ABI RESPONSE TO LONDON ASSEMBLY PLANNING COMMITTEE REVIEW FOR INSTALLING SPRINKLERS IN LONDON'S BUILDINGS

About the Association of British Insurers (ABI)

- The Association of British Insurers (ABI) is the voice of the UK's world leading insurance and long-term savings industry. A productive, inclusive and thriving sector, we are an industry that provides peace of mind to households and businesses across the UK and powers the growth of local and regional economies by enabling trade, risk taking, investment and innovation.

- The UK insurance industry is the largest in Europe and the fourth largest in the world. It is an essential part of the UK's economic strength, managing investments of over £1.7 trillion and paying nearly £12bn in taxes to the Government. It employs over 320,000 individuals, of which around a third are employed directly by providers with the remainder in auxiliary services such as broking.

Executive Summary

- We welcome the opportunity to respond to this review, which raises a number of issues that are important to UK property insurers. It is vital that new homes are built in an appropriate and sustainable way that enables continued access to affordable home insurance. Equally, existing housing stock must become more resilient against today's perils and future risks. This submission will discuss some of the considerations that should be taken into account when mitigating against fire risk in buildings. A more detailed account of the insurance industry's views on building regulations is available in our response to the Independent Review on Building Regulations and Fire Safety[1]

- It is important to ensure that an increased quantity and speed of construction does not encourage poor practice and impact on building quality or encourage the use of unsuitable materials. Poorer quality house builds will mean less durable and sustainable housing in the long-term, which is a concern for the insurance industry. Building regulations, construction methods and a skilled workforce need to be kept up to date to ensure properties are resilient against a range of risks, including fire, flooding, windstorm and escape of water (burst pipes).

- The benefits of automatic sprinkler systems are clear - their ability to reduce fire spread results in both a reduction in the risk to life as well as a reduction in the level of fire or smoke damage to a property. Insurers encourage the installation of sprinklers in commercial buildings and offer premium reductions to businesses and schools that install them. Our members are supportive of sprinklers in new-build high rise buildings, but have some concerns about the potential risks of retrofitting sprinkler systems into existing high-rise buildings if not carried out in a safe and comprehensive manner (refer to 2.4 to 2.6 below). The ABI has commissioned the Fire Protection Association (FPA) to complete a research project into suitable standards for installing sprinklers

[1] https://www.abi.org.uk/globalassets/files/consultation-papers/member/2017/11/abi_independent-review-on-building-regulations-and-fire-safety_final.pdf

into multi-occupancy residential buildings. This will consider mechanisms to encourage more tamper-resistant systems, lessening the risk of these systems not working as intended in a domestic setting, as well as the potential for them to pose a significant escape of water risk to insurers. We will look to share the findings of this research when complete, and suggest that the London Assembly Planning Committee considers the FPA's more technical response to this consultation in detail.

- There is abundant evidence - social, environmental, and economical - which highlights the importance of improving the fire protection for buildings that are vulnerable to fire, or which contain vulnerable members of society. The Government should introduce compulsory sprinklers for new build schools, new build care homes and new build warehouses over 2000m^2.

- The ABI believes that the London Assembly review should take into account the implications of the repealed section 20 and 21 of the London Buildings (Amendment) Act 1939 and should strongly consider re-introducing those provisions that are not incorporated within existing Building Regulations.

1. The cost of fire measured in UK property claims

1.1. The cost of fire insurance claims in the UK is significant. In 2016, insurers paid out £1.27bn for property fire claims (£388m from domestic claims, and £885m from commercial and industrial claims).

1.2. If we consider domestic property claims, the average amount paid out on a fire claim has increased from £5,550 in 2006, to nearly £15,000 in 2016 (in real terms). The number of fire claims has decreased from 71,000 in 2006 to 26,000 ten years later, but the marked increase in the average cost of claims clearly illustrates that when fires occur, they are more destructive and cause more widespread damage. Fire is one of the few perils which consistently meets an insurer's estimated maximum loss expectation, and therefore it is important to consider the implications of increasing the fire risk of a property, which insurers will take into account when offering cover.

2. Use of sprinklers

2.1. Sprinklers often help to enable the quick and safe evacuation of those affected, limit any damage to a localised area and control the fire, enabling the fire and rescue services to extinguish it. Today, automatic sprinkler systems are used more than any other fixed fire protection system and tens of millions are fitted around the world each year. The benefits of sprinkler installation are clear:

- In the UK, no-one has ever died from a fire in a fully sprinklered building[2].
- Losses from fires in buildings protected with sprinklers are estimated to be a tenth of those in buildings without sprinkler protection.

[2] Business case for sprinklers, Chief Fire Officers Association

- Their use means consequential losses and inconvenience can drastically reduce, which helps those affected by fire to get back to normal more quickly.
- Alongside the reduced risk to life, there is an abundance of evidence, including social, environmental, and economical, which highlights the importance of improving the fire protection for buildings that are vulnerable to fire.

2.2. Insurance risk management teams often advise customers on the installation of sprinkler systems in areas of high risk to make the customer's property safer. This can also enable insurance cover to be secured, where otherwise that cover might be inaccessible or unaffordable. We are aware that some insurers offer a significant reduction in premiums, in some cases of up to 50%, to recognise the risk mitigation effects of having sprinklers installed. Clearly any reduction will depend on a range of factors, including the type of building, and significant reductions are more prevalent in commercial premises.

2.3. Following Grenfell Tower, we have seen a number of Local Authorities confirming that they will retrofit sprinkler systems into high rise multi-occupancy buildings. With this surge in demand, there is a need to consider the relative performance of automatic fire sprinkler systems in high-rise, multi-occupancy buildings. The current British Standard for sprinkler system performance in a residential setting only applies to the slowing of fire growth for a limited period of time to allow evacuation from an individual dwelling. Insurers would prefer a higher standard of protection, covering the whole building or at least protection of several dwellings simultaneously.

2.4. Fire safety management, compartmentation, panel system construction, combustibility and fire performance of panel material as well as fire mitigation systems all need rigorous regulation. It is important to recognise that sprinklers are one measure which can help reduce the fire risk to a building, but that various passive and active fire risk management measures should work together within a building as a 'system' and should not be considered in isolation.

2.5. There is a risk that the introduction of more pressurised water systems into dwellings will cause an increase in the number and value of escape of water claims. This is of concern to the insurance industry as escape of water claims are the most consistently expensive peril for domestic property insurers.

2.6. If sprinklers are installed as part of a wider fire safety management system, whether retro-fitted, or installed in new builds, the following points should be observed:
- Installed automatic sprinkler systems are of the highest reasonable quality.
- Components and materials of appropriate design, quality and performance are used in systems.
- Installation work is of sound quality.
- Periodic maintenance is undertaken as required.
- Competency of installation and maintenance personnel is assured to a high level.
- Residents have a basic understanding and awareness of their sprinkler systems.

3. Mandating sprinklers in certain properties

3.1. In 2016, the ABI campaigned for the introduction of mandatory sprinklers for new build schools[3], new build care homes and new build warehouses over 2000m^2 [4]. In Scotland, legislation introduced in 2005 requires all newly built care and residential homes to be fitted with sprinkler protection. In order to protect the most vulnerable individuals in our society, the review should recommend adopting the same approach for all newly built care homes and schools in the London area.

3.2. Sprinkler systems are not only proven to drastically improve the safety of individuals, they also help reduce the amount of damage done to the contents and structure of the property, enabling the vital services provided by schools and care homes to be back up and running following a fire as quickly as possible.

3.3. Fires in commercial warehouses, which can contain millions of units of stock, can have a devastating impact on the economy and result in millions of pounds worth of cost and damage alongside causing a significant number of firefighter deaths[5]. Fire regulations in England and Wales currently only recommend that warehouses should have a sprinkler system installed if they are larger than 20,000m^2, however there are no mandatory requirements for smaller warehouses. As a result of this, of the 620 warehouse fires each year around 95 per cent of these warehouses are not protected by sprinklers.

3.4. Research from the Building Research Establishment concluded that sprinklers are a cost-effective investment for warehouses with a floor area of over 2000m^2 [6]. By way of international comparison other European countries require or recommend sprinklers in warehouses in excess of much smaller areas -– Austria 1,800m^2; the Netherlands 1000m$_2$; Spain 2000m^2; and Norway 800m^2. Across Europe and in competitor economies, current regulation and guidance mean that these markets are far better prepared for, and able to recover from, fires that threaten business and the wider economy.

3.5. In July 2016 the ABI wrote to the Secretary of State for Communities and Local Government, Rt Hon Sajid Javid MP[7], to raise the industry's concerns about the fire safety regulations for commercial warehouses, schools and care homes. We recommended at the time, and it remains our view, that the Government must revise fire safety regulations to require all new commercial warehouses over 2,000m^2 to be fitted with sprinkler systems.

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[3] https://www.abi.org.uk/news/news-articles/2016/08/government-warned-against-abandoning-school-sprinkler-guidance/

[4] https://www.abi.org.uk/news/news-articles/2016/07/compulsory-sprinklers-needed-for-warehouses/

[5] In 2007 four firefighters died in a warehouse fire in Atherstone, which is the most firefighters lost in a single incident in the UK since 7 firefighters died whilst fighting a fire at a warehouse in Glasgow in 1972

[6] BRE Global – An Environmental Impact and Cost Benefit Analysis for Fire Sprinklers in Warehouse Buildings, December 2013 (published Jan 2014)

[7] https://www.abi.org.uk/globalassets/files/subject/public/home-insurance/abi-submission--dclg-housing-white-paper.pdf

4. Removal of the Local Building Acts

4.1. Following the Great Fire of London 351 years ago, authorities developed strict regulations which set out to prevent a re-occurrence of the great fire - in 1667 Parliament passed the Rebuilding of London Act. Part of this Act required buildings to be built out of brick and or stone with stone, slate or tiled roofs instead of the timber and thatched constructions that were destroyed in the fire.

4.2. In 2013 Government repealed section 20 and 21 of the London Buildings (Amendment) Act 1939 in an effort to cut costs and deregulate, with the last mandated requirement for Property Protection, the Local Acts, being repealed in April 2015. This was done against the advice of those dealing with the consequences of fire including the Chief Fire Officers, Fire Brigades Union, as well as insurers. Many fire professionals have suggested that had the Local Building Acts not been repealed, tower blocks over 30m in height, such as Grenfell, would go through more rigorous assessments for fire risk, including a higher level of fire resistance for external walls - "*One of the things that the London Building Act specified is that the outside of all buildings had to be fireproof*"[8]. The London Assembly review should review the impacts of the removal of these Acts and consider the re-introduction of those provisions that are not incorporated within current Building Regulations.

Association of British Insurers
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[8] Quote from Sam Webb, fire expert and architect June 2017. https://www.constructionnews.co.uk/best-practice/health-and-safety/london-building-act-would-have-averted-grenfell-disaster/10020920.article?v=1