



PRESS RELEASE

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FTC To Announce Final Notice of Proposed Ruling for R-Value Rule

Washington, D.C.... Consumers will be well served by the upcoming release of the Federal Trade Commission's (FTC) Trade Regulation Rule: Labeling and Advertising of Home Insulation (16 CFR 460). This rule is designed to assist consumers in evaluating and comparing the thermal performance characteristics of competing home insulation products by requiring manufacturers to provide information about the product's degree of resistance to the flow of heat, commonly referred to as R-Value. The rule establishes uniform standards for testing, information disclosure, and substantiation of product performance claims on labeling and in manufacturer fact sheets, advertising and marketing materials.

R-value dictates the thickness of insulation that is required and has an impact on the cost of insulating a home or commercial building. A major point of contention for the industry is long-term thermal resistance (LTTR). LTTR is defined as a scientific method to predict long-term thermal resistance of foam insulation

products using blowing agents other than air. This would apply to polyisocyanurate, polyurethane and extruded polystyrene. By some estimates, certain rigid foam insulations can lose up to 28% of R-value over time. While the R-value of Expanded Polystyrene (EPS) remains stable and is not affected by age, the EPS Molders Association (EPSMA) has been vocal in supporting the requirement for establishing LTTR guidelines so that consumers, architects, and engineers can properly evaluate the performance benefits of expanded polystyrene rigid foam insulation. According to an article in the April 2003 issue of *Energy Design Update*, two major manufacturers, Dow Chemical and Johns Manville, have gone on record as saying that the conversion to a new blowing agent results in a lowered R-value.

The Advanced Notice of Proposed Rulemaking (ANPR) for FTC 16 CFR 460 was released in 1999. It is anticipated that the Final Notice of Proposed Rulemaking (FNPR) will be released in summer 2003. The FNPR will contain FTC staff recommendations based upon the ANPR comments and by recent developments in the testing methodology and manufacturing processes. According to EPSMA Executive Director, Betsy Steiner, "Producers of EPS insulation have urged the Federal Trade Commission to 'level the playing field' by requiring greater disclosure of the long-term R-value of insulation products."

The R-value of expanded polystyrene (EPS) remains constant over the life of the product because the manufacturing process used in EPS results in normal air,

rather than gas, in the voids in the product. Other cellular plastic insulation's such as polyisocyanurate – commonly known as polyiso – and extruded polystyrene both incorporate gas in their products, thus the R-value in these products degenerates over time. The measurement of R-value over time is a truer representative of product stability and effectiveness. Since insulation is usually in place for many years, and affects heating and cooling costs for the life of a home or commercial building, reliable and consistent testing procedures and R-value reporting is critical to consumer interests.

Since the FTC first promulgated the R-value Rule in 1979, there has been concern that some manufacturers have made advertising claims of higher insulation value. For example, based on research released in 1987, the National Roofing Contractors Association (NRCA) has advocated that the aged R-value of polyiso insulation products is 5.6 per inch thickness, not the 7.5 per inch thickness trumpeted by the polyiso industry. The FTC R-value Rule references test methods that are intended to ensure consistency in product claims of R-value – so that architects, engineers, and builders can compare product performance and choose the insulation that best fits their needs. Today, the industry standard to estimate the long-term thermal resistance of cellular foams is ASTM C-1303: *Standard Method for Estimating the Long Term Change in the Thermal Resistance of Unfaced Rigid Closed Cell Plastic Foams by Slicing and Scaling Under Controlled Laboratory Conditions*. Until recently, the Polyiso Insulation Manufacturers Association (PIMA) was reluctant to adopt the new test

method, ASTM C-1303, in evaluating LTTR. But in July 2002, the American Society of Testing and Materials (ASTM) International published the newly revised standard, ASTM 1289-02: *Standard Specification for Faced Rigid Cellular Polyisocyanurate Thermal Insulation Board* which included an annex requiring LTTR testing for permeably-faced products.

For information about expanded polystyrene rigid foam insulation, go to www.epsmolders.org. For information about the FTC ruling go to www.ftc.gov.

Additional Information

According to Federal Trade Commission (FTC) ruling 16 CFR 460, R-value performance claims on labels, fact sheets, advertising, or marketing materials must be based on tests conducted under the specific methods designed by the ASTM for all types of insulation materials. The ruling also states that the R-value testing must be performed for every thickness advertised, and the statement of R-value on labels and in advertising must be made clearly and conspicuously. This is critical to the building industry, as key cost considerations are based on the understanding insulation performance. Promises to consumers about energy efficient homes are made based on the labeling and fact sheets provided by insulation manufacturers. Once the FTC finalizes this Rule, the building community and, ultimately, consumers will benefit if they adopt more stringent testing requirements.

Specific guidelines for manufacturer's fact sheets require that the manufacturer account for shrinkage that occurs in most insulation products after they are installed. The FTC ruling requires manufacturers to include the statement; "Foam insulation shrinks after it is installed. This shrinkage may significantly reduce the R-value you get." The alternative to including this statement is to lower the product's advertised R-value to account for shrinkage, but this is an option only if there is reliable scientific proof of the extent of shrinkage of the product.

FTC Rule 16 CFR 460 will also include detailed guidance on information that must be included in insulation advertising and, more specifically, on cost savings claimed in the advertising and R-value claims made in the advertising. The Rule will require that

R-value advertising must clearly state the type of insulation needed and the thickness of that insulation needed in order to obtain that R-value. The Rule also will require manufacturers to provide information on either the coverage area or thickness of insulation or the price per square foot when making comparisons in their advertising between one type of insulation and another.

Cost savings claims made in advertising -- such as "lower fuel bills by 30%" -- must have a reasonable basis for the claim, otherwise they will be liable for these kinds of claims. FTC Rule 16 CFR 460 will require manufacturers to keep records of all data on savings claims for at least three years.

The issue of R-value per inch claims is also addressed in the FTC Rule. Labels, fact sheets, advertising, or other promotional materials may not quantify the R-value as

“R-value per inch” unless the manufacturer is suggesting that the product be used at a one-inch thickness or if there are test results that prove that R-values per inch of the product do not decrease when the product is manufactured thicker than one inch.

FTC 16 CFR 460 applies to members of the home insulation industry including manufacturers, distributors, franchisers, installers, retailers, utility companies, trade associations, and advertisers and advertising agencies. Laboratories doing tests for industry members and anyone selling new homes to consumers are also covered.