



The New Jersey Fire Sprinkler Advisory Board Economic Business Case: Costs and Savings

- Fire sprinklers are cost-efficient, economically sound and can pay for themselves over time.
- First and foremost, fire sprinklers save lives. To date, there has never been a multiple loss of life due to fire in a structure with a fully-installed and well-maintained sprinkler system.

Before a fire even occurs, fire sprinklers are cost-efficient in these ways:

- Installing fire sprinklers helps financially from a liability perspective. Costly litigations related to the losses and injuries that people suffer as a result of fire can be avoided with fire sprinklers.
- Many insurance companies offer discounts to owners who install fire sprinklers. According to a review with the Insurance Service Offices in most states, discounts are approximately 15% off of the total homeowner premium when fire sprinklers and fire detectors are used together. Fire sprinklers also can help increase the value of the property by making it more attractive to potential buyers.
 - The presence of fire sprinklers reduces ISO Commercial Risk Service benchmark rates in condominiums by as much as 63 percent for building rates and 57 percent for contents.
- Fire sprinkler codes over time prove to relieve pressure on local fire service resources.
 - Scottsdale, AZ has had residential fire sprinkler ordinances in place for over fifteen years, and they have seen a noticeable reduction in fire service needs and costs to local taxpayers.

In the event of a fire, fire sprinklers are cost-efficient in these ways:

- Fire sprinklers have been known to reduce total property damages of fire by as much as two-thirds.
- Fire sprinklers save money on water damages when a fire occurs. In most fires where fire sprinklers are not present, water released from fire hoses to extinguish the fire – at roughly 250 gallons per minutes – can account for as much in damaged property as the fire itself. Fire sprinklers only release approximately 25 gallons of water per minute to contain a fire. Only sprinkler heads in close proximity to where the fire originated activate.
- In high-rise buildings, the cost of responding to fires is very stressing on local and regional fire department resources. Over 100 fire fighters, with trucks and equipment from multiple districts, were required to extinguish a high-rise fire in Wilmington, Delaware in April of 2006, which is on par with the required resources and manpower to extinguish most high-rise fires.

Sources:

- *National Fire Sprinkler Association*

- *Fire Sprinklers Save Lives and Money: The Economics of Retrofit.* By Kenneth Isman, Director of Engineering Standards, National Fire Sprinkler Association

- *National Fire Protection Association, Fire Analysis and Research Division. U.S. Experience with Sprinklers and Other Fire Extinguishing Equipment.* August 2005