

What every city property owner needs to know about their fire insurance rates.

It seems to be a misguided idea of a certain few people that paid firefighters in the City of Uniontown should be eliminated, and that they are a waste of taxpayer's money. **But, did you know that the elimination of these men could cost city homeowners and building owners more money?** That's right... more money! Without a doubt, insurance rates will rise due to a worse rating in the city's Public Protection Classification rating, done by Insurance Services Office (I.S.O.).

The I.S.O. provides a grading of municipalities' fire protection which is used by the largest majority of insurance companies across the U.S. While there are many factors that are examined in this rating, some of the major ones include manpower availability, location of fire station(s), training, equipment, apparatus, response times and manpower turnout, and water supply to name a few. Without a doubt, a municipality with firefighters staffed around the clock and adequate equipment stationed in closer proximity to properties and municipal boundaries will grade better! This rating sets the standard for many insurance companies' rate determination. However, there are people in this city who seem to contest this fact or do not want to believe it. Don't be fooled, they are wrong!

In an article that appeared in the Herald Standard last year, a Mr. Dale Frantz, a local insurance agent, stated that a number of claims has more impact than the I.S.O. Public Protection Classification Rating does on insurance premiums. Mr. Frantz may write for a particular company who bases it's rates this way, but not all rates are based this way with all companies. And while it is true that Mr. Frantz has a point, it should be noted that **SOME** insurance companies have gone to a totally different rating system, **but not all have**. And, irregardless to each companies method of determining premium rates, many still use the I.S.O. rating or factor the I.S.O. rating in with other variables. Mr. Frantz's comments made it sound like I.S.O. has little bearing on insurance rates.

Granted, there are now a number of different methods used for determining rates, and Mr. Steve Ferris, the author of the article, did report on some, including the methods of the company that Mr. Frantz writes for, and also including use of loss records, a "zip code" method, and even factoring in credit scores. But in a conversation with a Ms. Porsche Stewart of I.S.O. via phone on December 2, 2008, she stated many companies still use the I.S.O. Public Protection Classification. When asked to estimate how many, she said possibly 90 to 95% or better of companies use the I.S.O. rating in some way shape or form. Additionally, she stated almost all commercial rates are based on the I.S.O. rating. **So, indeed, the I.S.O. rating is still used in many cases!**

And the I.S.O. rating is still of major importance! Across the country, there is still an emphasis on municipalities improving their I.S.O. rating, and for fire departments to make improvements to the Fire Service Rating Schedule. **Surely, if I.S.O. ratings were not very significant anymore, there would not be as much publicity out there in both the insurance industry and the fire protection industry stating the importance of a good I.S.O. rating!** And, as Mr. Frantz stated that there is no difference between a class 1 and a class 8, our question then is why are there 10 classes within the I.S.O. rating? Again, it may be the case with the company he writes for, but not with all! There are too many documented cases, and our intention in this writing is to look at some.

In an article about using G.I.S. to map out water sources for firefighting that was found on the Internet, this same article also made mention to I.S.O. ratings as well. In this case, the example was given concerning a city in Georgia. It stated, quote: *"Saving lives and preventing damage are*

*ultimately what counts no matter what any ranking system might indicate. However, good ratings also mean insurance savings for Georgia citizens. For example, a commercial structure, such as a restaurant, valued at \$240,000 is insured for 90% of that value, which is \$216,000. **The city of Valdosta currently holds an ISO rating of 3 (remember, a low number rating is good!). In terms of insurance payments, fire insurance will cost this business about \$4,200 per year. If the city rated a class 4 rating, then this same business would pay approximately \$250 more per year for the same insurance. That is a more than a 6% increase. When you apply that 6% savings to every business in the city, that adds up to a large savings for the community. A respectable ISO rating can also be used to lure prospective residents and industry to a city or county, ultimately yielding financial and quality-of-life benefits.***

A good question to ask here is if the City of Uniontown has ever used their good I.S.O. rating and the fact they have a staffed, combination fire department as one possible selling point for potential growth and development for our city? As you can see, this can be another advantage to both having our staffing level of our combination paid/volunteer fire department and having a good I.S.O. rating as well! Of course, our department's main concern is protection of lives and property, but if we can be used as a selling point to promote development as well, that's an added bonus. The w.w.w. address for the website this quote was found on is: <http://www.ruralgis.org/publications/documents/fireinsr.pdf>

In another w.w.w. article concerning I.S.O. Ratings, the city of Hahira, GA proudly reported the lowering of it's I.S.O. rating and what this will mean in savings to it's home owners and business owners. It stated, quote: *"When the City of Hahira hired Dwight Bennett as fire chief about a year and a half ago, his job came with a daunting task. Mayor Myron Crowe wanted Hahira's fire protection rating lowered from the Class 7 it held for three years until Monday. At the Hahira Courthouse, Bennett announced that the Insurance Service Office lowered the Hahira's fire service rating from a Class 7 to a 4. **Bennett said the improved rating for the fire department is expected to result in an annual savings of \$240,000 in homeowner's insurance.** "The primary mission from the very beginning was to lower the ISO rating," Bennett said. "This in itself will help pay off the investment made in the fire department. The money is going back into the community." Crowe said the city spent about \$160,000 on a new fire truck, \$225,000 for a new fire station and additional equipment to improve Hahira's fire department. "The savings makes it a worthwhile investment," Crowe said. Bennett said the lowered rating will save insurance policy holders in Hahira about \$304,000 annually and business owners about \$64,000. A home value of \$200,000 will reduce the estimated annual premium from \$1,124 under the ISO Class 7 rating to \$868 with a Class 4 rating."*

Granted that Hahira and Uniontown are 2 totally different types of cities and both totally different types of fire departments, the point is that the improvement in their I.S.O. rating resulted in an overall savings of \$240,000 for all of it's residents combined. If each residence saved X amount of money out of that \$240,000 dollar figure, every homeowner benefited! Some possibly more than others, depending on how their insurance company determines it's rates, but surely everyone benefited in some way and some amount! The w.w.w. address for this website is <http://www.hahira.ga.us/hahira-news-02-01-05.html>

Locally, in a recent investigative report from nearby Allegheny County, I.S.O. ratings were examined by Chanel 4 news' Team 4 Investigates. This was also published to the MSNBC website as well. It began by stating, quote: *"Homeowners insurance premiums are doubling and some policies even being canceled in one Allegheny county community."* And goes on to state, quote: *"It's called an ISO rating and it can save you, or cost you, hundreds of dollars on your insurance premiums."* In the same article, a statement made by Sandy Stein of Wilson Baum Insurance, concerning the community

of Coulter's I.S.O. Rating, said quote: *"What is the impact on homeowners' insurance? It will basically double. So if you have a \$500 policy, the people in Coulter are almost \$1000. And those homes are not new, not huge. They don't constitute \$1000 homeowners premium."* The article goes on farther to state about communities with higher I.S.O. ratings possibly paying higher rates. It states, quote: *"Communities getting poor ISO ratings are, as we said, Coulter with a 10. There are several sevens -- Bradford Woods, Homestead and Springdale among them.* Ms. Stein goes on to state, quote: ***"If your community's ISO rating is somewhere down here, you're likely paying a lot more for insurance."***

Nicholas Sohyda, Municipality of Mount Lebanon Fire Chief goes on to state what a lower I.S.O. rating means in the Team 4 Investigates article. He goes on by stating, quote: *"That says that your department is better trained. They're going to turn out more people in a quicker time. They have the equipment. You're going to get a higher ISO rating and a lower corresponding insurance rate."* He also comments on the dilemma faced by all volunteer fire companies with lacking manpower and funds, and how it effects their departments ability to achieve lower I.S.O. Ratings. He states, quote: *"They only have so much time to give. So they can give it delivering a product and training and trying to be prepared. Or they can give it selling fish and working bingo."* Again, while the I.S.O. rating may not have as big an impact on some insurance companies, it obviously still impacts many, and is considered an important issue in this area as well, as evident by this local report! The w.w.w. address for the website containing this article is <http://www.msnbc.msn.com/id/27792815>

As stated in the book Organizing For Fire And Rescue Services by Arthur Cote, published by the National Fire Protection Association (N.F.P.A.), I.S.O. ratings play a key role in fire protection services. As stated on page 136 of the publication, in a survey of 502 U.S. Fire Department Officials, the officials overwhelmingly stated the I.S.O. rating is a direct reflection on their ability to deliver fire and rescue services. Helping save lives and property was listed to be the number one reflection, saving money on fire insurance premiums was listed as number 2, and number 3 was the use of the I.S.O. rating for budgetary planning purposes.

The book does go on to acknowledge the fact that at least one insurance company is using it's own rating versus using I.S.O., and it is based on a zip code's loss record. **Which raises the question of how fair this system really is.** Uniontown, for example, has the 15401 zip code, but this zip code is broad and covers several areas of outlying townships as well. If you look at these neighboring municipalities' own I.S.O. ratings, they are not rated as well as the city. Nor do these municipalities staff a full time department like the city does. This is **not** meant to be a slam to our neighboring municipalities, there are some very good volunteer fire companies in our area, with good firefighters and equipment. But, it is just merely the truth! Facts are facts. Non staffed fire departments in general take longer to crew up and arrive on scene. It's not their fault; it's just how things are. The rate that fires increase in size and spread through buildings has gotten faster over the years due to the synthetic materials used in contents and furniture today. The fire that once doubled in size approximately every minute is now the fire that doubles in size in as little as thirty seconds! It only stand to reason that the quicker arriving fire department will get water to the fire faster and stand a better chance of containing it! Not to mention better chances of effecting rescues of victims. Many all volunteer companies get on scene and get water on the fire quick, this is true. But, for example, a fire that took 6 to 7 minutes to get on scene and get water on may result in say, for example, \$40,000 damage. Whereas the paid department that arrives and has water on the fire in 3 to 4 minutes or less may hold the damage to say, for example, \$15,000 damage.

The N.F.P.A. book also states many insurance companies **do** still use the I.S.O. rating, or use the I.S.O. rating along with other factors. **Therefore, this means the I.S.O. rating does play an**

important role in insurance rates, maybe just not with all companies. If the I.S.O. rating did not account for anything, I am sure that Insurance Services Office would discontinue grading fire departments. That has not happened yet, and personnel from I.S.O. are still grading fire departments on a daily basis! The book also does acknowledge the fact that many insurance companies will lower insurance premiums based on lower I.S.O. Ratings!

As stated on the website <http://thismatter.com>, one of the factors affecting the chance of a loss on a property is the I.S.O. rating for the municipality the property sits within. While the website also acknowledges that some insurance companies are using a different credit based insurance score, this is not the case with all. **Furthermore, it states that construction, location (municipality/area) and the I.S.O. rating are all good factors to look at** when shopping around for insurance, basically. In the case with the city of Uniontown, the city currently has a good I.S.O. rating, a good loss versus save record, the guarantee of needed fire apparatus and manpower arriving on scene of a fire due to it's staffing level, and an aggressive code enforcement program, that the fire department plays an integral role in by the way, which insures buildings are built to code and existing properties are maintained!

The truth is, *even if* every insurance company would disregard I.S.O. and would rate based on loss history, etc... the City of Uniontown would rate well! Our loss versus save ratio, again, is very good. We pride an aggressive fire attack, providing it is safe to do so. We also always do salvage operations while on scene of a fire, conditions permitting, which results in more property saved. The fact that we can guarantee, with our career staffing, needed apparatus and personnel to both meet nationally recognized firefighting standards, and have critical manpower and equipment on scene within 3 minutes anywhere in the city proves our efficiency when looking at loss records! Additionally, one piece of apparatus that is guaranteed on scene due to our department's staffing is an aerial truck. This farther helps in loss versus saved property because a number of functions can now be performed or enhanced, including venting heat and smoke from buildings, improving chances of rescue from upper floors, and providing more essential equipment to do functions such as ventilation and salvage.

However, any cut in manpower, closing of stations, or reducing equipment will affect the fire bureau's chances of being able to provide it's current level of protection. Chances are, it will NOT be able to meet it's current level! If that is the case, this too will affect fire insurance rates if companies begin to rate based on loss records! The efficiency and service level of the fire department will decline and this will result in more losses!

But, as we have determined, the I.S.O. rating is still widely recognized and used. Surely, cutbacks in manpower, stations, or equipment will effect the I.S.O. rating very negatively as well. Part of I.S.O.'s rating includes manpower turnout, mobile apparatus, portable equipment carried, and company distribution, meaning distance between engine and ladder units to municipal boundaries or other stations within the municipality.

Finally, in a story published in the Jackson Citizen Patriot, of Jackson, Michigan, published on October 5, 2008, the topic of a lower I.S.O. rating is discussed. The paper reported, quote: *"Home sales, as the saying goes, are about location, location and location. Most buyers know location affects sale prices, but few may realize the role it plays in the cost of insurance. All other things equal, it may cost hundreds of dollars more per year to insure a house in, for example, Waterloo Township than Jackson. The single biggest factor dependent on geography is the quality of fire protection."* The article then continues on to mention how both the I.S.O. rating AND that the fact that Jackson, MI has a paid, staffed fire department, effects insurance premiums in that area. It states, quote: *"It adds up to millions of dollars, and most people never even consider it," Jackson Fire Chief Larry Bosell said. Insurance*

companies weigh many factors to assess fire risk — like whether a home is brick or wood — but one key point is a community's fire-protection class. Protection classifications are established by ISO, the Insurance Service Office Inc., on a 1-to-10 scale. One is best and 10 is worst. "That's really the determining factor of basic fire insurance, which is part of your homeowner's insurance," said Joseph Wolfe of The Protection Center agency in Jackson. "If you're in a city or town with a paid, responding fire department, your protection-class rating is going to be lower and your homeowner's premiums are going to be lower," said Debbie Kesterson of The Walton Agency in Jackson.

The article continues to point out the savings a good I.S.O. rating can provide, and how savings on insurance premiums keeps money in homeowners' pockets, even if more tax money is needed to accomplish this. This is another fact that the Uniontown Bureau of Fire is trying to get across to the city fathers, residents, and property owners as well! It states, quote: *"The city of Jackson, with its full-time fire department and an abundant supply of municipal water, has the best ISO rating in Jackson County. It is Class 3. Summit Township comes in second with a 6 rating. All other townships have at least portions where the rating is 9. Nine townships are rated 9 everywhere inside their borders. "The difference between Class 3 and Class 9 is big," said Lisa Dorer of The Craft Agency in Jackson. Even the difference between Class 3 and Class 6 can be big." Wolfe estimated insurance rates are 10 percent to 12 percent higher for homeowners living in a Class 6 area compared to Class 3. Homeowners in a Class 9 area pay about 40 percent more than owners in a Class 3 area, he said. Bosell looks at it this way: His department's good rating keeps money in the pockets of city residents in exchange for their tax dollars. "The savings is substantial for homeowners, and it is even more for business," Bosell said. "That's one of the reasons why cities can afford to have fire departments."*

In closing, all that we, the city's firefighters ask is that everyone please get all the facts straight concerning our department, our staffing, and the effects of I.S.O. on our city! And please consider what the elimination of your full time firefighters could cost you in insurance rates. We want to educate the public and the local government about all the facts and truths. Thank you!

The International Association of Firefighters, Local L-0955, Uniontown, PA.