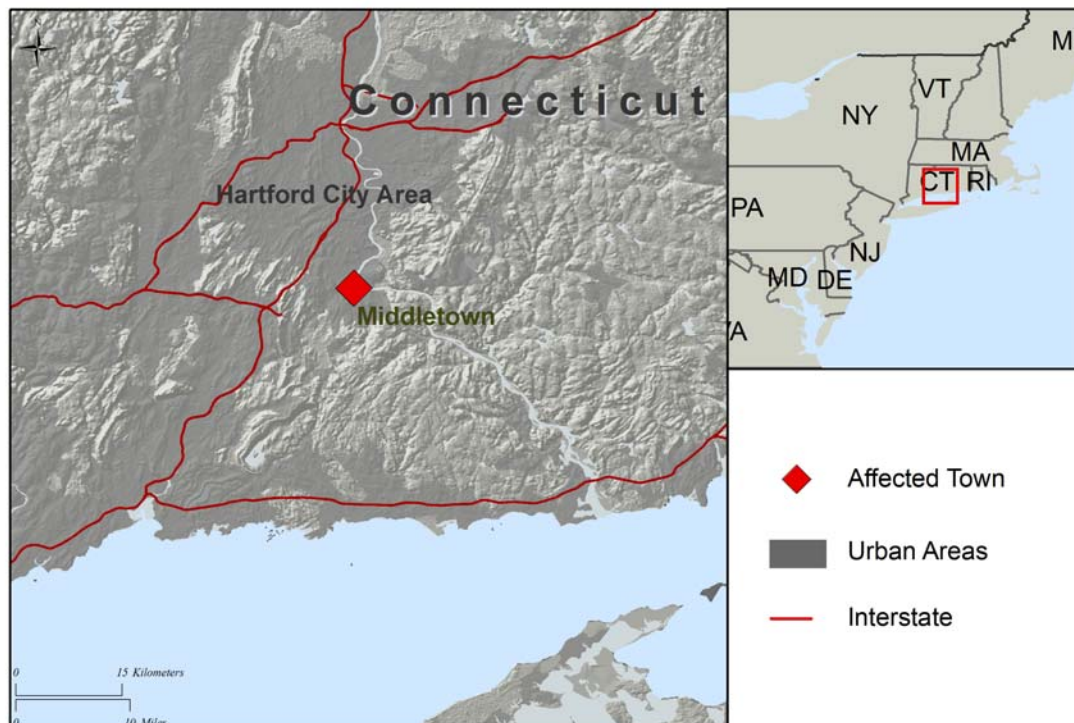


Event Date: 7 February 2010

Report Date: 9 February 2010

## Update – Explosion at Kleen Power Plant, Middletown, Connecticut

Type of Event:	Explosion at Power Plant
Date of Event:	07/02/2010
Location:	Middletown, Connecticut
Number Killed:	5 people killed and at least 12 more injured
Damage Estimate:	-
Insured Loss Estimate:	-
Insured:	Includes Kleen Energy Systems
Carriers:	Includes AEGIS, Chartis



### Summary

A massive explosion on 7 February at an under-construction power plant in Middletown, Connecticut, badly damaged the structure and killed five people. Fire officials said the blast occurred during testing at the Kleen Energy Systems facility, which was 95% complete and due to come online in the summer as the largest electricity generating plant in the New England region. Reports said the project is covered for property damage and business interruption (BI) losses in a policy shared by several insurers.

*Business Insurance*, citing market sources, said Kleen Energy has USD664 million in insurance to cover the estimated value of the project and USD212 million to pay claims for any delay in start-up. Again citing market sources, *Business Insurance* said early estimates of property and BI losses could be around USD150 million, USD50 million related to property damage and the remainder to the rough value of a

year of BI losses. *Business Insurance* said AEGIS insured 5% of Kleen Energy's construction all-risk coverage for the plant. Chartis also confirmed it is one of several insurers on the coverage. Sources quoted by *Business Insurance* said Travelers is thought to have a 5% share of the loss and Scor has 7.5%. *Insurance Day*, meanwhile, said around 40% of the claim could enter the London market.

The explosion happened around 11:17 local time (16:17 UTC) during tests at the plant, triggering a fire. At least 100 firefighters rushed to the scene and the blaze took about an hour to extinguish. Flames and smoke shot up from the 620-megawatt gas-fired facility when the explosion occurred and windows were blown out by the force of the blast. Some people living up to 30 miles (50 kilometres) away said their homes were shaken by the blast. Reports said parts of the plant were badly damaged and unstable, but other areas of the structure, its roof and its two smoke stacks were still standing. Some nearby houses were also reported to have sustained some structural damage.

Officials said multiple contractors were involved in the project. The blast happened as workers for the construction company, O&G Industries, were purging the gas lines to remove debris, according to reports. Officials have reported five people dead and 12 injured. However, Middlesex Hospital in Middletown said it received 27 patients from the explosion. One patient with serious injuries was flown to a hospital in Hartford, and another was transferred to Yale New Haven Hospital, according to a statement on Middlesex Hospital's website. Three of the injured were admitted to Middlesex Hospital, while the remaining 22 were evaluated and discharged. The statement said the types of injuries seen among the injured included fractures and broken bones, back and abdominal injuries, ear drum injuries and bruising. A hospital spokeswoman said all the injured were expected to live.

Middletown Mayor Sebastian Giuliano said as many as 200 workers were at the site on any given day. Fire officials subsequently said there were around 100 workers on the premises at the time of the explosion. Mayor Giuliano and firefighters said no further victims are believed to be buried under the rubble as everyone assigned to work at the time of the blast had been accounted for. Although it is still unclear exactly how many people were on the site, police interviewed workers, contractors and labour union officials to determine who was present at the plant when the explosion happened. However, officials said the search would continue until they are satisfied that anyone not scheduled to be in the building was contacted.

The cause of the explosion has not yet been established and an investigation is expected to begin this week, led by the US Chemical Safety Board, a federal agency that investigates industrial chemical accidents. Federal investigators attempted to start the investigation on 8 February but Middletown police blocked the team from entering the blast site after it was designated a crime scene. Acting Police Chief Patrick McMahon said a search warrant was issued for the site because criminal acts of negligence had not been ruled out. As a result, the site is considered a crime scene.

Kleen Energy Systems began working on the USD1.35 billion project in February 2008, according to reports. Reports said the company is majority-owned by Energy Investors Funds Group, a private equity firm, and Mayor Giuliano said there had been no safety violations or accidents previously reported at the site. The plant was designed to operate on natural gas using a combined cycle turbine and would have provided electricity to as many as 620,000 homes, reports said. Much of the plant's power generation equipment was supplied by Germany's Siemens AG, which was in the process of being installed, according to a Siemens spokeswoman. Reports said the engineering and construction of the project was being overseen by Contractor O&G Industries, of Torrington, Connecticut.

*Sources: CNN News, Associated Press, Reuters News, Agence France Presse, BBC News, Connecticut Post, Boston Herald, Business Insurance, Insurance Day, The Hartford Courant*

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