



INSURANCE SERVICES OFFICE, INC.

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RESIDENTIAL SPRINKLERS ISO FACT SHEET

ISO is an independent statistical, rating, and advisory organization that serves the property/casualty insurance industry. ISO is the leading supplier of underwriting information, advisory loss costs, supplementary rating information and standardized policy language to insurers in all 50 states and the District of Columbia. ISO offers the following regarding how residential sprinklers are reflected in ISO's advisory residential property programs:

PREMIUM DISCOUNTS

The standard ISO Dwelling Fire and Homeowners Programs contain available premium Credits for installation of fire sprinkler protection up to a maximum of:

- 13% for full sprinkler protection that includes all areas of a home, including attics, bathrooms, closets, and attached structures;
- 8% for fire sprinkler protection of all areas of a home excluding the attic, bathrooms, closets, and attached structures as long as fire detection equipment is installed in those areas where sprinklers are omitted;

Individual insurer programs may provide different credits.

SPRINKLER "LEAKAGE" COVERAGE

The presence of a residential sprinkler system may raise concern about the risk of accidental water leakage from the system. ISO's standard Homeowners policy forms provide coverage for "...accidental discharge or overflow of water...from within a...fire protective sprinkler system...". This coverage is included in the basic policy. There is no extra charge for this coverage.

Also, coverage is provided for water damage related to the suppression or extinguishment of a covered fire.

Individual insurer programs may provide variations to this coverage.

BUILDING CODE EFFECTIVENESS GRADING SCHEDULE

The ISO Building Code Effectiveness Grading Schedule (BCEGS®) is used to review public building code enforcement agencies and to develop a classification that is provided as advisory information to insurers who may use it for insurance underwriting and rating. If the requirement of the International Residential Code (2009) for automatic fire sprinkler protection of residential dwellings was removed by legislation or local ordinance, BCEGS would not provide full recognition for adoption of code without amendments. A building code enforcement agency which adopted a code with amendments that weaken hazard mitigation issues as defined in the model codes and referenced standards would not receive maximum recognition for code adoption.



INSURANCE SERVICES OFFICE, INC.

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December 7, 2009

Mr. Anthony C. Apfelbeck
Fire Marshal/Building Official
City of Altamonte Springs
225 Newburyport Avenue
Altamonte Springs, FL 32701

Dear Mr. Apfelbeck:

As per your request to provide some clarity on the effect of deciding to not incorporate the new national building code 'requirement' of single-family residential fire sprinkler systems. ISO has a procedure that reduces the Needed Fire Flow for new subdivisions that might be built to code with NFPA 13D systems. The procedure is as follows:

“Where all 1- and 2-family dwellings in an entire subdivision or other definable area are protected with a residential fire sprinkler system meeting the requirements of NFPA 13D, “Installation of Sprinkler Systems for One- and Two-Family Dwellings and Mobile Homes”, a reduction in the Needed Fire Flow may be appropriate. Where evidence is available from local fire or building officials, to document the installation of these systems according to the Standard, the Needed Fire Flow for such subdivisions or areas may be reduced to 500 gpm.”

Typically an action such as this would reduce the fire demand and tend to make it easier for the water system – supply works, main capacity and hydrant distribution to meet the lower fire demand. Therefore, the adoption of a model building code containing a residential sprinkler requirement would tend to improve or lower FSRS credit points or a given Public Protection Classification, all other things being equal.

In addition ISO is in the process of drafting a revision to the FSRS that may include extra credit for adoption of a model building code with 1- and 2- family residential sprinkler requirements.

The purpose the ISO Public Protection Classification (PPC™) Program is to gather information needed to determine a fire insurance classification that may be used in the calculation of property insurance premiums. It is not for property loss prevention or life safety purposes and no life safety or property loss prevention recommendations will be made.

The Building Code Effectiveness Grading Schedule (BCEGS®) is another community mitigation program administered by ISO. The BCEGS program gathers information on building code enforcement and adoption to develop a building classification similar to the PPC class. Insurers may use the BCEGS classification as a factor in their underwriting and rate making process. The residential BCEGS classification will be one class less favorable when the community decides to amend the adopted code by removing the residential sprinkler requirements.

Additionally insurers use a Homeowners Policy Program Manual to determine the cost of homeowner insurance. This Manual is published by ISO, and approved by the Department of Insurance in each state including Florida. The manual allows an insurer to give up to an 8% discount for homes with residential fire sprinkler systems installed according to NFPA 13D.

Sincerely,

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