



HSB inspector prevents \$600k arcing loss

Averted loss bulletin

HSB Canada, part of Munich Re, is a technology-driven company built on a foundation of specialty insurance, engineering, and technology, all working to drive innovation in a modern world, to keep you ahead of risk.

The insured, a building products manufacturer, received annual loss prevention inspections from HSB as an added service accompanying equipment breakdown coverage. Examining cables made visible by a property loss, the HSB inspector discovered that the originally-laid 600-volt electrical cable was not rated for underground usage. HSB immediately recommended the insured conduct electrical resistance testing, to diagnose if the cable's insulation was adequate to resist the powerful current. Inadequate resistance would pose a short circuiting hazard, causing potential arcing that could damage critical production machines.

The inspector, also concerned about business interruption exposures, recommended the insured negotiate a formal, binding contract with its rental emergency generator supplier to guarantee back-up electrical supply in case of an outage caused by the cable's failure.

The inspector's suspicions were confirmed by the test results, and HSB subsequently recommended a complete replacement of the insured's 100-foot underground cable.



Loss prevention

measures recommended:

Regular inspections, included in policy Electrical cable resistance test: \$8,000

Replacement of underground cable: \$130,000

Losses of \$600,000

were averted, consisting of:

Direct damage: \$210,000

Extra expense: \$225,000

Business interruption: \$165,000

HSB believes that loss is not inevitable - it can be prevented.

Employing the largest in-house inspection force of its kind in Canada, HSB's engineering team is among the most experienced in the industry. Our inspectors are certified by the National Board of Boiler and Pressure Vessel Inspectors, hold local jurisdictional licenses, and conduct loss prevention visits, risk evaluations, and jurisdictional inspections.