


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:	Equipment Breakdown Covered Causes of Loss:
Mechanical Breakdown	(1) Mechanical Breakdown, including rupture or bursting by centrifugal force
Electrical Arcing	(2) Artificially generated electrical current, that disturbs electrical devices, appliances or wires
Explosions of Steam Boilers, Piping, Engines, Turbines	(3) Explosions of Steam Boilers, Piping, Engines, Turbines caused by or resulting from any condition or event inside such equipment
Loss or damage to Steam Boilers	(4) Loss or damage to Steam Boilers caused by or resulting from any condition or event inside such equipment
Loss or damage to Hot Water Boilers	(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

Monoline ↘ ↗ Reinsurance Transactional ↗ Portfolio Concept

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.

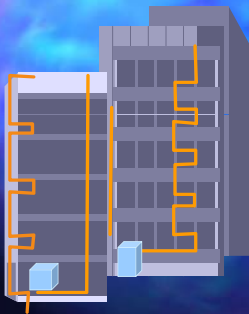
Equipment Breakdown The Exposures Today

- 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

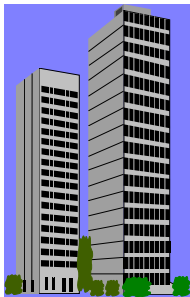
Circuit Breakers	Instrument Transformers
Disconnect switches	Control Transformers
Switchgear	Rectifiers
Bus/Bus Duct	Cables & Wiring
Batteries/Chargers	Motor Starters
Distribution Panels	Motor Control Ctrs
Capacitors/Reactors	

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

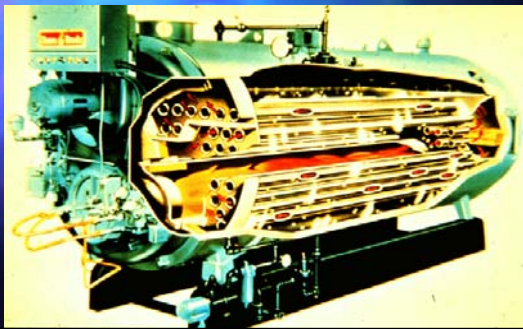
This is not a form of Loss Control!



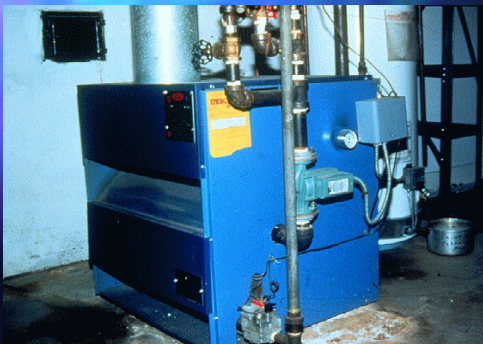
Electrical Switchgear - Arcing



FTSM Boiler - Internal View



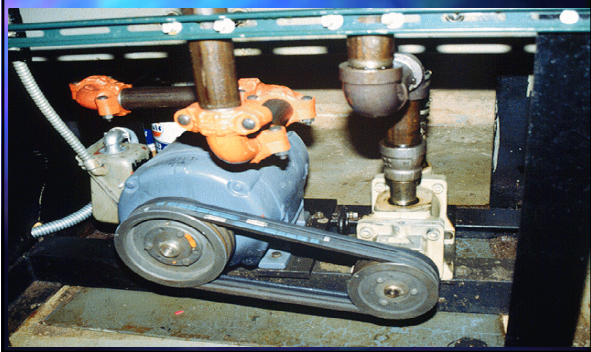
Cast Iron Boiler



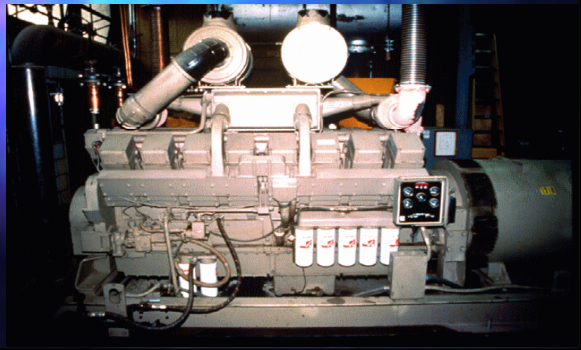
Pole Mounted Transformers



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

