

Property Risk Engineering Insight

Insight: Arson Control

Recognizing the Risk

Arson can be defined as a willful, malicious setting of fire to a structure or property. Intentionally set fires cost millions of dollars in property damage each year. According to a recent five-year study by the National Fire Protection Association (NFPA), U.S. fire departments responded to an estimated average of 52,260 intentionally set structure fires that cost US\$815M in direct property damage each year. Internationally, the Italian minister for ecological transition recently commented that 70% his country's fires were caused by humans- either accidentally intentionally with 90% in Sicily being arson wildfires. And according to the U.S. FBI Uniform Crime Reporting Program (UCR), for 2019 (the last full year reported), industrial/manufacturing structure arson events were highlighted as having the highest average dollar losses- an average of US\$190,336 per incident.

While the motives for arson vary, common steps can be taken to greatly reduce the risk exposure.

Controlling the Hazard

The management of arson risk starts with evaluation of the most common inherent causes. This is assessing and addressing the primary reasons such events are successful in order to reduce the odds such an event can succeed. Such active risk management activities primarily relate to both fire and security premises protection. An arsonist can't start a fire if they do not have site access or there is no way to start a fire. Vigilance is also key – recognizing that the risk can always present leads to active risk management prevention programs diligently being maintained.

Risk control generally falls into two categories, Human Element and Physical Element. These respectively relate to human activity control and premises protection. Both are concerned with reducing the likelihood of an event occurring and reducing or mitigating the impact on the business should an incident occur. Risk prevention and, risk reduction should an attempt be successful.

Consider the following as you develop, evaluate, or refine safety programs:

- Ensure proper interior and exterior property lighting intentional fires most often occur in the evening hours.
- Keep unoccupied buildings locked and monitored.
- Keep brush and combustibles away from the building, especially in areas known to be targets e.g., outside yard storage.
- Evaluate premises for potential security weaknesses and implement improved security measures as needed e.g., fencing, video surveillance, alarm systems, staffed security, controlled access.
- For cargo and transit exposures, ensure routes, contractors and security are heightened as needed based on routes and current events.
- For areas subject to wildfires, integrate a checklist of action items that can help to minimize risk e.g., routine removal of dead brush from close proximity to the buildings.
- Check reference prior to hiring new employees.
- Monitor disgruntled employees and increase security measures as needed.
- Maintain a monitored alarm system for cargo in transit.
- Maintain all fire protection systems in working condition including fire extinguishers.
- Develop/maintain an arson emergency response plan with regular review and training.

AIG Insight | 22 Apr., 2022

Through proper risk awareness and appropriate prevention and control measures, arson related risks can be properly managed to help assure a well-protected facility.

References & Resources

- ¹ https://www.nfpa.org//-/media/Files/News-and-Research/Fire-statistics-and-reports/US-Fire-Problem/Fire-causes/osintentional.pdf
- ² https://www.voanews.com/a/europe_arsonists-behind-more-half-italys-wildfires-officials-say/6209353.html
- ³ https://ucr.fbi.gov/crime-in-the-u.s/2019/crime-in-the-u.s.-2019/topic-pages/arson
- U.S. Fire Administration Arson Awareness Week Home Page: https://www.usfa.fema.gov/aaw/
- *While NFPA documents are the global standard used by AIG, international equivalents may be acceptable.

For more information, contact your local AIG Risk Engineer.

The information, suggestions and recommendations contained herein are for general informational purposes only. This information has been compiled from sources believed to be reliable. Risk Consulting Services do not address every possible loss potential, law, rule, regulation, practice or procedure. No warranty, guarantee, or representation, either expressed or implied, is made as to the correctness or sufficiency of any such service. Reliance upon, or compliance with, any recommendation in no way guarantees any result, including without limitation the fulfillment of your obligations under your insurance policy or as may otherwise be required by any laws, rules or regulations. No responsibility is assumed for the discovery and/or elimination of any hazards that could cause accidents, injury or damage. The information contained herein should not be construed as financial, accounting, tax or legal advice and does not create an attorney-client relationship.

This document is not intended to replace any recommendations from your equipment manufacturers. If you are unsure about any particular testing or maintenance procedure, please contact the manufacturer or your equipment service representative.

American International Group, Inc. (AIG) is a leading global insurance organization. AIG member companies provide a wide range of property casualty insurance, life insurance, retirement solutions, and other financial services to customers in approximately 80 countries and jurisdictions. These diverse offerings include products and services that help businesses and individuals protect their assets, manage risks and provide for retirement security. AIG common stock is listed on the New York Stock Exchange.

Additional information about AIG can be found at www.aig.com | YouTube: www.youtube.com/aig | Twitter: @AIGinsurance www.twitter.com/AIGinsurance | LinkedIn: www.linkedin.com/company/aig. These references with additional information about AIG have been provided as a convenience, and the information contained on such websites is not incorporated by reference herein.

AIG is the marketing name for the worldwide property-casualty, life and retirement, and general insurance operations of American International Group, Inc. For additional information, please visit our website at www.aig.com. All products and services are written or provided by subsidiaries or affiliates of American International Group, Inc. Products or services may not be available in all countries and jurisdictions, and coverage is subject to underwriting requirements and actual policy language. Non-insurance products and services may be provided by independent third parties. Certain property-casualty coverages may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds, and insureds are therefore not protected by such funds.

Copyright © American International Group, Inc. All rights reserved.

AIG Insight | 22 Apr., 2022 2 of 2