

RATE COMPARISONS

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

Backed up with your knowledge gained through your MBMA Insurance Facts guidebook, your contacts with insurance brokers or agents, and your dealings with your local Insurance Services Office (ISO) and rating bureaus, you can now get down to specifics.

When comparing metal building rates with rates 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 with:

- Same exterior protection?
- Same public protection grading class?
- Same interior protection?
- Same automatic sprinkler protection?

Rate comparisons between metal buildings and the masonry wall, metal roof deck building were cited in MBMA's Insurance Bulletin No. 5.

For a hardware store, rate comparisons are as follows:

| Building Type | Net (80% co-ins.) Building Rate |
|---|------------------------------------|
| Metal Building | 1.080 |
| Concrete Block Wall - Metal Roof Deck Building | 0.364 |

This sample confirms that metal building rates would be expected to be higher than the rates on a building with concrete block (masonry) walls and a noncombustible roof.

If you are going to stop here, you will just have to address these insurance cost facts and sell your product on its many other merits. However, there are ways of minimizing this rate differential such as fireproofing columns, sprinkler protection, fire-rated exterior walls, and/or a fire-rated roof.

Insurance rate comparisons are extremely important to buildings owners. The more you know, the better you can serve their needs.

Size and location of buildings, public protection, occupancy, and rating procedures must be constant for a true insurance rate comparison.

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

Occupancy will affect final rates. This is especially true in the non-sprinklered rates. In general, as long as you compare similar occupancies, the percent differentials should hold for the various classes of construction.

To take advantage of the superior features that can be incorporated into a metal building, the structure should be specifically rated by ISO using the Specific Commercial Fire Rating Schedule (SCOPEs). Use of the Fire Class Rate 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 rating.

