



INDEPENDENT LUBRICANT MANUFACTURERS ASSOCIATION

November 1, 2005

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***By Facsimile and Overnight Courier***

Mr. George Smith  
Group Manager  
Factory Mutual Global  
1151 Boston-Providence Turnpike  
P.O. Box 9102  
Norwood, Massachusetts 02062

Mr. Richard Ferron, P.E.  
Technical Team Manager, Materials  
FM Approvals  
FM Global Research Campus  
743 Reynolds Road  
West Glocester, Rhode Island 02814

Dear Messrs. Smith and Ferron:

Members of the Independent Lubricant Manufacturers Association (“ILMA”) manufacture, among other things, hydraulic fluid products, many of which are certified by Factory Mutual through its FM-Approval process to improve and advance property loss prevention. A significant number of ILMA members have raised concerns with the Association that FM Approvals has introduced a new test procedure for fire-resistant hydraulic fluids that is costly, inconsistent, and slow to generate data, leading to competitive distortions in the marketplace and customer confusion. Further, some of these ILMA members have questioned the validity of the FM Approval test procedure. Accordingly, ILMA requests: (1) a meeting as soon as possible with FM Approvals to discuss our members’ concerns; and, (2) a reasonable delay in the publication of new and revised information on FM-Approved hydraulic fluids in the *Approval Guide*.

ILMA, established in 1948, is a national trade association of 142 manufacturing member companies, consisting largely of small businesses, ranging in size from fewer than 10 to more than 200 employees. As a group, ILMA member companies blend, compound and sell over 25 percent of the United States’ overall lubricant needs and over 50 percent of the industrial oils, including hydraulic fluids, utilized in the country. Independent lubricant manufacturers by definition are neither owned nor controlled by companies that explore for or refine crude oil to produce lubricant base stocks.

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As we have discussed our members' concerns with the new FM Approvals test procedure, the following concerns have been raised:

- ? The distinction between FM Approval and specification testing. Certain hydraulic fluids that were previously classified as "Approved" under the FM Approvals seem to have lost that classification and are now considered "specification tested."
- ? The availability of guidelines for remediation practices for specification-tested hydraulic fluids. It appears that the "default" remediation practice for such specification-tested fluids is a water-based sprinkler system, which may not be appropriate because many hydraulic fluids are oil-based. (ILMA would be pleased to work with Factory Mutual field engineers to relate the nuances of hydraulic fluid chemistry and possibly to develop more appropriate remediation systems (*e.g.*, automatic shutdown devices using pressure or flow sensors)).
- ? The reproducibility of the Spray Flammability Parameter (SFP). SFP reproducibility appears to be poor ( $\pm 1$ , with 5 being the minimum approval score), which could unfairly impact re-approval efforts using the same test.
- ? Enhancing dialog between Factory Mutual and industry so that Factory Mutual can better take advantage of industry knowledge on the technical aspects of hydraulic fluids. For example, Factory Mutual had some difficulty in determining a SFP for water-based fluids. Rather than consulting with industry, Factory Mutual independently pursued the development of an alternative approach using water-free concentrates and complex data calculations to indirectly calculate the SFP. Albeit inventive, this approach impresses us as being inefficient and having limited validity.
- ? Streamlining and expediting Factory Mutual's review and approval of raw material substitutions that may result in a better performing or less expensive product.
- ? Enhancing transparency of Factory Mutual's testing results and conclusions either by the clients (*i.e.*, the submitters of the hydraulic fluids) or a third-party laboratory.

Access to loss prevention data on hydraulic fluids would put client companies in a better position when reassessing existing products and developing new products. While ILMA respects Factory Mutual's interest in protecting proprietary information, there might be some format to share loss prevention data in a manner that takes both concerns into account.

- ? Better communication between the client companies and the insurer component of Factory Mutual.

Mr. George Smith  
Mr. Richard Ferron, P.E.  
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As noted above, ILMA would like to meet with you and Factory Mutual representatives to address our members' concerns, including those outlined above. The Association believes that a short delay in updating the *Approval Guide* also is appropriate, given the number and intensity of our member's concerns. We look forward to an open and frank discussion.

Sincerely,

A handwritten signature in black ink that reads "Celeste Powers". The signature is written in a cursive, slightly slanted style.

Celeste M. Powers, CAE

cc: Concerned Members  
Jeffrey Leiter, Esq.  
Adam Cramer, Esq.