



Case Study – The Fire Alarm System Trouble Claim

Claim: The Insured, a Public School, experienced a fire suppression room pipe break on the ground floor level. Water gushed out of the room when the door was opened by Fire Department responders. After water extraction and initial building restoration, the Insured noticed that the fire alarm control panel exhibited several continuing “Trouble” reports, although the panel was never exposed to the water event. The service provider (manufacturer’s representative Sales Engineer) examined the panel and determined that the entire fire alarm system (including all detection and notification devices) for this floor should be replaced since it was not possible to isolate the portion of the signaling or notification loops may have been exposed to water and had been electrically compromised. The quoted cost of this project was \$139,800.00. The carrier asked EDC to conduct an on-site damage assessment and Like Kind and Quality (“LKQ”) analysis of the proposed system replacement in order to provide a Replacement Cost Value (“RCV”) recommendation for the claim.

Challenge: Although the School was closed due to the pandemic at the time of the loss, the Administration had hoped to reoccupy the building as soon as possible and students were scheduled to return within two weeks at the time our investigation began. The key questions were if the system was presently operational (i.e., would it alarm during an actual fire event) and if the system was damaged beyond repair by an electrical surge or short circuit from the flooding event?

Investigation: We met the service provider, facility manager, and School Principal at the site to review potential water exposure of the system. It was determined that only four devices could have possibly been exposed to water from the event. In reviewing the alarm system history, we also found that the reported Troubles (primarily signaling loop and device programming issues) pre-dated the loss. As important is that no ground faults were recorded by the system except for one device (elevator pit smoke detector known to be submerged) occurring and later clearing on the date of loss. Working with the Insured and service provider, it was agreed that the potentially exposed devices (two detectors and two sprinkler water flow monitors) would be replaced the next day with activation and notification testing. It was also agreed that it was safe to let the Administration back into the building.

Findings & Value: Returning on the second day of the investigation, the four devices were replaced by the service provider’s technician and tested by simulated activations. All replaced and notification devices worked appropriately, providing a comfort level for the Principal to allow reopening of the School as scheduled. No alarms or Troubles were reported at the fire alarm control panel except for the pre-existing issues. The size of the claim was reduced from the quoted \$139,800.00 down to \$2,580.00 (cost of device replacement and testing). The School Administration was very happy with the Insurer, but not so much with the service provider.