



Lessons LEARNED



TARGET
The issue.



INVESTIGATE
The incident.



DEVELOP
Safety
measures.

Extinguishing the Risk

How to Protect Your Business from Fire Disasters

Fire is one of the most destructive and costly threats businesses face. **According to the National Fire Protection Association (NFPA)**, in 2023, local fire departments in the U.S. responded to an estimated 1,389,000 fires, resulting in 3,670 civilian deaths, 13,350 civilian injuries, and more than \$23 billion in direct property damage. These incidents highlight the devastating consequences fire can have—not just in terms of property loss but also in business continuity and long-term financial stability.

While many fires can be prevented, those that do occur can often be mitigated through proactive fire protection measures. The following real-world case study demonstrates the high cost of inadequate fire safety and the lessons businesses can learn.

The Cost of Fire Protection Failures

Recently, an early morning fire caught a policyholder off guard, resulting in severe consequences:

- Total losses **exceeded \$6 million**
- **Damage** included property, specialty equipment, and lost sales revenue
- **Sales losses** continued for years as customers sought services from competitors
- Fire origin was **undetermined**, complicating insurance claims
- Heat sensors and other fire protection equipment were **found to be defective**, delaying response times
- The fire was not detected in time, leading to **extensive property loss**

This case underscores the critical importance of maintaining and testing fire protection systems. A single oversight in fire safety can lead to irreparable business disruptions.

Best Practices for Fire Protection & Business Continuity

Regular Testing: Fire protection systems must be tested at least annually by a certified fire systems contractor. More frequent testing is encouraged. **The NFPA 72: National Fire Alarm and Signaling Code** mandates that fire alarm systems—including smoke detectors, control panels, and other components—must be inspected regularly. Testing schedules must align with local authority requirements or the frequencies outlined in NFPA 72.

Immediate Action: Any impairments in fire alarm or sprinkler systems must be addressed immediately. Ignoring or delaying corrective action increases fire risk and liability. If fire protection systems are out of service or impaired, businesses should also notify both the fire department and emergency dispatch center. In such cases, implementing a fire watch can help mitigate risks.

Oversight of Fire Protection Reports: Management must review all fire system testing reports to prevent oversights. Maintenance records must be kept for the life of the system and be available for examination by authorities.

Housekeeping: Good housekeeping practices—such as removing combustible waste and maintaining clear exit routes—can significantly reduce fire risks and prevent operational losses.

Business Continuity Planning: A robust business continuity plan ensures operational resilience in the event of a fire. Plans should be reviewed annually and updated whenever there are changes to management or executive leadership. Key components include backup equipment and parts, temporary operational locations, as well as customer and supplier contingency plans.

Key Takeaways

Our Team
ENSURES
Safety



FIRE SYSTEM TESTING IS CRUCIAL

Regular fire alarm and sprinkler inspections prevent costly losses and ensure compliance with NFPA 72. Undetected system failures can lead to millions in damages and long-term disruptions.



SAFETY DEFICIENCIES MUST BE FIXED IMMEDIATELY

Faulty fire alarms or sprinklers put lives and businesses at risk. NFPA 72 mandates immediate corrective action to avoid catastrophic consequences.



BUSINESS CONTINUITY PLANNING

Fire damage extends beyond property loss—without a strong continuity plan, businesses risk customer attrition and prolonged downtime.

Stay proactive, stay prepared, and empower your team to recognize and mitigate fire hazards. For more expert guidance, safety resources, and actionable safety strategies, visit our [Risk Management page](#).