

Where do our rates or loss costs fall or compare with other types of buildings?

Don't let your competition get away with the blanket statement that metal buildings result in higher fire and extended coverage rates or loss costs.

Backed up with your knowledge gained through your MBMA "INSURANCE FACTS" booklet, your contacts with insurance brokers or agents and your dealings with local ISO offices and rating bureaus, you can now get down to specifics.

When comparing metal building rates with rates or loss costs for other types of buildings, we must be sure that all other conditions are equal.

Are we comparing buildings having the same occupancy?

Are both buildings equally protected? Same exterior protection - same public protection grading class? Same interior protection – same automatic sprinkler protection?

Proper utilization of the "Insurance Information Check Sheet" and your insurance contacts (brokers, agents, ISO offices and rating bureaus) will assure this.

Page four (4) of the MBMA "INSURANCE FACTS" booklet makes some general statements regarding comparison of rate levels for various types of buildings. These are necessarily broad general statements, due to the different rate or loss cost levels produced throughout the country.

Rate or loss cost comparisons between metal buildings and the masonry wall, metal roof deck building were cited in a previous bulletin'. For a hardware store, rate comparisons were as follows:

	Net (80% co-ins.) Building Loss Cost
Metal Building	1.080
Masonry Wall - Metal Roof Deck Building	0.364

This sample confirmed the MBMA "INSURANCE FACTS" statement that metal building rates or loss costs would be expected to be higher than the rates or loss costs on a building with masonry walls and a noncombustible roof.

If you are going to stop here, you will just have to face these insurance cost-facts and sell your product on its other merits despite this increased insurance cost. However, there are ways of minimizing this rate or loss cost differential such as fireproofing columns^{1,2} or providing sprinkler protection⁵, providing fire rated exterior walls³, or providing fire rated roof⁴.

When using rate comparisons, always compare equal buildings, with the exception of construction. Size of building, location of building, public protection, occupancy and evaluation procedures must be constant for a true comparison.

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Occupancy will affect final rate or loss cost⁶. This will especially be true in the nonsprinklered rates or loss costs. In general, however, as long as you compare similar occupancies, the percent differentials should hold for the various classes of construction.

In order to take advantage of the superior features that can be incorporated into the metal building, it is necessary that the building be specifically evaluated by ISO using the Specific Commercial Property Evaluation Schedule⁷. Use of the Commercial Lines Manual may result in unfavorable treatment of the metal building. It is necessary to make the insurance agent and company aware of the superior features so that they can be recognized in the evaluation.

¹Insurance Bulletin No. 5 - What effect does exterior wall construction or column protection have on insurance rates or loss costs?

²Fire Resistive Bulletin No. 1 - Fire endurance of welded built-up steel columns, cold formed steel channel columns and steel pipe columns U.L. tested and classified for 1, 1.5 and 2-hour fire protection.

³Fire Resistive Bulletin No. 2 - Exterior walls have one or two hours fire resistive rating.

⁴Fire Resistive Bulletin No. 3 - One-hour fire rated roof system/UL design #P516

⁸Insurance Bulletin No. 10 - Will a sprinkler system pay for itself in rate savings?

⁶Insurance Bulletin No.7 - What effect does occupancy have on rate?

⁷Insurance Bulletin No. 4 - Insurance Services Office Commercial Property Evaluation Methods.

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