



Tales from the CLAIMS Crypt

Inspections Gone Wrong

Loss: \$12,000,000

What happened?

Our contractor performed annual inspections at a shopping center. He had been doing so for years. The strip plaza was sprinklered, but the exterior overhang was not protected by sprinklers. The contractor used industry standard inspection reports, but on several occasions the inspector made notes in the comments section that were outside the scope of NFPA 25. Items such as spacing of heads, temperature ratings of heads, and the need to add a head in an area of the building, were added to the comments section. The inspector never noted the non-sprinklered exterior overhang in his reports.

A fire started outside the building and traveled up the overhang and onto the roof. The anchor store experienced the most damage with the roof collapsing and extensive loss of income.

The property insurance carrier for the store subrogated against the sprinkler contractor for failing to inform them of the non-sprinklered area. When we argued that it was outside the scope of a NFPA 25 inspection, they produced the past inspection reports with the numerous comments made that were also outside the scope of NFPA 25 and related to the design of the system as noted in NFPA 13.

The property carrier argued that the building owner saw the contractor as 'the expert' and assumed the report covered all areas of the building and all inadequacies of the sprinkler system.

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Loss: \$1,000,000

What happened?

Our contractor, doing a NFPA-25 inspection, detailed many system design problems such as coverage and spacing issues. However, the occupancy had changed and the system was hydraulically inadequate, but it was not obvious to the inspector and nothing was noted on the inspection report. A fire destroyed the building and the contractor sued. The insurance company for the building owner said the owner thought the contractor was reviewing the system for design as well as operability and presented the contractor's inspection reports as proof.

How to Avoid These Losses

Keep Within the Scope of NFPA 25

Train all personnel performing inspections, testing and maintenance of existing sprinkler systems to limit their work and comments to the scope of NFPA 25.

If something is noted during the inspection that is design related or falls outside of NFPA 25, then it should **NOT** be included as part of the inspection work. You can include the information in a separate report section or under separate cover. In either case, these deficiencies must be framed with an explanation indicating items noted were outside the scope of the inspection and commenting on them does not imply that a full engineering evaluation or any other type of analysis was completed. Seek guidance on wording and disclaimers from your legal council.

Inspection Form Questions

All inspection forms should align with NFPA 25 requirements. The inspection form must list **only** those items within NFPA 25. Items that are the owner's responsibility (i.e. building heat, changes since last inspection) should be in the owners section of the report and there should be a space provided to gain a signature from the owner's representative.

Inspection Contracts/Service Agreements – Scope of Work

All inspection contracts and inspection forms should clearly state adherence to NFPA 25 guidelines and the specific components of NFPA 25 that are being contracted. Contracts should also state that items outside the defined scope of work, continue to be the responsibility of the building owner. Seek guidance from your legal council on wording of the inspection contract and disclaimers.

***Do not take on more liability than you are paid to accept.
Keep within the scope of your contract. Keep within the scope of NFPA 25.***

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