AFSA45
WHAT CAN YOU DO TO AVOID A LAWSUIT (FIRE ALARM)
Terry Victor
Director of Risk Control Services
Risk Suppression Partners
SAN ANTONIO, TX
AFSA
American Fire Sprinkler Association

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Terry Victor, SET
Risk Suppression Partners
Terry Victor, Director of Risk Control Services at Risk Suppression Partners, has over 50 years of technical experience in the fire sprinkler industry. He is NICET certified Level IV in Water Based Systems Layout and Special Hazards Systems Layout.
He has served on various industry boards and committees, including as a member of the NFSA Board of Directors, the CFSI National Advisory Committee, and the NFFF Advisory Committee to the Board. He currently serves on the AFSA ITM and Convention Committees, and the NFSA ITM, QA, and Training and Education Committees.
He is an active speaker at various fire protection industry conferences and seminars including those for the AFAA, AFSA, ASCET, FFLA, NFPA, and NFSA.
He is a current member of the NFPA technical committees for NFPA 13, 14, 20, 25, 72, and 915 and is a past member of the technical committees for NFPA 3, 4, 11, 13D, 13R, 15, 16, 101, 214, 303, and 5000.
He received the NFPA Committee Service Award in 2015, the NFSA Russell P. Fleming Technical Service Award in 2017, NFPA Life Membership in 2024, and the NFSA Golden Sprinkler Award in 2026.
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HOUSEKEEPING ITEMS
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National Fire Protection Association
The authority on fire, electrical, and building safety
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Agenda
Explain the risks every contractor takes when performing their work.
Identify ways to reduce risks.
Describe examples provided of actual lawsuits against fire protection companies.
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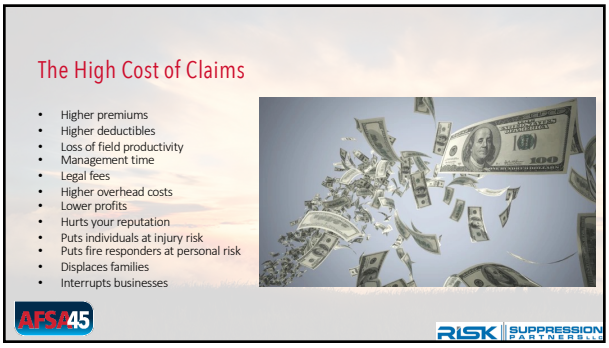
The High Cost of Claims
Higher premiums
Higher deductibles
Loss of field productivity
Management time
Legal fees
Higher overhead costs
Lower profits
Hurts your reputation
Puts individuals at injury risk
Puts fire responders at personal risk
Displaces families
Interrupts businesses
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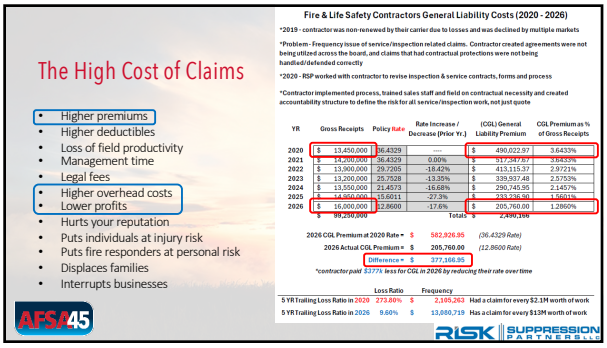
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Fire & Life Safety Contractors General Liability Costs (2020 - 2026)
*2019 - contractor was non-renewed by their carrier due to losses and was declined by multiple markets
*Problem - Frequency issue of service/inspection related claims. Contractor created agreements were not being utilized across the board, and claims that had contractual protections were not being handled/defended correctly
*2020 - RSP worked with contractor to revise inspection & service contracts, forms and process
*Contractor implemented process, trained sales staff and field on contractual necessity and created accountability structure to define the risk for all service/inspection work, not just quote
YR | Gross Receipts | Policy Rate | Rate Increase / Decrease (Prior Yr.) | (CGL) General Liability Premium | CGL Premium as % of Gross Receipts
2020 | $ 13,450,000 | 36.4329 | --- | $ 490,022.97 | 3.6433%
2021 | $ 14,200,000 | 36.4329 | 0.00% | $ 517,247.87 | 3.6433%
2022 | $ 13,900,000 | 29.7205 | -18.42% | $ 413,115.37 | 2.9721%
2023 | $ 13,200,000 | 25.7528 | -13.35% | $ 339,937.48 | 2.5753%
2024 | $ 13,550,000 | 21.4573 | -16.68% | $ 290,745.95 | 2.1457%
2025 | $ 14,950,000 | 15.6011 | -27.3% | $ 233,236.90 | 1.5601%
2026 | $ 16,000,000 | 12.8600 | -17.6% | $ 205,760.00 | 1.2860%
Totals | $ 89,250,000 | | | $ 2,490,104
2026 CGL Premium at 2020 Rate = $ 582,926.95 (36.4329 Rate)
2026 Actual CGL Premium = $ 205,760.00 (12.8600 Rate)
Difference = $ 377,166.95
*contractor paid $377k less for CGL in 2026 by reducing their rate over time
Loss Ratio | Frequency
5 YR Trailing Loss Ratio in 2020 273.88% | $ 2,185,263 | Had a claim for every $2.1M worth of work
5 YR Trailing Loss Ratio in 2026 9.60% | $ 13,860,719 | Has a claim for every $13M worth of work
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Key Clauses

- Inspection Agreements
- Service Work Orders
- Installation Contracts

- Liquidated Damages
  - ✓ Limits liability to cost of work order, or a set amount
- Waiver of Subrogation
  - ✓ Protects contractor from other insurance companies
- Indemnity
  - ✓ Protects contractor from third party claims

1. **Liquidated Damages.** It is impractical and extremely difficult to fix the actual damages, if any, that may proximately result from failure on the part of Contractor to perform any of its obligations under this Customer Work Order. Accordingly, Customer agrees that, Contractor shall be exempt from liability for any loss, damage or injury arising directly or indirectly from occurrences, or the consequences there from, concerning any repair of the system. Should Contractor be found liable for any loss, damage or injury arising from a failure of the equipment or service in any respect, Contractor's liability shall be limited to the lesser of $1,500. or an amount equal to the Customer Work Order price. Where multiple sites are covered by one Customer Work Order, liability will be limited to the amount allocable to the site where the incident occurred, subject to the preceding sentence. As a condition precedent to any claim or lawsuit against Contractor, all outstanding invoices must have been paid in full when due, without compromise on amounts owed.
2. **Waiver of Subrogation**. The Contractor is not an insurer against loss or damage. Sufficient insurance shall be obtained by Customer to cover the premises (and property therein) where the work will be performed. Customer agrees to rely exclusively on Customer's insurance to recover for injuries or damage in the event of any loss, damage or injury to the premises or property therein. Customer, for itself and all others claiming by or through it under this Agreement, releases and discharges Contractor from and against all damages covered by Customer's insurance, it being expressly agreed and understood that no insurance company, insurer or other entity/individual will have any right of subrogation against Contractor.
3. **Indemnity**. Customer agrees to indemnify, hold harmless and defend Contractor, to the fullest extent permitted by law, against any and all losses, damages, costs, including expert fees and expenses including reasonable defense costs, arising from any party, including any and all third party claims for personal injury, death, property damage or economic loss, including specifically any damages resulting from the exposure of workers to Hazardous Conditions whether or not Customer pre-notifies Contractor of the existence of said hazardous conditions, arising in any way from performance of the Work or the Work whether caused in whole or in part by the Customer, whether such claims are based upon contract, warranty, tort (including but not limited to active or passive negligence) strict liability or otherwise. Contractor reserves the right to select counsel to represent it in any such action.

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CASE #1

Customer Service Regret

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What work was being done?

- Continuum of care community.
  - Independent living, assisted living, memory care, skilled nursing care and rehabilitation services.
- Annual test of elevators & associated fire alarm system devices.
- Elevator contractor assisting.
- Testing being performed at night.
  - Smoke detectors only
  - Trouble resetting smokes
  - Last smoke tested had to be reset 11 times before success

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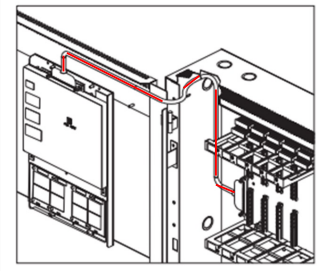
What went wrong?

- FA unit froze and would not reset
- Technician decided to use "specific" knowledge he had to reset the panel.
- Due to a tight working space, he removed the hinge screws to access the battery.
- After disconnecting the battery, he left the panel to turn off the AC power.
- When he left the panel, the door fell off and broke the BCL cable as it pulled from the panel.



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What went wrong?

- The technician advised the owner of the impaired FA system and requested that a manufacturer's representative make the repairs.
- The manufacturer's technician replaced the BCL cable and determined that other long lead-time parts were needed.
- Property was put on fire watch by the local government.
- (24) days later 2nd manufacturer's technician determined the long lead-time parts weren't needed to repair the panel and restored the FA panel to service.

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What were the damages and costs?

Fire Watch Demand	$ 355,804
Settlement*	$ 0
Expenses	$ 6,776
Deductible	($ 5,000)
Total Incurred	$ 1,776

*Contractor acknowledged responsibility for 2 days of a fire watch and had offered to pay $28,064.
A letter from our legal counsel closed the claim. No request was made for the offer to pay for 2 days of the fire watch.

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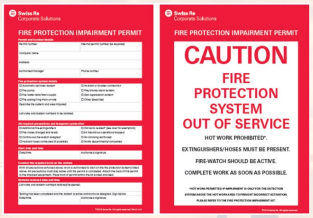
What would you have done differently?

- Provide the service you're hired to do.
- Resist the temptation to provide a quick-fix to the problem.
- Understand the potential consequences of your actions (removing the hinge screws).
- Notify the owner* and the AHJ of the impaired system.

*or their designated representative



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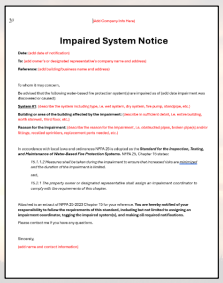
Lessons learned:

- Don't try to be a hero! Fulfill your contractual obligations and resist trying to provide a quick-fix.
- Immediately notify the owner* of any impairments. Provide impairment documentation and tag system as required.
- Advise owner of the need for a fire watch as required by NFPA standards and/or local jurisdiction. Do not accept responsibility to pay for the fire watch. The owner should hire or otherwise provide the firewatch.
- Advise the owner to request immediate service from proprietary FA contractor. Provide contact information if available.



*or their designated representative

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CASE #2

To Notify or Not To Notify

16

What work was being done?

- Annual fire alarm system inspection and test agreement
- 16 buildings reporting to 2 FACUs
  - 4 buildings to unit 1
  - 12 buildings to unit 2
- Fire Alarm system tested on June 25, 2019.
- In Building 6440 "none of the A/Vs worked during ringdown."

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What went wrong?

- Two-alarm fire occurred on March 10, 2020, just before midnight in building 6440.
- No alarms sounded in the building.
- Fire department responded to a 911 call.
- Upon arrival the fire department found the FACP had been silenced. Once reset, the fire alarm sounded.
- Fire department records indicate:
  - 3 apartments were destroyed
  - 12 apartments were damaged
  - 35 people were displaced
- Complaint against the contractor.

"(The contractor) breached their duty of care when it failed to comply with the fire code and refused to notify state or local fire marshals of the Apartment's inoperable fire safety system."

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What went wrong?

The facts:

- Contractor identified the A/Vs didn't work.
- Contractor immediately notified owner
- Contractor notified the owner in writing the next day and provided a proposal to troubleshoot the problem.

The complaints:

- Contractor failed to immediately notify the state or local fire marshal as required by four of the five triggers in NFPA 1.
- Had they done so, the fire marshal would have required a fire watch.

The questions:

- What level of deficiency becomes an impairment?
- Who is the AHJ?

NFPA 1-2015
13.7.1.5.1

13.7.1.5.6*

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What were the damages and costs?

- PD Demand $200,000
- PD Settlement* $ 2,500
- Expenses $ 65,130
- Deductible ($ 2,500)

Total Incurred $ 65,130

*Based on contract terms and conditions with a limit of liability clause.

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What would you have done differently?

- Consult with the AHJ:
  - Is the system impaired?
  - If yes, advise the owner of impairment procedures.
- Follow up when deficiencies and repairs are quoted.
  - Over 8 months had passed since proposal submittal.
  - Weekly at first, then monthly
- Consider "firing" a customer for lack of repairs and maintenance.

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Lessons learned:

- Determine the severity of the findings from inspections & tests. Notify the owner and AHJ immediately of an impairment and follow up in writing.
- Quote deficiencies and impairments immediately. Provide a timeline for repairs.
- Have protective terms and conditions in:
  - Inspection and test agreements.
  - Repair proposals.
  - Service work orders.

Over 50% of claims are resolved with minimal expense.

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CASE #3

Bundle Bungle

23

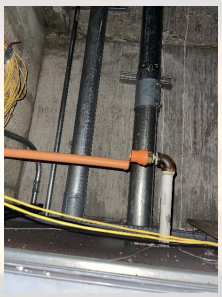
What work was being done?

- Luxury apartments in Florida
- 32 Stories
- 1688 Residences
- Built in 2003
- Fire alarm system upgrade
- Labor & materials

24

What went wrong?

- Running wire on the 15th floor
- Technician threw a bundle of wire above a ceiling in the trash room.
- The bundle of wire hit a 1" CPVC sprinkler pipe breaking it cleanly off.
- Water ran for 21 minutes before the fire pump was located in a remote parking garage and turned off.
- Water damage to:
  - 13 units (all the way to the 1st floor)
  - Service elevator
- Rental loss
- Water mitigation expense



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What were the damages and costs?

PD Demand	$ 99,721
PD Settlement	$ 93,089
Expenses	$ 12,876
Deductible	($ 10,000)
Total Incurred	$ 95,965

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What would you have done differently?

- Be aware of your surroundings.
  - Consider the work of other trades.
  - Follow all safety requirements.
  - Visually inspect workspace before proceeding.
- Prepare for emergencies ahead of time.
  - Know where key components are located such as FACU and fire pump room.

Lessons learned:

- Haste makes waste. Emphasize safe work practices with your employees.

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CASE #4

Polling Loop, What?

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What work was being done?

- 3-story medical office building with 14 medical practices.
- Management company hired FP contractor for multiple services:
  - Central station monitoring
  - Annual testing of Class B fire alarm system.
  - Quarterly sprinkler control valve tamper switch and flow switch testing.
- Flow switches tested in August 2022.

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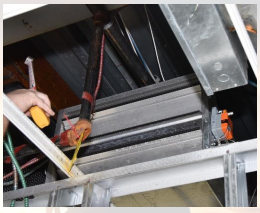
What went wrong?

- Christmas Day 2022 @ +/- 11:00 AM.
- Temperatures down to below 10°F at night and not above 32°F for two days.
- Louvers on the HVAC system left open from HVAC work.
- Wet pipe sprinkler system froze and broke a 1" cast iron elbow.
- Waterflow started on the third floor.



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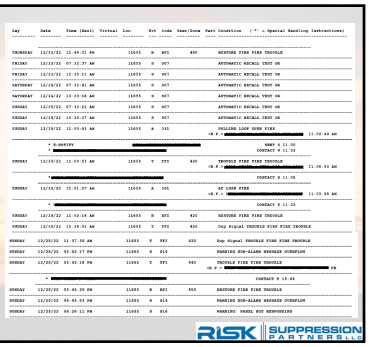
What went wrong?

- Monitoring station records:
  - 11:00:43 "polling loop open fire".
  - Management company notified.
  - 11:00:53 "trouble fire fire trouble"
  - Management company notified.
  - 11:01:27 "AC loss fire"
  - Management company notified.
- Management company's designated employee ignores all notifications.
- Fire department isn't notified because there was no alarm signal.



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What went wrong?

- Water runs for 24 hours until December 26th when someone observes water running from the building.
- Fire department was called.
- Entire building suffered water damage:
  - All businesses and business operations shut down.
  - Multiple lawsuits.
- Experts look for cause & blame:
  - HVAC contractor
  - Management company & employee
  - Flow switch malfunction – no water flow alarm
  - Class B circuit failure (polling loop open) – water intrusion

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What were the damages and costs?

PD Demand	$ 17,000,000+
PD Settlement*	$ 12,300,000
Liability Policy	$ 1,000,000
Expenses	$ 162,311
Deductible	($ 5,000)
Total Incurred	$ 1,157,311

*RSP client contribution	$ 6,750,000
Liability policy paid	$ 1,000,000
Excess policy paid (not RSP)	$ 5,750,000

Monitoring company contribution $ 5,850,000

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What really happened?

- *The CID Event Codes as reported by [the monitoring station] for the activated waterflow switches were incorrect and misleading, as the descriptions were not consistent with actual "alarm" signals.*
  - 3rd floor sprinkler zone water flow switch reported as "Polling Loop Open Fire".
  - Building riser water flow switch reported as "AC Loss Fire".
- The cause was a software template conversion error by the monitoring station.
- The conversion error took place between the August 2022 test of the flow switches and the November 2022 quarterly inspection.
  - The contractor did NOT test the flow switches during this inspection.

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Lessons learned:

- Perform the services you agreed to in your contract. Provide a means to communicate to managers, supervisors, and field personnel.
- Have adequate insurance, including excess to protect your business. Anticipate potential risks to your business and cover them accordingly.

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Questions

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REQUIRED

FOR CEU CREDIT:

- ✓ Badge scanned at start of seminar
- ✓ Attend full seminar
- ✓ Complete survey 1 of 2 ways:
  - ✓ Survey link is emailed to attendees with scanned badges
  - ✓ Event app by EventsAir
    - Login to app
    - Navigate to seminar survey
  - ✓ Surveys close 10/31/26

Thank you!

Terry Victor
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Scan QR code to submit questions for **Ask the Experts!**

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2027 Training Schedule

WEBINARS

1/6	Updates to NFPA 20
1/20	Calculating Pressure Reducing Hose Valves
2/3	Consumer Alert: Nitrogen in Sprinkler Systems
2/17	Reviewing Hydraulic Calculations
3/3	Updates to NFPA 13, 2028 Ed.
3/17	Updates to NFPA 13R & 13D, 2028 Eds.
4/7	Topic Coming Soon
4/21	NFPA 25: Roles & Responsibilities
5/5	Standpipe Flow Test Procedures
5/19	Storage 101
6/2	NFPA Technical Meeting - Voting Guide
6/16	Topic Coming Soon
6/30	Topic Coming Soon
7/7	Updates to NFPA 14, 2027 Edition
7/21	Adjacent Hazards & Design Methods
8/4	Acceptance Testing
8/18	Modifications to Existing Systems
9/22	Topic Coming Soon
10/6	Seismic 101
10/20	Proposed Updates to NFPA 25, 2029 Ed.
11/3	Evaluating Fire Pump Flow Tests
11/17	Top 10 Tech Reviews
12/1	Designing Water Storage Tanks
12/15	Pump Room Layout

PROGRAMS

Feb 9 - Mar 5 Apr 20 - May 14 Aug 3 - Aug 27** Oct 26 - Nov 19	Beginning Design School*
Apr 26 - May 7 Nov 1 - 12	Intermediate Design School*
Feb 8 - 10** Apr 12 - 14 Jul 12 - 14 Oct 11 - 13	Sprinkler Hydraulics Calculations Workshop
Apr 19 - 21 Oct 18 - 20	Advanced Hydraulics Calculations Workshop
Feb 11** Apr 30 Jul 23 Sep 24	Introduction to the Fire Sprinkler Industry
Mar 1 - 3 May 17 - 19 Aug 16 - 18 Oct 18 - 20**	NFPA 25 Essentials Workshop
Jun 7 - 10 Sep 20 - 23	Experienced Inspector Skills Lab
Mar 4 - 5 May 20 - 21 Aug 19 - 20 Oct 21 - 22**	NFPA 25 Fire Pump Workshop
Spring Summer Fall	ITM Inspector Development Program* *This program is 20 months.*

** Hybrid course **At General Air Products Lab, Exton, PA*

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September 8-11	Manchester Grand Hyatt San Diego, CA

For More Details Visit:
firesprinkler.org

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Dates subject to change. Programs subject to minimum registrations.

rev 9/14/2026

Virtual Instruction Path (VIP)

for Sprinkler Fitting Apprentices

Level 1 - Begins January 2027

Level 2 - Begins February 2027

Level 3 - Begins January 2027

Level 4 - Begins March 2027

www.firesprinkler.org/VIP

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HANDS-ON WORKSHOPS FOR 2027

FEATURING AFSA'S TRAINING LAB

NFPA 25 Essentials Workshop

Mar | May | Aug | Oct

Description: Understand roles, responsibilities, and NFPA 25 ITM procedures through hands-on testing of wet systems, dry systems, and fire pumps.

NFPA 25 Fire Pump Workshop

Mar | May | Aug | Oct

Description: Develop practical NFPA 25 fire pump ITM skills, including no-flow and full-flow testing, water supply graphing, and performance evaluation.

Introduction to the Fire Sprinkler Industry

Feb | Apr | Jul | Sep

Description: This course is designed for those new to the industry. An introductory, wide-ranging 8-hour course that provides a broad overview of core fire sprinkler industry concepts for those new to the field.

Experienced Inspector Skills Lab NEW

Mar | Sep

Description: Take your ITM expertise beyond the basics. Designed for experienced technicians, this course combines focused classroom instruction with hands-on system lab training to strengthen your application of current NFPA 25 inspection, testing, and maintenance requirements. Refine fire sprinkler testing practices, improve documentation, deliver more consistent service, and help reduce liability while reinforcing knowledge commonly covered on certification exams.

Learn more about AFSA's fire sprinkler lab featuring functional risers, a spray room, fire pumps, and an interactive classroom.

firesprinkler.org/lab