

Grade 2 Systems Specification is Alarming Insurers.

Following the mandatory implementation of PD 6662 on the 1st October 2005, insurers are becoming increasingly concerned that the installers are routinely quoting for or installing Grade 2 systems in commercial premises. They believe this could give rise to considerable difficulty should the insurer refuse to cover the risk due to the Grade of system installed being considered inadequate.

PD 6662: 2004 requires the installer to undertake a risk assessment to determine the grade and design of the system to be installed. The Applications Guidelines included in Annexes A and B details the factors and areas that should be considered. Annex A relates to the content (type; value; size; theft history; damage and danger) of the premises. Annex B looks at factors associated with the design of the building (construction; openings; occupancy; keyholding and so on) to be protected.

The purpose of the risk assessment is to ensure that the systems design is commensurate with the risk and that it meets the insurer's and customer's requirements. However, the level of specification of Grade 2 systems for commercial application since the introduction of these standards last October is a cause for increasing concern amongst insurers.

IPCRes (Insurers Property Crime Research working group), which represents all major UK insurers of commercial risks, has recently published a guidance document entitled *Intruder Alarms and Harmonised European Standards*. This document makes it clear that in most cases **where an intruder alarm is a condition of insurance**, insurers will seek Grade 3 systems as described in EN 50131-1 for systems installed in commercial premises. A statement from IPCRES is included below:

“Installers of systems in commercial premises should advise their customers clearly that insurers will almost certainly require a Grade 3 system unless the hazard level, as determined by the risk assessment, is very low. If the risk assessment indicates a Grade 2 system is acceptable for the situation, installers could discuss this with the insurer or advise their client to do so. This will help to avoid difficulties at a later stage.”

A copy of *Intruder Alarms and Harmonised European Standards* can be downloaded here. Please be advised that this document has been encrypted by the publishers to prevent printing or copying. You will need to read the document on the screen or purchase a copy from the [FPA](#).