

Onalaska Fire Department ISO evaluation was completed in June of 2010, and improved from a class 5 to a class 3.

If a fire department improves its PPC, homeowners and businesses in the community often save money on their insurance premiums. If property owners spend their savings in the community, the extra cash can help improve the local economy. And a community with improved fire protection may find it easier to attract new business, increasing jobs and boosting the economy even more.

Growth

Most communities consider it a good thing. Development brings prosperity to rural areas, suburbs, and cities everywhere. And many parts of our country have experienced extraordinary residential and commercial growth, prior to the downturn in the economy.

Fire Department ISO Rating

But growth can also strain community resources. New construction, increasing population, and expanding economic activity place demands on a wide variety of municipal services — including fire protection. In many places, the need to enlarge and improve the fire service comes just at the time when other priorities are competing for the same budget dollars.

The results can be devastating. If the fire department, emergency communications facilities, and water supply can't keep up with demand, a growing community faces increasing risk of property loss and injuries. The purpose of this study is to examine — from a national perspective — the extent to which growth threatens the effectiveness of public fire protection in the United States. The study also looks at some of the ways communities are working to keep pace with growth and improve protection for their citizens.

Property/casualty insurance companies have long supported the efforts of individual communities to maintain and improve their fire-protection services. ISO's Public Protection Classification (PPC™) program helps insurance companies measure and evaluate the effectiveness of fire-mitigation services throughout the country. The PPC program also offers economic benefits — in the form of lower insurance premiums — for communities that invest in their firefighting services. And the program helps fire departments and other public officials as they plan for, budget, and justify improvements.

ISO is an independent organization that serves insurance companies, fire departments, insurance regulators, and others by providing information about risk. ISO's expert field staff visits communities around the country to collect information about their fire departments, their fire alarm and communications systems, and their water supplies. For each of more than 46,000 fire districts in the United States, ISO analyzes that information and assigns a Public Protection Classification — a number from 1 to 10. Class 1 represents exemplary fire protection, and Class 10 indicates that the area's fire-suppression program does not meet ISO's minimum criteria.

Insurance companies use ISO's Public Protection Classifications in marketing, underwriting, and pricing homeowners and commercial property insurance. In general, the price of fire insurance in a

community with a good PPC is substantially lower than in a community with a poor PPC, assuming all other factors are equal.

ISO also supplies data and analytical products that give insurers information about the details of protection, response-area boundaries, and the location of hydrants and other water supplies. That information can help insurers develop and execute effective business strategies.

How PPCTM Info Affects Individual Insurance Policies

ISO's PPCTM information plays an important part in the decisions insurers make affecting the availability and price of property insurance. In fact, virtually all U.S. insurance companies — including the largest ones — use PPC information in one or more of the following ways:

- to identify opportunities for writing new business
- to achieve a reasonable concentration of property risks
- to review loss experience in various rating territories
- to price policies, offer coverages, and establish deductibles for individual homes and businesses

Insurance companies — not ISO — establish the premiums they charge to policyholders. The methodology a company uses to calculate premiums for property insurance may depend on the company's fire-loss experience, underwriting guidelines, and marketing strategy. ISO doesn't know how each company incorporates PPC information into its pricing structure, so it's difficult to generalize how an improvement or deterioration in PPC will affect individual policies.

But here are some general guidelines to help you understand the benefits of improved PPC ratings for residents and businesses:

- PPC may affect availability and/or pricing for a variety of personal and commercial insurance coverages, including homeowners, mobilehome, fine-arts floaters, and commercial property (including business interruption).
- Assuming all other factors are equal, the price of property insurance in a community with a good PPC is lower than in a community with a poor PPC.

Benefits of the PPCTM Program for Communities

The PPCTM program recognizes the efforts of communities to provide fire-protection services for citizens and property owners. A community's investment in fire mitigation is a proven and reliable predictor of future fire losses. So insurance companies use PPC information to help establish fair premiums for fire insurance — generally offering lower premiums in communities with better protection. By offering economic benefits for communities that invest in their firefighting services, the program provides a real incentive for improving and maintaining public fire protection.

The program also provides help for fire departments and other public officials as they plan for, budget, and justify improvements.

But the most significant benefit of the PPC program is its effect on losses. Statistical data on insurance losses bears out the relationship between excellent fire protection — as measured by the PPC program — and low fire losses. By helping communities prepare to fight fires

effectively, ISO's PPC program saves lives.

Fire

It's the largest single cause of property loss in the United States. In the last decade, fires have caused direct losses of more than \$120 billion and countless billions more in related costs.

But that's not all. Every year, fires injure more than 20,000 people. And every year, more than 3,000 Americans die in building fires.

A community committed to saving lives and property needs trained firefighters, proper equipment, and adequate supplies of water. Insurance companies consider it good public policy — and good business — to promote and encourage the efforts of individual communities to improve their fire-protection services. That's why, for almost a century, U.S. property insurance companies have funded key initiatives aimed at fire prevention and fire mitigation.

In the battle against fire losses, one of the insurance industry's most important weapons is the Public Protection Classification (PPCTM) program from ISO.

The PPC program provides important, up-to-date information about municipal fire-protection services throughout the country. A community's investment in fire mitigation is a proven and reliable predictor of future fire losses. So insurance companies use PPC information to help establish fair premiums for fire insurance — generally offering lower premiums in communities with better protection.

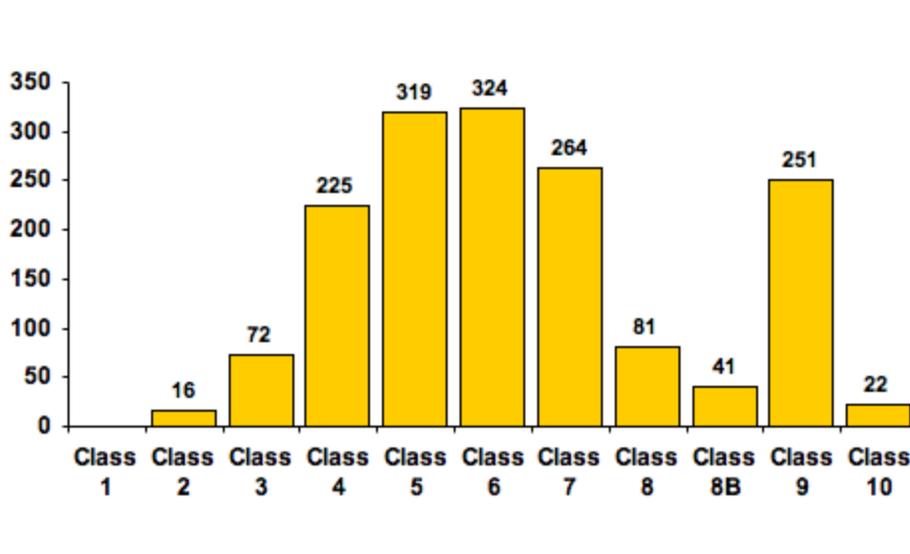
By offering economic benefits for communities that invest in their firefighting services, the PPC program provides a real incentive for improving and maintaining public fire protection. And that incentive produces results.

The program also provides *help* for fire departments and other public officials as they plan for, budget, and justify improvements.

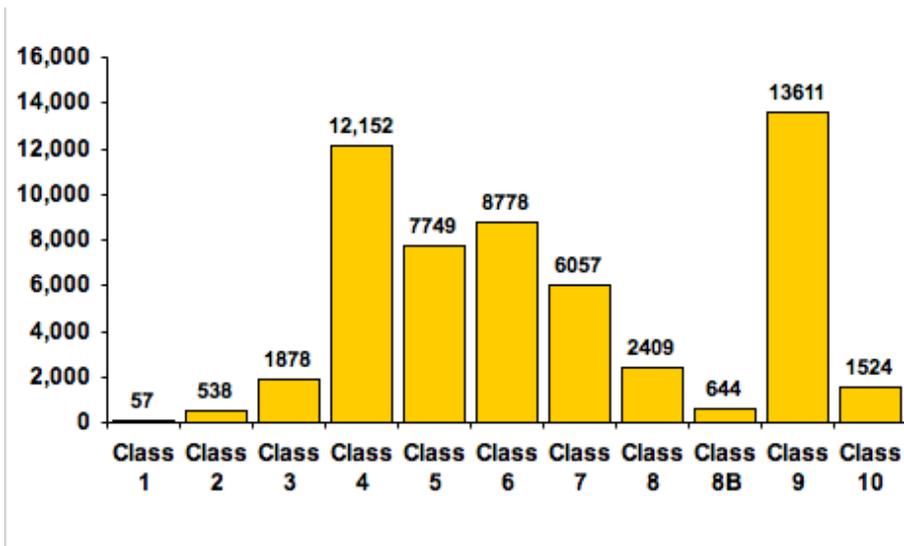
But the most significant benefit of the PPC program is its effect on losses. Statistical data on insurance losses bears out the relationship between excellent fire protection — as measured by the PPC program — and low fire losses. And in a recent survey of fire chiefs, 97% of the respondents said that the PPC program is important in helping the community save lives and property.

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Classification of Fire Departments in Wisconsin



Classification of Fire Departments in the United States





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