

American Fire Sprinkler Association (AFSA)



Agent's Kit



Association Information

Founded in 1981 and headquartered in Dallas, Texas, the American Fire Sprinkler Association (AFSA) is a national trade association providing apprenticeship courses, educational seminars and a preparation course for the National Institute for Certification in Engineering Technologies (NICET). The purpose of NICET is to grant certification (Levels I to IV) to engineering technicians (not professional engineers) for their work experience and completion of testing requirements. NICET certification is an indicator of professional competence in sprinkler system design.

AFSA currently has about 1,100 contractor members in the nonunion segment. Including the nonmember and nonunion segments, there are about 3,500 contractors. The program is open to any firm meeting our underwriting eligibility requirements..

Industry Profile

The typical fire sprinkler contractor's operation will include the drafting of installation plans based on National Fire Protection Agency (NFPA) codes, fabrication, installation, repair, service and inspection of water-based automatic fire sprinkler systems for commercial, industrial and residential application. The majority (70%) have annual gross sales of less than \$1 million, but some fire sprinkler contractors will have annual gross sales as high as \$5 million. A very small percentage exceed \$10 million.

Most firms are independently owned and are housed in mercantile-type structures; storage facilities and display showrooms may be included on the premises.

Firms may deal exclusively with one manufacturer and obtain company authorization to distribute, install and service its products; or they may offer a variety of sprinkler equipment. The latter type of dealer generally enters into a non binding contract with manufacturers who usually are the sole warrantors of new equipment and products.

Some insureds operate a 24-hour emergency service.

Ancillary operations may include the sale, installation and servicing of smoke and fire detection systems. The sprinkler system contractor may perform as a subcontractor on newly constructed buildings; this work usually is acquired through competitive bidding. Some contractors may engage in retro fitting of sprinkler systems in existing structures.

Emerging Trends

The current trend in the fire sprinkler industry is very good. Since the MGM Hotel fire, much attention has been given to fire safety measures, particularly in commercial and industrial settings. Various regulations favoring the fire sprinkler industry have been enacted at all levels of government, such as the "Hotel/Motel Act", (House Rule 94), that prohibits federal employees from staying in hotels or motels not sprinkled. Other regulations enacted by various government bodies include requiring sprinkler systems in all newly-constructed government buildings or including a sprinkler system anytime a government building is renovated in excess of 50% of the building's value. In general, the fire sprinkler industry is tied to the overall construction industry, which is projected for continued growth.

Program Eligibility

Coverage is available for the General Liability and Umbrella Lines of Business.

The following criteria must be met before a risk may be quoted or bound in the program:

- Fifty-one percent of all ratable exposure must emanate from the installation of water-based extinguishing systems, within the following four major categories:
 1. Wet pipe
 2. Dry pipe
 3. Pre-action
 4. Deluge
- Alarm system sales and/or installation, if less than twenty-five percent of total operation, other than the mechanical installation of parts within the sprinkler system (e.g., a water flow detection device).
- The insured must meet local trade area mandated standards for acceptance.
- The insured must have a formal, written Water Damage Prevention Program or be willing to incorporate this program

Ineligible Operations

- Asbestos removal/abatement
- Design work for systems not installed by the insured if >15% of total operations.
- Inspection, testing or certification of sprinkler systems not installed by the insured if >15% of total operations.
- Installation, servicing or repair of chemical-based extinguishing systems, including high expansion foam systems. Exception: installation, servicing or repair of clean agent (halon) systems is acceptable if <25% of the insured's total operations.
- Manufacturing or distributing of automatic sprinkler heads, valves, gauges, pumps, alarms or detection systems.
- Sale, installation, servicing or repair of fire extinguishers, ansul-type systems or any other type of packaged or pre-engineered suppression equipment if >25% of the insured's total operations.

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General Liability

- \$1,000,000 Per Occurrence
- \$2,000,000 Aggregate
- \$2,000,000 Products/Completed Ops Aggregate*
- \$100,000 Fire Damage Legal Liability
- \$5,000 Med Pay
- \$1,000, \$2,500, \$5,000, or \$10,000 PD Deductible, Per Occurrence

**Limits may vary by state. Contact your underwriter for specifics.*

Umbrella

Up to \$25,000,000 available; submit completed Acord Umbrella application for quote. (Not available on a stand-alone basis.)

Underlying Requirements

- A.M. Best rating A-VII or higher
- Minimum underlying limit requirements:
 - GL: \$1,000,000/\$1,000,000/\$1,000,000;
\$1,000,000/\$2,000,000/\$2,000,000 preferred
 - AL: \$1,000,000 CSL
 - EL: \$500,000/\$500,000/\$500,000

SUBMISSION REQUIREMENTS

- Acord Application
- Supplemental Application signed by Insured and Agent
- Loss runs – 5 years currently valued and details of losses over \$10,000
- Expiring declarations page and rating worksheet pages
- Two years of prior job lists and/or certificate holder list
- Audit Trail Proposal with signature page for acceptance
- 5 years premium, payroll, receipts