



COMMUNITY RISK REDUCTION FACT SHEET #4

MAIN RISK FACTORS

- ✓ The economic impact of fire is not obvious until the loss has occurred
- ✓ The long term consequences to a community that experiences a major fire are often permanently devastating
- ✓ Fire prevention activities are often the first line of budgetary cuts, and this may actually result in much higher expenditures later if a major fire occurs
- ✓ Because fire is experienced locally or regionally, the public continues to assume it won't happen to them
- ✓ While the short term consequences of fire are local, the larger community will experience the long term consequences of increased insurance and tax rates

STRATEGIES

- ✓ Encourage public policies which mandate effective fire prevention interventions such as residential sprinklers
- ✓ Include the economic costs of fire in your public education activities
- ✓ Actively support code development in your community
- ✓ Ensure that public officials understand the potential consequences of making code exceptions for short term economic gains

MOST EFFECTIVE INTERVENTIONS

- ✓ Partner with public officials in code development activities
- ✓ Become a resource for the building and water procurement industries
- ✓ Offer trade-ups for builders/developers who agree to install fire sprinklers



ECONOMIC INCENTIVES OVERVIEW

According to the NFPA, there were 1,348,500 fires reported in 2009 in the U.S. This resulted in \$12,531,000,000 in direct property damage. (Indirect damage such as job loss, job flight, evacuation costs and restoration activities can be eight to ten times higher than direct property damage). These astounding figures should serve as strong incentives for fire prevention. When a community experiences a significant fire, the loss may impact economic development for decades after the incident—such as the downgrading of its insurance rating, even its ability to borrow money. Unfortunately, many communities do not think about these consequences until they experience them directly. Including knowledge about economic incentives in your Community Risk Reduction plan can motivate civilians and community leaders by illustrating for them the real life consequences of failing to be proactive.

Looking at the economic impact of particular types of fire can also help you to prioritize your Community Risk Reduction efforts. According to the US Consumer Product Safety Commission, over 50% of US domestic fire loss can be contributed to three types of incidents:

1. Cooking Equipment
2. Heating and Cooling Equipment
3. Electrical Distribution Equipment