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Blackout Risk Tool Puts Price Tag On Power Reliability

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i.forbesimg.com/williampentland/files/2013/09/Power-Outages-Map-of-Estimated-Costs-Reduced-Size-e1289325573234.png) In 2012, 25 million people endured at least one electric power outage in the United States.

4

COMMENTS

▶ For many if not most of those people, the experience wasn't cheap.



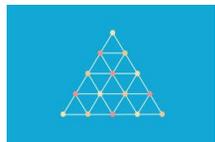
1 CALLED-OUT

Electric grid outages result in an estimated \$100 billion of economic losses annually, nearly three quarters of those losses occurring in the commercial sector.

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“Severe weather and other factors have increased the number and duration of blackouts, causing disruptions and economic losses to grow exponentially,” said Greg Barats, HSB president and chief executive officer.

If anything, blackouts are likely to get worse in the future as the result of aging grid infrastructure and other factors.



Gap International Voice: Lining Up For Success: How Company Alignment Can Change Everything (http://www.forbes.com/up-for-success-how-company-alignment-can-change-everything/?sr_source=lift%5fpola)

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As reliability-related insurance claims have risen rapidly, the insurance industry is scrambling to quantify the potential risk of economic losses resulting from power outages.

Power outages can trigger various types of insurance claims ranging from spoilage to perishable goods and equipment breakdown to loss of business income and lost data claims.

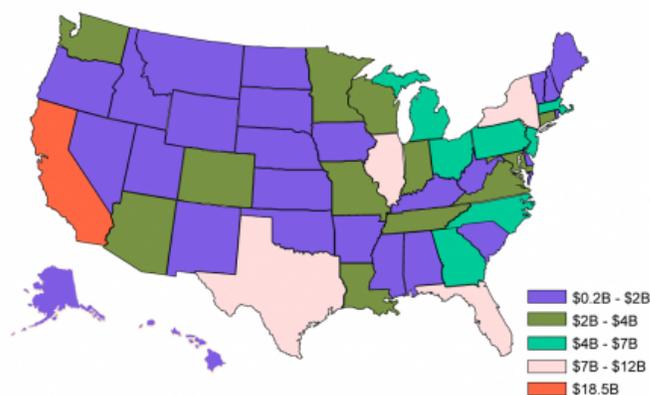
The lack of a widely available tool to calculate the financial consequences of power outages has made it difficult for businesses and insurance companies to assess risk of potential losses from outages meaningfully.

To address the increasing problem of electrical blackouts and their increasing frequency, Atmospheric and Environmental Research (<https://www.aer.com/industry/insurance/products-and-services/blackout-risk/aer-and-hsb-address-blackout>) (AER), a division of Verisk Analytics (<http://www.verisk.com/Press-Releases/2013/aer-and-hsb-to-develop-tech-tool-to-forecast-blackouts.html>) based in Lexington, MA, and the Hartford Steam Boiler Inspection and Insurance Company (<http://www.hsb.com/HSBGroup/>), a subsidiary of Munich Re (</companies/munich-re/>), have developed a tool to calculate the financial consequences of power outages for businesses by geographic location and grid area.

“Our grids are old and our equipment is aging,” said Robin Luo, vice president and blackout model project manager at Hartford Steam Boiler. “Our model has built in, not only the weather or external environmental factors, we also built in the grid equipment and power engineering side of the factors into that model.”

Annual Business Losses from Grid Problems

Primen Study: \$150B annually for power outages and quality issues



4 comments, 1 called-out

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