

# High-Risk Notifications: A Heads-Up for Hidden Hazards



Greasy kitchen exhaust vents, obstructed fire extinguishers, faulty electrical wiring, blocked exits, and leaky roofs are just a few of the unexpected hazards that have been uncovered by Verisk's field representatives while inspecting commercial properties.

The 400-strong, highly trained Survey Services team inspects commercial properties across the United States to provide underwriters with detailed data on construction, occupancy, public and private fire protection, and exposure, also known as COPE. Sometimes these inspections reveal unanticipated hazards that may pose higher-than-usual exposure, which can result in subsequent claims. Immediately alerting an underwriter about these conditions is the mission of Verisk's High-Risk Notification Service. The process starts in the field with a phone call to the underwriter describing the hazardous conditions. A follow-up email then details each hazard or deficiency and includes photographs of the conditions. Underwriters also receive a written report, complete with details, photos, and recommendations.

For our June issue, Verisk Commercial Lines Underwriting explores this vital service and its role in preventing premium leakage by giving a full picture of a risk to an insurer before a policy is written or renewed, and priced.



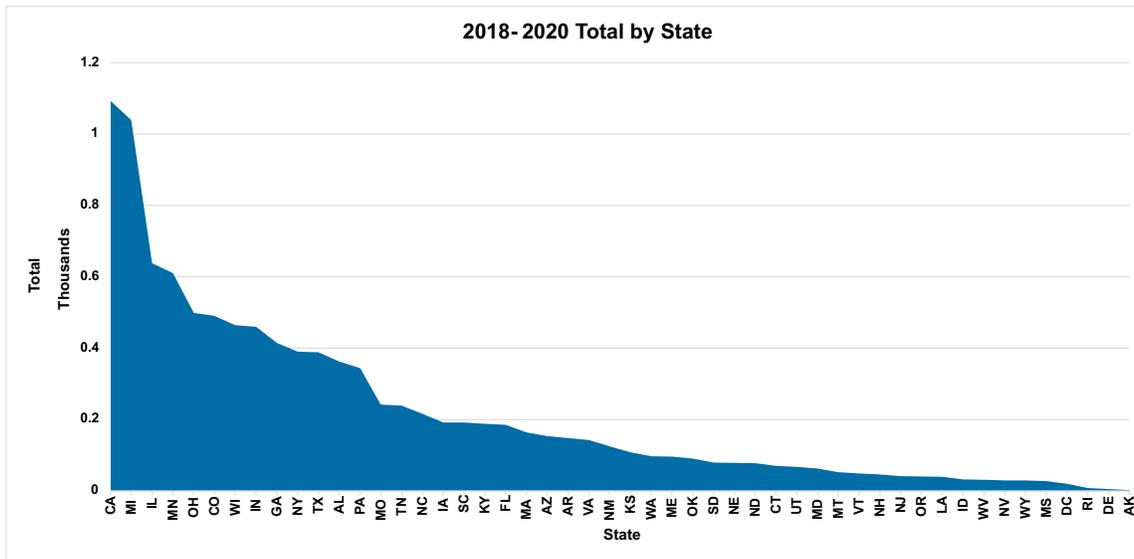
## Did You Know?

The [Verisk Roof Underwriting Report](#) provides detailed, actionable information

Watch our [webinar](#) to learn how ProMetrix® provides a one-stop source for underwriting data

[OneXperience™ Virtual Surveys](#) pair expertise and convenience

## High-Risk Notifications span all geographies



Every year, Verisk spots thousands of unexpected hazards in commercial properties across the United States in all geographies, from metropolitan areas to remote rural communities. These hazards may appear in every occupancy and type of business. In the past three years, Verisk issued 10,672 High-Risk Notifications, giving underwriters detailed information about hazards that could prove unexpectedly costly to insure. This represents about 2.7 percent of overall inspections, meaning nearly three out of 100 properties could be vulnerable to a costly claim or total loss. California and Michigan—populous states where Verisk has many customers—led with more than 1,000 notifications each. The states yielding the fewest notifications were Alaska, Delaware, and Rhode Island, which each saw fewer than 10 alerts.

### Risks include a wide array of hazardous conditions

A building that appears reasonably maintained from the outside may contain hidden hazards that trained survey professionals can spot. Here are some of the most common focus areas:

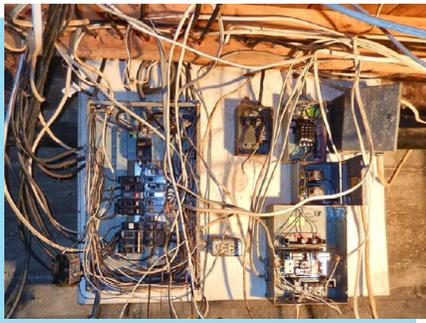


**Discrepancies in occupancy:** Sometimes, a policy or application for insurance coverage will list one type of business, but a field representative will encounter a completely different use on site. An inspection revealed that a building the insurer believed was occupied was actually condemned (pictured at left). An attractive, multistory building listed as manufacturing on the policy was discovered to be vacant when a field rep visited the property. Another visit to a retail store that still had a sign outside revealed empty shelves and abandoned fixtures inside.



**Commercial cooking:** Excessive grease in hoods, exhausts, ducts, and even light fixtures poses severe fire hazards. Cooking is the top cause of nonresidential property fires, according to the U.S. Fire Administration (USFA),<sup>1</sup> representing 33,200 fires costing \$59.6 million in 2019 alone. The data reflects a 39 percent increase in fires in the most recent 10-year reporting period. Verisk's field reps inspect kitchens to ensure there is no grease hazard on appliances, such as with

the deep fryer pictured at left. They also check for the presence of an automatic extinguisher system (AES) correctly placed over cooking appliances. The lack of an AES in kitchens where a deep fryer or charbroiler is present would prompt an early warning to an insurer. Sometimes reps find that when a restaurant moves in with new equipment, the existing AES and ventilation system are inadequate.



**Electrical systems:** Electrical malfunctions sparked 8,200 fires and cost an estimated \$410.7 million in losses in 2019, according to the NFPA.<sup>2</sup> Verisk's field reps examine breaker panels and wiring to look for such hazards as spliced and exposed wires (shown at left), missing panel doors and spacers, conduits blocking the panel door, and water damage near the electrical panel.



**Fire protection:** Assessing a building's fire safety varies widely by occupancy. A warehouse or other large facility with an automatic sprinkler system is assessed to determine whether the system will be ready to function in the event of a fire, including ensuring all of the valves are in the correct positions and whether regular inspections, testing, and maintenance have been performed. Field reps have encountered water valves in the off position, valves that were not operational because of blockages such as the tree limbs shown here, and other serious deficiencies.



**Housekeeping:** Whether there is lint coating the ceiling beams at a commercial laundry, mounds of sawdust piled up or accumulated on the rafters above sprinkler heads at a woodworking shop, or excessive clutter in general, untidy facilities can trigger a High-Risk Notification. There are fire hazards associated with poor housekeeping as well, such as trip-and-fall and other liability hazards, as seen in this photo at left where the property owner allowed a wide array of debris to accumulate outside.



**Surprises:** In addition to the more common water, electrical, and fire hazards, the Survey Services team can spot unusual situations that warrant a High-Risk Notification. For example, representatives have discovered improperly stored weaponry, including a machete in the rear of a retail store and a shotgun leaning on a wall in a convenience store, and evidence of past violence, such as bullet holes in a window (pictured at left). A child taking a nap in an electrical room, an exterior door that opened several feet above the ground, and a hole in a second-floor walkway covered with plywood are among the notable hazards the Survey Services team has encountered.



**Water:** Evidence of sewers backing up in commercial kitchens, roof damage, and leaking pipes are among the signs field reps look for to spot water damage.

**These examples represent just a few of the thousands of hazards field representatives frequently encounter. On-site inspections can help insurers better understand significant commercial property risks at both policy inception and renewal.**

### Did You Know?

- Verisk provides detailed information on commercial roofs, using aerial imagery, robust data, and advanced analytics. Get a [Verisk Roof Underwriting Report](#) — available through ProMetrix®, a robust source of underwriting data and analytics for more than 12.2 million commercial properties in the United States.
- Learn how ProMetrix provides a single source for commercial property underwriting with data and analytics from a wide range of sources, including on-site inspections, virtual inspections, modeled data, and aerial imagery. [Watch our webinar on demand](#) to discover how you can get the full picture for commercial property underwriting.
- Verisk's team of 400 commercial property survey specialists have an average of 12 years of experience in the field and are trained to identify actionable information on construction, occupancy, public and private fire protection, and exposure, known as COPE. Learn more about Verisk's [on-site surveys and inspections](#).

1. U.S. Fire Administration, Nonresidential Building Fire Causes (2010-2019), <https://www.usfa.fema.gov/data/statistics/non-residential-fire-estimates/nonresidential-building-fire-causes.html>.

2. U.S. Fire Administration, Nonresidential Building Electrical Malfunction Fire Trends (2010-2019), <https://www.usfa.fema.gov/data/statistics/nonresidential-fire-estimates/nonresidential-building-electrical-malfunction-fire-trends.html>.

## Learn More with ISO Thought Leadership

[Double-checking made easy: Commercial property underwriters can now access verified replacement cost estimates on demand](#)

[Dynamic duo: Pairing skilled survey professionals with virtual technology is transforming commercial property inspections](#)

If you would like to explore this information further or recommend a future topic of interest, please let us know. [Contact us now.](#)

*Stay tuned for future issues:* [Subscribe to Commercial Property Insights](#)

