



A Risk Management Lesson From Toronto!

On August 21, 2018, a 22-storey building with 570 apartments and 1,500 residents was forced to evacuate after it became engulfed by a 6-alarm fire. The Fire Marshal ultimately determined that the cause of the apartment building fire, located at 650 Parliament Street in Toronto, was a “catastrophic electric failure”.

The report from the Fire Marshal also pegged [the loss at more than \\$6.5 million in both property and contents](#). However, a spokesperson for the property management firm disputed that figure and said, “it is a gross understatement of the actual construction costs incurred”. In the end, repair and reconstruction took 18 months and was conservatively ballparked at a cost of between \$50 and \$60 million.

The impact on the building’s residents was just as extensive and far reaching. As noted, it took 18 months before tenants were able to move back into their homes. In other words, for 1 ½ years they were forced to find alternate lodging – first on an emergency basis and then on a temporary one – in hotels, shelters, other apartment buildings, or with friends and family. Some residents moved as often as six times as the repair schedule was subject to repeated delays. Again, the spokesperson for the property management company said that about \$15 million had been spent on tenant assistance and relocation.

There were some heartbreaking stories of personal property loss and theft, either directly from the fire or in the confusion afterwards. There were also many [stories about the emotional stress and anxiety](#) experienced by residents, seniors and children included. Perhaps not surprisingly, resident groups launched at least two class-action lawsuits against the property owners.

What may be surprising is that the [City of Toronto considered filing a \\$3.5 million lawsuit](#) against the property owners. Why? To recover public monies spent on providing emergency services for two months to the displaced residents including shelter, food, clothing and transportation.

The takeaway here is that fires can be astonishingly expensive and problematic for building owners and managers. This one fire emptied a 570 unit building for 18 months and generated direct costs in the range of \$71.5 to \$81.5 million dollars plus lawsuits and insurance claims. Add in lost reputation costs with staff, tenants, and the public; operational time and energy; and lost resources; and it’s breath-taking how costly that single fire was to the owners.

As you ponder that risk management lesson, consider this too. Cooking fire safety can be more important than electrical fire safety. Cooking fires are certainly more likely. In fact, half of all home/apartment fires are caused by cooking. Leveraging our [SmartBurner ROI calculator](#), we know that the return on investment for this 570 unit building if it installed SmartBurners would be more than 530%. Sometimes being proactive takes vision. Recognition that money spent today on mitigating risk can pay tremendous returns in the future simply because it helps prevent catastrophe tomorrow. If you have not addressed cooking fire safety in your property or building, there’s no better time than today to manage that risk properly. Tomorrow may be too late.

**STOP COOKING FIRES
BEFORE THEY START!**

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