

*[Letterhead of Insurance Company or
Third Party Company providing Loss Control Services]*

ABC Resort Company
Mr. John Smith, Manager
123 White Street
San Diego, CA 12345

Survey Conducted By: Mr. Loss Control Engineer, P.E.
Survey Date: January 6, 2005

SUMMARY

The purpose of this visit was to conduct a property loss control survey.

Owner of Property: New Corporation

Risk is located in the downtown area of San Diego near the Pacific Ocean in an area which apparently is not subject to civil disturbance or vandalism. The area has a dense population of reportedly upper-class residents and a high volume of tourism; the peak business season is summer.

General Structural Data: The resort complex consists of three buildings, two of which are attached to one another. The buildings are relatively old with 1913-1928 construction. The Main Building is the largest structure and has fire-resistive construction. It connects to the North Annex which is combustible construction. The detached South Annex is similar to the North Annex in construction, except that it is smaller in area. There are a total of 75 rooms and the combined building areas total 50,800 square feet.

Sprinkler Protection: Automatic sprinklers are installed in the guest room corridors of all buildings and in the lobby, restaurant and basement of the Main Building.

A hydraulic analysis of the automatic sprinkler system has not been conducted as part of this survey for compliance with applicable standards or codes.

FIRE LOSS ESTIMATES

Risk Grades: Poor in class as hotel due to lack of sprinkler protection throughout the combustible buildings.

Fire Areas: Risk is considered all one fire area due to the close proximity of buildings and window openings on all floors; total values are subject to one fire.

Maximum Foreseeable Fire Loss Estimate: 100% based on combustible construction of two buildings surrounding the fire-resistive Main Building and combustible furnishings in all buildings. While the Main Building has fire-resistive construction, it is predicted that a major fire may necessitate its total replacement to meet current building codes.

Sprinkler Leakage Loss Estimate: 10% due to water damage to plaster ceilings and smoke damage to carpets and furnishings. Risk is subject to moderate smoke damage.

CONSTRUCTION

The Main Building was constructed in 1913 and the North and South Annexes were built in 1928. Construction of the Main Building is fire-resistive.

The North Annex is connected to the Main Building with access at each floor through double fire doors. The North Annex has boards-on-joist floors and roof and exterior walls and wood frame with wood clapboards, stucco and plaster on wood lath.

The South Annex has similar construction to the North Annex but is a detached building located within 20 feet of the Main Building.

Total Area: Approximately 34,000 sq. ft Main Building; 11,000 sq. ft. North Annex; and 5,800 sq. ft. South Annex, for a total facility area of 50,800 sq. ft.

Height: The Main Building has partial basement and four stories. The North Annex has a partial basement and three stories. The South Annex has a partial basement and two stories.

Walls: Walls of the North and South Annexes are combustible wood construction. The Main Building has brick masonry walls. Interior wall surfaces are plaster. Wood frame windows having plate-glass are provided on the exterior walls of each building.

Roof: All three buildings have a composition material roof covering. The Main Building has a concrete roof. Annexes have wooden roofs.

Ceilings: Ceilings are plaster on wood lath.

Floors: The Main Building has concrete floors and the Annexes have boards-on-joists floors.

Vertical Openings: An unenclosed staircase is present in each building. The Main Building has a cable-operated elevator that is enclosed.

OCCUPANCY

This three-building complex is operated as a hotel with a total of 75 rooms. The Main Building has two meeting rooms, a restaurant, a lobby with a gas-fired fireplace and 50 rooms. The North Annex has 17 rooms and the South Annex has eight (8) rooms.

EXPOSURES

Exposures are severe due to wood-constructed apartment buildings located within 25 feet of the risk. Of note, those apartments were reported to be owned by the same corporation as the risk hotel. The risk is located in a downtown business district and is in close proximity to other low-rise apartments and shops. The risk is located on a corner intersection which provides increased traffic exposure on a hill which slopes downward toward the Pacific Ocean, which is within 1000 ft. One needs to descend at least another 25 feet to reach the water at the shoreline.

HAZARDS

Smoking: "No Smoking" rule is generally not in place as this is a hotel. The rule is enforced in restricted zones such as some restaurant areas.

Trash: Trash and floor sweepings are disposed into a non-mechanical dumpster.

Housekeeping: Housekeeping appeared good.

Electrical Systems: Power transformers are located under the sidewalk in a public utility vault.

A thermographic/infrared of all main electrical panels and switchgear has not been performed.

Heating, Ventilation, and Air Conditioning System: Heat is supplied from one gas-fired, low pressure steam boiler located in the basement of the Main Building. Approved safety controls are provided. Sixty-four (64) guest rooms and the public areas are heated by steam radiators and eleven (11) guest rooms are heated by electric baseboard units.

No air conditioning equipment is located on the premises: guest rooms have ceiling fans and windows that open.

Cooking Equipment: Gas-fired cooking equipment is installed in the one kitchen. One automatic, UL listed, dry chemical extinguishing system protects the hood, duct, deep fat fryer, grill and cooking surfaces. The system was last serviced in May of 2004 by Airgas Company. The fuel supply is reported to be interlocked with the extinguishing system. Hood and ducts are reportedly cleaned quarterly by Air Vent Company who is under contract. A "hood and duct" label is not affixed. Hood was found clean. Filters are provided and were found to be clean. Filters are reportedly cleaned daily.

Other Hazards: Flammable liquids and gases are stored and handled properly. Noted storage consisted of several uncartoned aerosols on a metal shelf in the engineering workshop in the basement of the South Annex. Reportedly, a listed flammable liquids cabinet has been ordered. Also stated was that about 90% of the paints used were water-based.

Conventional waste receptacles are used for refuse and are emptied into a dumpster. IT was reported that oily rags are disposed into the dumpster which is emptied daily.

PUBLIC PROTECTION

Protection Grading: ISO Class 3

Fire Department: A paid call company is located approximately two (2) miles distant. Fire alarm is by telephone.

Public Water Supply: There are at least four public hydrants within 500 feet of the risk.

PRIVATE PROTECTION

Automatic Sprinkler Equipment: An estimated 20% of the facility is sprinklered.

Sprinklers are installed in the guest room corridors of all buildings and in the lobby, restaurant, and basement of the Main Building.

The automatic sprinkler system appeared to be a pipe schedule system that used old-style and conventional, 165°F rated sprinklers.

Sprinkler Water Supplies: Supply is from the city main with two 4 in. OS&Y control valves located in the basement of the Main Building. One valve is for the sprinklers and the other is for a fire hose standpipe.

A fire department connection is provided.

A 2 in. drain test was not performed at the preference of the chief engineer because the water discharges several inches above the sidewalk into the street with parked and moving cars. The static pressure in the basement was noted to be 73 psi.

ALARM EQUIPMENT

Fire Alarm System: An outdoor, electric bell rings for sprinkler waterflow. There is no off-site alarm monitoring.

The fire alarm system includes the water flow alarm bell and a smoke detector installed in the sleeping area of each guest room. Most of the smoke detectors are battery-operated units while a few are hard-wired 120 VAC units; each sounds locally in the room in which it is installed. Supervisory alarm service is not provided for the two fire protection control valves. The water flow alarm bell was not tested to avoid an undesirable disturbance; it is tested monthly by the chief engineer.

Burglar Alarm System: A burglar alarm system is not installed.

Fire Extinguishing Equipment: Fire extinguishers (23 stated total) are provided. The fire extinguishers were last serviced in April of 2004 by Fire Company.

Fire hoses are provided in the Main Building and the North Annex on the guest floors. Some of the hoses use a wet pipe system while others are supplied by two dry standpipe systems each with a fire department connection located on the exterior at each floor. The fire department would connect to the external connection at each particular floor, but it is expected that external fire hose streams would be used.

Watch Service: A watch service is not provided.

Fire Doors: The fire doors appeared to be in good working condition.

Loss Prevention: The emergency organization is organized. A chart is posted. Formal fire drills are reportedly held annually, and semiannual meetings are reportedly held to discuss the program.

A CPR/first aid certification session was last completed in November 2004, with approximately 10% of the total work force trained.