What is BCEGS?

by **Mark S. Graham**

Another acronym is entering the U.S. building construction industry's vernacular—BCEGS (pronounced "be-sags") refers to building code effectiveness grading system. Because BCEGS likely will significantly affect, albeit somewhat indirectly, the building construction industry, you should become familiar with it.

Background

BCEGS was developed and is administered by the Insurance Services Office (ISO) Inc., which compiles statistical, actuarial, underwriting and claims information for the insurance industry. BCEGS assesses building codes in effect in communities and how the communities enforce their codes; BCEGS specifically emphasizes mitigation of losses from natural hazards, such as earthquakes, fires, wind and hail.

The fundamental concept of BCEGS is straightforward: Building code jurisdictions with well-enforced, up-to-date codes should demonstrate better loss experiences, and insurance premiums can reflect that. The prospects of mitigating losses and, ultimately, lowering insurance costs provide incentives for communities to rigorously adopt, update and enforce building codes.

BCEGS basics

In BCEGS, jurisdictions are evaluated and assigned grades on a scale of 1 to 10, with 1 representing exemplary code adoption and enforcement.

ISO evaluates a jurisdiction by first having its building code officials complete a questionnaire documenting their code adoption and enforcement. Then, an ISO representative audits the jurisdiction to review and verify its capabilities. Jurisdictions' code administration, plan review and enforcement are key criteria in BCEGS. ISO's audits also may include visits to construction sites with building officials. Upon an audit's completion, ISO assigns a BCEGS grade to the jurisdiction based on the jurisdiction's performance relative to BCEGS criteria.

When a BCEGS grade is assigned to a jurisdiction, the grade applies to any building that receives a certificate of occupancy in that jurisdiction. The grade will remain with the building even if the jurisdiction subsequently is re-evaluated.

BCEGS grades apply to jurisdictions for up to five years. ISO plans to re-evaluate each jurisdiction about every five years and regrade them based on current BCEGS criteria. In the event a jurisdiction notifies ISO of changes that could affect its BCEGS grade before the five-year period, ISO may re-evaluate the jurisdiction sooner.

For example, if a jurisdiction changes the code it adopts or significantly changes its code administration or enforcement procedures, this may warrant ISO's re-evaluation and possible regrading of the jurisdiction before the five-year period.

Significance and use

Individual property and building insurers intend to use BCEGS as a criterion for establishing premiums for insuring buildings. Buildings in jurisdictions with BCEGS grade 1 ratings likely will receive the greatest BCEGS-related credit used in determining insurance premiums, theoretically resulting in lower insurance costs. Conversely, buildings in jurisdictions with grade 10 ratings likely will receive no BCEGS-related credit and have higher insurance costs. Buildings in jurisdictions with grade 2 through 9 ratings would receive graduated, intermediate credits.

A concern with BCEGS involves situations where building owners of well-designed, soundly constructed buildings can, in effect, be penalized by not being allowed an appropriate premium credit if a building's jurisdiction receives a relatively poor BCEGS grade. To account for this, ISO has established provisions that allow building owners to retain certifications from registered design professionals stating their buildings comply with the natural-hazard provisions of a nationally recognized code. Such certification can result in the highest possible classifications and rating credits.

Closing thoughts

Although BCEGS does not apply directly to roofing professionals, it likely will become an issue through increased code adoption, administration and enforcement. ISO phased in BCEGS during a five-year period that ended in 2001. Currently, jurisdictions in 49 states already have received their BCEGS grades.

I encourage you to become familiar with the status of BCEGS in the jurisdictions in which you conduct business. You can do so by contacting those jurisdictions' building code departments. Additional information regarding BCEGS is available on ISO's Web site, www.isomitigation.com.

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