

May 1, 2006

AAIS RELEASES BULLETIN FAVORABLE TO NO-BURN[®]

The American Association of Insurance Services, the Wheaton, IL organization that provides actuarial and related rate-making services to 600+ subscribing insurance companies, has released a bulletin that is expected to lead eventually to widespread discounts for homeowners and other property owners regarding their insurance when No-Burn[®] products are used.

In issuing Bulletin #06-0322 dated April 7, 2006, AAIS has alerted its subscribers to the fact that "UL has certified that application of a 'certain brand' of Intumescent Fire Retardant Coating (IFRC) substantially reduces the rate at which flames spread on lumber." No-Burn's[®] unique achievements in this area set it apart from the competition.

Although AAIS prefers not to mention brand names, accredited test results that were provided to them were for No-Burn[®] products; specifically the ASTM E-84 10-minute test (run at UL and more recently at Intertek). The Intertek Tests are the ones that prove that No-Burn[®] has several products with a flame spread rating under 25, the established limit. Additionally AAIS was provided with a copy of the ASTM E-84 Extended 30-minute test where No-Burn[®] Plus outperformed FRTW with a flame spread of 5.

There will likely be further developments resulting from the release of this bulletin as subscribing insurance companies consider offering discounts.

This is the second major development in the effort to get the insurance recognition that No-Burn[®] deserves. Last September, Motorists Insurance Group became the first insurer to offer a discount for the use of No-Burn[®] products. This paved the way for AAIS and future endorsements in the form of favorable premium treatment by insurers.

You have been provided with a list of insurers that are affiliates of AAIS. You will be able to Google your way to the website of those insurers to identify agents in your market area. What you are looking for is an agent who will take the information regarding the AAIS bulletin and ask the subscribing insurance company to consider discounts for IFRC's that meet specifications. No-Burn[®] can meet the Intertek test result (ASTM E-84 10-minute test with a flame spread of less than 25) and the requirement for verification (FRCR) so they will be endorsing No-Burn[®] in effect if not in name. This can be important because some insurers may resist endorsing a product by name.

Obviously, the more insurers who endorse No-Burn[®] by name, like Motorists Insurance did, the better.

It is our belief that a wood frame home that is properly treated with No-Burn[®] (FRCR#1 or 2) is more fire resistive than a masonry home. For fire insurance rating purposes, a home that has at least 75% of the exterior wall in brick (most will allow brick veneer) is considered masonry. We all know that this does not provide nearly as much fire protection as an FRCR # 1 or 2 No-Burn[®] application because fires start on the inside. In fact, it may cause greater losses because of the increased cost of debris removal.

These are all things that you can discuss with local insurance agents prior to their calling insurance companies that are AAIS subscribers.

It is imperative that you do not attempt to contact AAIS directly. This will only hinder our efforts. AAIS will be receptive to inquiries from their subscribers, but not from anyone else.