

SCHULTE & ASSOCIATES

Building Code Consultants
880D Forest Avenue
Evanston, IL 60202
fpeschulte@aol.com
504/644-8900

FIRE PROTECTION HISTORY-PART 16: FIFTH ANNUAL NFPA MEETING-1901 (PRESIDENT'S ADDRESS)

By Richard Schulte

The fifth annual meeting of the National Fire Protection Association (NFPA) was held at the Grand Pacific Hotel in Chicago in June 1901. The following is the text of the address of the president of the Association at this annual meeting:

“ADDRESS OF PRESIDENT C. A. HEXAMER.

Gentlemen: --

We are now assembled for the purpose of holding the Fifth Annual Conference of this Association. I cannot but recall to you at this time the meeting of representatives of the various Underwriters' Associations held in New York City in pursuance of a call issued for the purpose of considering a standard for sprinkler installation, in order that the requirement for the proper construction and arrangements of the apparatus, so important in the protection of property against fire, should be uniform throughout the territories under jurisdictions of our various membership. I need not dwell upon the result of the deliberations of the meeting referred to. The National Fire Protection Association was organized as a result, and with this meeting will have completed its fifth year. That the work of this Association has been recognized by the National Board of Fire Underwriters and the standards and requirements prepared, promulgated authoritatively by that body, is an indication that the results so far obtained have been satisfactory to our employers.

The Executive Committee has prepared an exhaustive program for this meeting. The subjects to be reported upon and to be discussed are all important, and I know will have your undivided attention. I would call your attention specifically to the program for the last day of our session, which day, you will note, is set aside for a visit to the laboratories and a study of the methods employed in making tests of various devices for this Association. Following the custom established, as your presiding officer, I herewith submit to you briefly my thought as to the possible lines in which this Association can increase its usefulness. The study of causes of fires and their prevention is not new. Nor is the study of protection against fire of recent date. It must be admitted, however, that the last decade has seen rapid advances made in the knowledge obtained in regard to these subjects. Our Association can point with pride to its share in the work so far accomplished. Much remains to be done. The investigation of materials and methods of construction tending toward reduction of fire waste has hardly been begun. With the help of the laboratories, and with assistance from the National Board, it is to be hoped that the question of fire-retarding materials, protection of metal members of construction, fireproofing of wood, etc., may be successfully considered.

*I should like, at this time, to call your attention to what appears to me to be one of the reasons why the standards and requirements so far adopted by this Association have been well received and generally adopted. I refer to the fact that all of our committee to whom a particular subject has been entrusted have freely conferred with the manufacturers of the devices involved, and have enlisted their co-operation. The result has been gratifying. It is my opinion that the insurance interests would be greatly benefited could this plan of conference and co-operation be extended to the relation between insurer and assured. I cannot recall a single instance in commercial intercourse where diversified interests come in contact with each other, **where there is so apparent an antagonism as seems to exist between the insurer and the assured.** Why should this be the case? Are not their interests mutual? Is it not a fact that the insurance company is only the medium for the collection of premiums from the many for the benefit of the few unfortunate ones who may have suffered disaster by fire? Is not the assured most interested in the protection of his property?*

*Instead of aiding the insurers in their efforts to discover the cause of fire, and thereby procure the data necessary to prevent a possible fire at some other point, in most cases everything is done by the assured to hide the cause. It is gratifying, therefore, that recently various trade organizations have taken upon themselves the investigation of causes of fire in their particular trade. While it is true that such investigations are largely prompted by the desire to reduce rates, the results obtained cannot but be of great value to the underwriter. The able paper prepared by Mr. Reed on "Warehouse Fires, Their Cause and Prevention," and the result of the inquiry by a committee of the New York Drug Exchange addressed to the members of that body, asking for information of fires, their causes and effect, were the result of inquiries as to the reason of the rate charged by the companies to underwrite these classes of risks. I would invite the investigation of causes of fires and their effect and prevention by all trade organizations. The insurance interests would surely be benefited thereby. **While it is my desire to direct your attention to the study of the causes of fires and the value of co-operation with the assured in that direction, I cannot but touch upon the possibility of ascertaining the cost of fires by the same methods.***

It may be true that the buyer of a commodity has no right to know how the price of the commodity he is purchasing is made up, and it has been held by some that for similar reasons the assured has no right to know how the rate charged by the insurer is made up. But insurance is not a commodity. The promise to indemnify in case of loss is not merchandise, and is not sold as merchandise is sold. I hold that the assured should know the reason why a certain rate is charged for underwriting his risk, and that it is the duty of the underwriter to give him full information on this subject. Nor is there any apparent reason why the basis rate charged for a standard risk of a class in different sections of this country should vary. While the loss ratio of certain sections should have its effect on the rate, this point can be provided for in the schedule.

In his address, delivered before you, at the Fourth Annual Convention of this Association, President Crosby, after directing your attention to the enormous losses sustained by the companies during 1899, which losses, as you know, were exceeded by the losses of 1900, called your attention as an example of what can be accomplished to the investigation of causes of fires in rubber factory and shoe factory. The result of these investigations was that these classes of risk, heretofore, unprofitable, were made profitable at a largely reduced rate. The assured gave his hearty support to the work of the committee, and the general result of the joint labor was of undoubted benefit to both the insurer and the assured. President Crosby sums up as follows: "A careful study of this problem in underwriting will convince the student that the interest of the companies from a purely selfish standpoint lies in improvement of risks; that profit is made in eliminating the cause of fires, increasing facilities for extinguishing same, and not in advanced rates." This statement has my unqualified endorsement.

While this Association, under its constitution and by-laws, distinctly prohibits the consideration of the question of rates, the study of causes of fires and their prevention by classes of risk is but a step toward the question of what is the proper basis rate to charge for a standard risk of a class so that the underwriting result for the class may show a profit. Why should not the study of the causes of fires in certain classes of risk be carried on with the help of the assured, not in specific cases, but by classes; why should not the basis rate for a certain class be agreed upon by a committee composed of representatives of the class and the underwriter? The result of co-operation in lines of fire protection would indicate that a like result might be obtained in the direction of a proper rate to underwrite a certain class of hazard.

These speculations are not strictly question of fire protection engineering, and I ask your indulgence for presenting them. It is only done to bring the subject before you, with the hope that some of you might think well enough of it to give it a trial. To that end I would recommend that the incoming Executive Committee be instructed to consider the feasibility of investigating causes of fire by classes, with the view of tabulating them, and also to suggest methods of construction and protection tending toward their elimination. Such work carried on by a special committee, with the co-operation of the assured, must be an important factor in the reduction of the annual fire loss.

Mr. Anderson. I move that the recommendations of the President be adopted. Adopted.

Source: *NFPA Proceedings, 1901-1903*

Once again, we see the influence of the fire insurance industry in the development of the National Fire Protection Association during the early days of the association.

It is interesting to note that the principal reason for the development of the field of “*fire protection engineering*” is the concern over fire insurers being able to provide a justification for the insurance premiums being charged. Certainly, we’ve come a long way from those early days in the fire protection field.

* * * * *

Copyright © 2011
Richard C. Schulte