

## Cold-formed Steel is Cost-effective

American builders and homeowners once again faced insurance challenges in the wake of Hurricane Sandy in October 2012. The first major hurricane to wreak significant damage in the U.S. since Hurricane Katrina struck the Gulf Coast in 2005, Sandy generated nearly 1.1 million insurance claims from homeowners and more than 200,000 claims from businesses. According to a report from the federal government's Hurricane Sandy Rebuilding Task Force, private insurance companies would pay an estimated \$18.8 billion to their policyholders in Sandy-related claims.

Hurricanes have pressured insurance costs over the past decade, with private insurers paying out \$48.7 billion to 1.6 million claimants in the wake of Hurricane Katrina, and \$25.6 billion related to Hurricane Andrew in 1992. High-intensity storms such as these cause insurers to reexamine their capacity (how much risk they will take on) in order to limit their exposure in hurricane-prone states.

The insurance industry has heavily influenced changes in every segment of the construction industry following major disasters. In the wake of these events insurance industry—as well as government agencies and others— have much to gain by actively seeking to promote higher standards of design and construction. For the insurance industry, one means of doing this is to encourage the use of durable, high-performance building design and construction materials through cost incentives like reduced premiums.

There is a precedent for this in another type of insurance product. In 2004, Zurich Insurance Services, one of the world's largest underwriters of builders risk insurance policies, officially recognized steel framing as "superior construction" and began offering reduced rates on coverage against loss during the course of construction..

In fact, CFS has gained market share over the last decade because builders themselves have recognized the "superior construction" properties of cold-formed steel. Among other things, CFS provides builders and consumers with flexibility in design options that cannot be economically accommodated using concrete and other traditional framing materials (i.e., larger open space, longer spans, higher ceilings, arched ceilings and doorways). Additionally with CFS, builders can build faster than with other, heavier construction materials. And because steel is non-combustible, the building codes allow steel framing to be used in structures taller than the four-story height limit imposed on wood-framed buildings.