

*For immediate release
September 21, 2010*

Release of ISO Report in Fall Could Impact Fire Insurance Premiums for Residential and Commercial Property

BOWLING GREEN—In May 2010, Caroline County began its ISO (Insurance Service Office) Public Protective Classification Program evaluation. This comprehensive review of the fire protection efforts of the County is conducted every 10 years and helps establish appropriate fire insurance premiums for residential and commercial properties.

The evaluation includes the 911 Communications Center, water delivery systems and the Department of Fire-Rescue. For the first time, all fire protection efforts were evaluated on a consolidated basis, reflecting the County's conversion to the Fire Chief model in October 2009. This model encompasses all fire protection response assets and personnel in one system. In the past, the evaluation was based on individual volunteer fire departments within a specific fire district. Over the past ten years, many upgrades and improvements have also been made to both the 911 Communications Center and water delivery systems. These are additional factors that will be included in the review process.

ISO collects information on municipal fire-protection efforts in communities throughout the United States. In each of those communities, ISO analyzes the relevant data using its Fire Suppression Rating Schedule (FSRS). A Public Protection Classification from 1 to 10 is then assigned. Class 1 generally represents superior property fire protection, and Class 10 indicates that the area's fire-suppression program doesn't meet ISO's minimum criteria.

By classifying communities' ability to suppress fires, ISO helps the communities evaluate their public fire-protection services. The program provides an objective, countrywide standard that helps fire departments in planning and budgeting for facilities, equipment, and training. And by securing lower fire insurance premiums for communities with better public protection, the PPC program provides incentives and rewards for communities that choose to improve their firefighting services.

Caroline County completed the preliminary evaluation and all documents were submitted to ISO in July 2010. It is anticipated that ISO will require several months to analyze the data collected and have their final report published in late Fall 2010. No changes to the County's ISO rating has taken place to date. For more information visit <http://www.isomitigation.com/ppc/0000/ppc0001.html>

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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, mobile-home, 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.

For additional information, contact the Caroline County Department of Fire-Rescue and Emergency Management at (804) 633-9831.

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