

**ANNUAL REPORT OF THE ENGINEERING COMMITTEE OF
THE CANADIAN BOILER AND MACHINERY UNDERWRITERS' ASSOCIATION
L'Association Canadienne des Assureurs Bris des Machines
February 20, 2008**

Three meetings of the Engineering Committee were held in 2007. The meetings were held at the offices of FM Global in Thornhill, Ontario.

As of December 31, 2007, the following are members of the Engineering Committee.

AIG	Bob Davis
Aviva Insurance Company of Canada	Constantin Tigleanu
The Boiler Inspection and Insurance Company of Canada	Paul Sterescu
Chubb Insurance Company of Canada	Jacques (Jack) O'Brien
FM Global	Al Zack
Lombard Insurance	Carlton D'Souza
Temple Insurance	Donald Keefe
Zurich Insurance	Stewart Smith

The following is a synopsis of the major items of interest from the meetings in 2007.

1. There were some changes in the membership of the Engineering Committee in 2007.
 - The Committee welcomed a new member, Bob Davis of AIG.
 - Constantin Tigleanu of Aviva replaced Tim Woods on the Committee. The Committee would like to thank Tim for his past service on the Committee.
 - Paul Sterescu of BI&I replaced Brian Farnum on the Committee. The Committee would like to thank Brian for his past service on the Committee. Brian will be a backup for Paul.
 - Raymond Choi of Travellers resigned from the Committee. The Committee would like to thank Raymond for his past service on the Committee.

2. The Committee discussed the paper titled **CFC Chiller Phase-out in Canada** by Yan Huang of Royal and SunAlliance Canada and concluded that while there were no major concerns, it would be prudent to keep reporting to our underwriters where CFC are installed, age and size of equipment, and preventive maintenance of this equipment.

3. **Claim activity involving older (pre-1975) elevators** that have electromechanical devices, was reviewed by the Committee. The concern is that after a breakdown, they may require upgraded controls that can substantially increase the claim. BI&I had two reported losses; no other companies reported any losses involving these elevators. It was concluded that we should keep our

underwriters informed of where these older elevators are installed and the potential for higher claims if involved in a loss.

4. Committee members raised concerns with the **TSSA – Application for a Variance** form. Some members were not aware that the form had changed. The form asks if the insured has documented evidence of acceptance from the insurer provided with the application.

Some CB&MUA member companies have been asked by insured's to agree in writing to a variance they submitted to the TSSA. Written acceptance was not provided. The Committee discussed concerns with liability if they agree with a variance. If we don't agree, we could get caught in the middle of an issue between the TSSA and insured. We may accept a variance for underwriting purposes but the form is for safety reasons.

The consensus from the members was the insurance companies should not be asked by the TSSA to agree to a variance as this is a TSSA responsibility. The Engineering Committee propose that the CB&MUA request the TSSA change Part C Question No. 4, replacing the word "agree" with "aware", and to have Question No. 5 removed from the form.

The Committee is considering having Roy Martin, current TSSA Director of Boiler and Pressure Vessel branch and Operating Engineers, and possibly Cathy Turylo of TSSA to meet with the Engineering Committee to discuss the matter further.

5. The Committee discussed the CSA B51 Annex H on Overpressure Protective Devices. Some members propose that Annex H be moved from informative to normative to improve loss prevention of boilers and pressure vessels. One member company was concerned that making Annex H mandatory would be onerous for smaller users/operators.

After considerable discussion, it was agreed by the Committee that the CB&MUA would write to the B51 Technical Committee asking them to reconsider their position and change Annex H from informative to normative. A letter has been written and approved by the Committee members which the Engineering Committee would like to submit to the Executive Committee for approval and forwarding to the B51 Technical Committee.