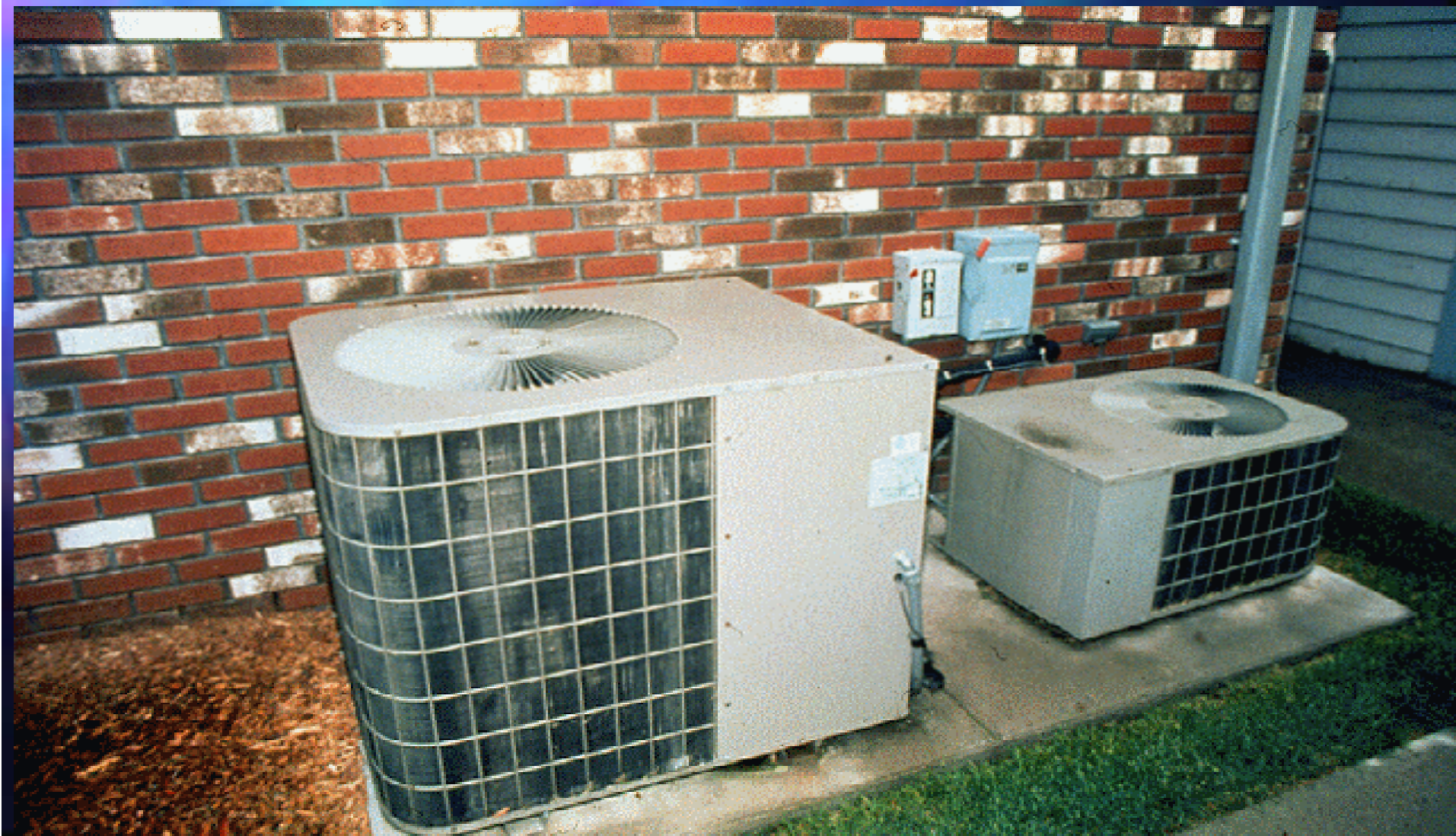
# Diesel Emergency Generator



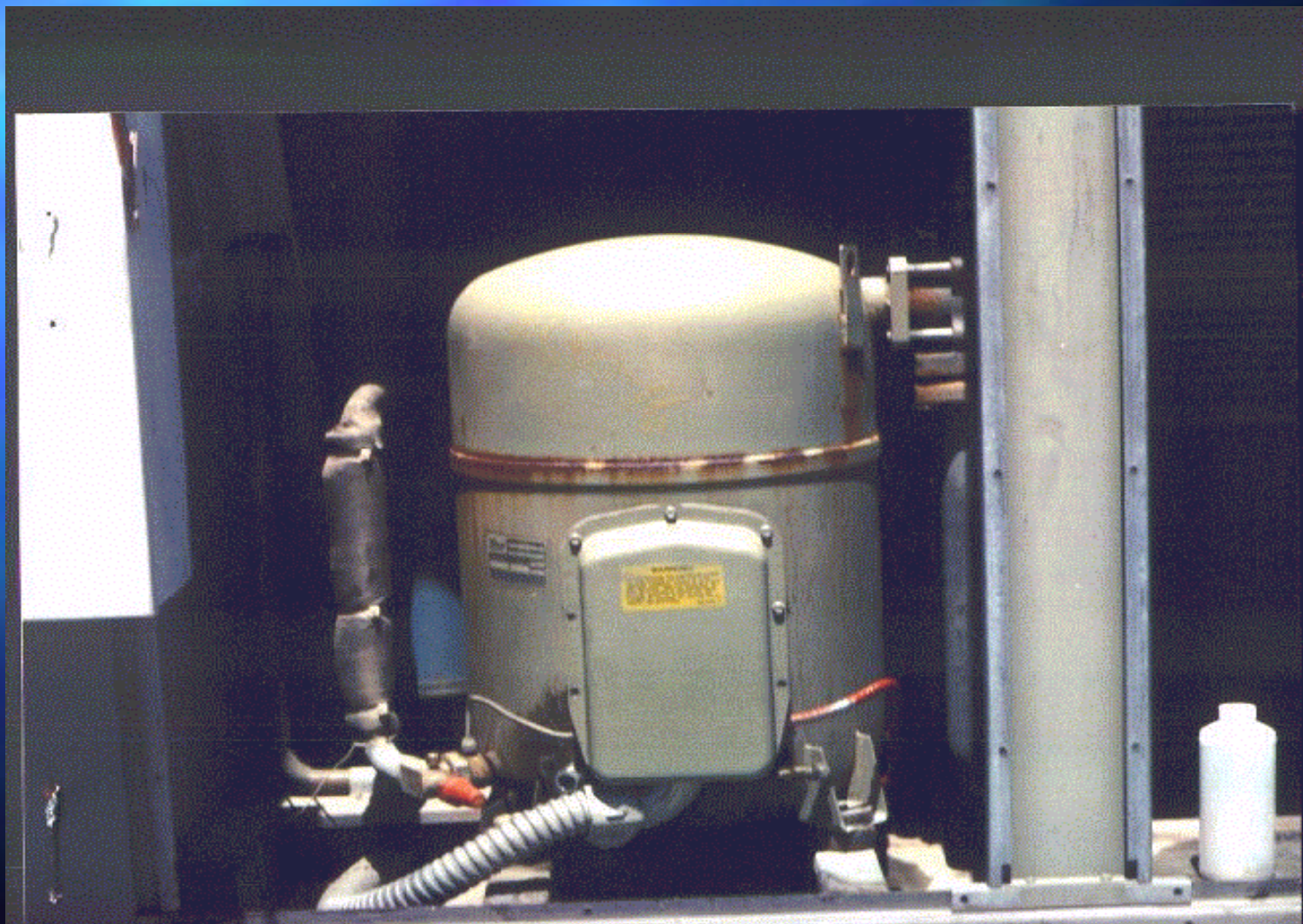
# Water Pumps (Chilled or Hot)



# Air Conditioning Units



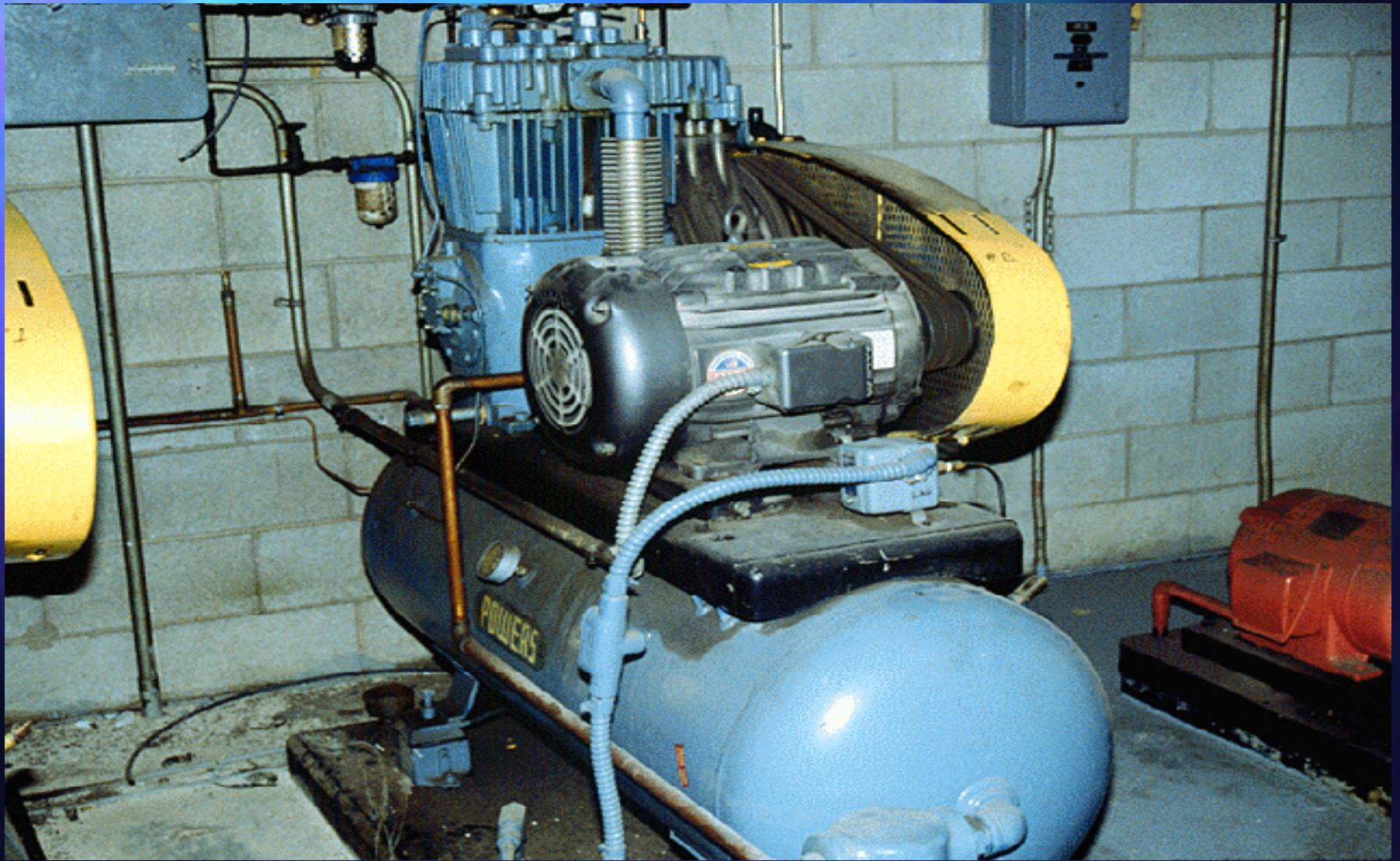
# Hermetic Compressor



# Reach-in Refrigeration Unit



# Pressure Vessel-Air Tank



# Equipment Breakdown Coverage Inspection Service

- Jurisdictional Inspections
- Required in all 50 States & many cities



