Insurance: Architects Add Value for Clients When Armed with Insurance Knowledge

By Tony Bouquot, General Manager, Metal Building Manufacturers Association

Architects bring greater value to their client relationships when they offer practical guidance that can improve building performance and save the owner money. There is one way to do that which architects sometimes do not recognize. Are you aware that, during your initial design phase, there are tools to help you assure best case insurance rates for your clients? Affordable insurance for businesses will become a greater concern in the short-term future due to the climate influences that are allowing greater opportunities for disasters. The more you understand hazards, and the tools provided by insurers and associations to address those hazards, the more you can serve the greater needs of your clients. Part of being a trusted advisor is to not only design quality buildings, but to build in resiliency and opportunities to reduce client costs over time.

Rose Grant, AIA, CPCU, is an authority on such matters. A feature article about her on the American Institute of Architect's (AIA) website explains, "[Grant's] career has been all about improving performance, responding after disasters and encouraging safety, efficiency and resiliency in design." She is past chair of the AIA's Disaster Assistance Committee and helped AIA improve and enhance its "Disaster Assistance Handbook."

Grant recommends that, when meeting with clients, the architect should gather as much information as possible before committing to specific design details. "Determine if the client has already talked with an insurer," she says, "and reach out to services that can provide you with good intelligence to help you and your client make smart design choices. You can truly impact the insurance premium a building owner will pay."

Grant says that ISO, as well as other advisory organizations, have implemented automated systems to provide insurers with "what if" scenarios to discuss with their clients. This type of service is also available from regional resources, such as the Property Insurance Association of Louisiana (PIAL), a state rating bureau. PIAL representatives meet with insureds, architects and agents to discuss building construction details prior to buildings being built. They assist with construction details, firewall ratings and sprinkler systems specifications with the intent to keep the property insurance rates as low as feasible. "This allows PIAL to provide estimated, tentative rates for proposed or unrated buildings—a helpful option during the design phase," Grant says. "If you work with ISO and state rating bureaus during the conceptual phase and determine how the design can help keep insurance premiums lower you can effectively tweak design issues before getting a building permit. If, for example, your design increases fire protection ratings up to two hours you could save your client on insurance costs—per year—from now and forever."

INSURANCE RATINGS FOR METAL BUILDINGS

The Metal Building Manufacturers Association (MBMA) has long been an advocate for assuring that architects and other MBMA members have specific tools to help them proactively address insurance issues for their clients as they relate to metal buildings. MBMA first developed a set of insurance bulletins for metal buildings in 1980 and regularly updates them to address state-of-the-industry issues. Recently, Grant worked with MBMA Senior Engineer Vince Sagan, PE, to bring the bulletins in-line with new insurance industry practices. The bulletins help MBMA members, and their architects, have answers for insurance companies about how and why metal building systems are different from other forms of construction.

"Some insurers mistake metal building systems for wood frame construction," says Grant. "They don't know what's inside the walls. They may have no idea of the huge difference between a wood frame structure and a metal building with steel framing. It's up to the architects and the metal building industry to educate insurance agents and brokers and say, 'don't confuse metal buildings with something that doesn't perform anything like our buildings do.'"

The 10 updated MBMA insurance bulletins are downloadable at no fee from *www.mbma.com/Insurance.html*. They cover a wide range of topics, from a general discussion of insurance basics to specific information—for instance the effect of interior walls and finishes on the structure's classification (Bulletin No. 10). Topics include how the location of the project and the intended use of the structure affect the insurance rate an owner will pay and how insurance related parameters may be established before design begins. The bulletins allow architects to gain a practical understanding of how modifying building details can lead to the lowest possible insurance rate for the client. The documents address rating methods used by insurers and the importance of C.O.P.E.—Construction, Occupancy, Protection and Exposure. These attributes are used by insurers to classify buildings and develop statistical rankings of their risk, which in turn impact the premiums owners pay.

One particularly valuable addition is the expansion of the Wind bulletin to cover hail impact issues. Why is this important? Prior to 2011, many insurers considered losses from wind and hail a cost of doing business. However, these losses have increased substantially and now play a major role in the price of insurance coverage. The increase in hail damage has led to the introduction of specific percentage deductibles for that hazard as well as changes in coverage, such as cosmetic damage exclusions.

For questions concerning insurance issues—and how you can bring greater value to your clients by addressing design issues that influence insurance rates—contact Vince Sagan or myself at *mbma@mbma.com* or (216) 241-7333. MA

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