

CITY COUNCIL REPORT

DATE: June 19, 2020
TO: Mayor and Councilmembers
FROM: Kevin M. Lomeli, Fire Chief
CC: Jerene Watson, City Manager; Manager; Dawn Prince, Deputy City Manager; Leadership Team
SUBJECT: INSURANCE SERVICES OFFICE (ISO) RATINGS FOR REGIONAL COMPARISON TO CITY OF DOUGLAS

The report is in response to interest from Mayor Huish in follow-up to discussion that occurred during the Joint Finance Committee & City Council Work Session of June 15, 2020 on our City's ISO Rating.

DISCUSSION:

What Is an ISO Fire Rating?

A company called the ISO (Insurance Services Office) creates ratings for fire departments and their surrounding communities. The ratings calculate how well-equipped fire departments are to put out fires in that community. The ISO provides this score, often called the "ISO fire score," to homeowners' insurance companies. The insurers then use it to help set homeowners insurance rates. The more well-equipped your fire department is to put out a fire, the less likely your house is to burn down. That makes your home less risky, and therefore less expensive, to insure.

An ISO fire insurance rating, also referred to as a fire score or Public Protection Classification (PPC), is a score from 1 to 10 that indicates how well-protected your community is by the fire department. In the ISO rating scale, a lower number is better: 1 is the best possible rating, while a 10 means the fire department did not meet the ISO's minimum requirements.

According to the ISO's Fire Suppression Rating Schedule (FSRS), there are four main criteria to a fire rating score:

- 50% comes from the quality of your local fire department including staffing levels, training, capabilities, number of apparatus and proximity of the fire station.
- 40% comes from availability of water supply, including the prevalence of fire hydrants and how much water is available for putting out fires.
- 10% comes from the quality of the area's emergency communications systems (911).
- An extra 5.5% comes from community outreach, including fire prevention and safety courses.

Additionally, any area that is more than 5 driving miles from the nearest fire station is automatically rated a 10.

It is possible to get a maximum score of around 106% on the survey, although any fire department that scores above 90% receives the highest ranking, a 1. Very few fire departments receive that ranking--only 0.71% of all communities surveyed have a 1. A rating of 5 is both the median and most common rating fire departments received. In general, urban areas tend to have better PPC scores than rural areas, as urban fire departments are closer together and often receive better funding.

How Does Our ISO Impact Insurance Rates?

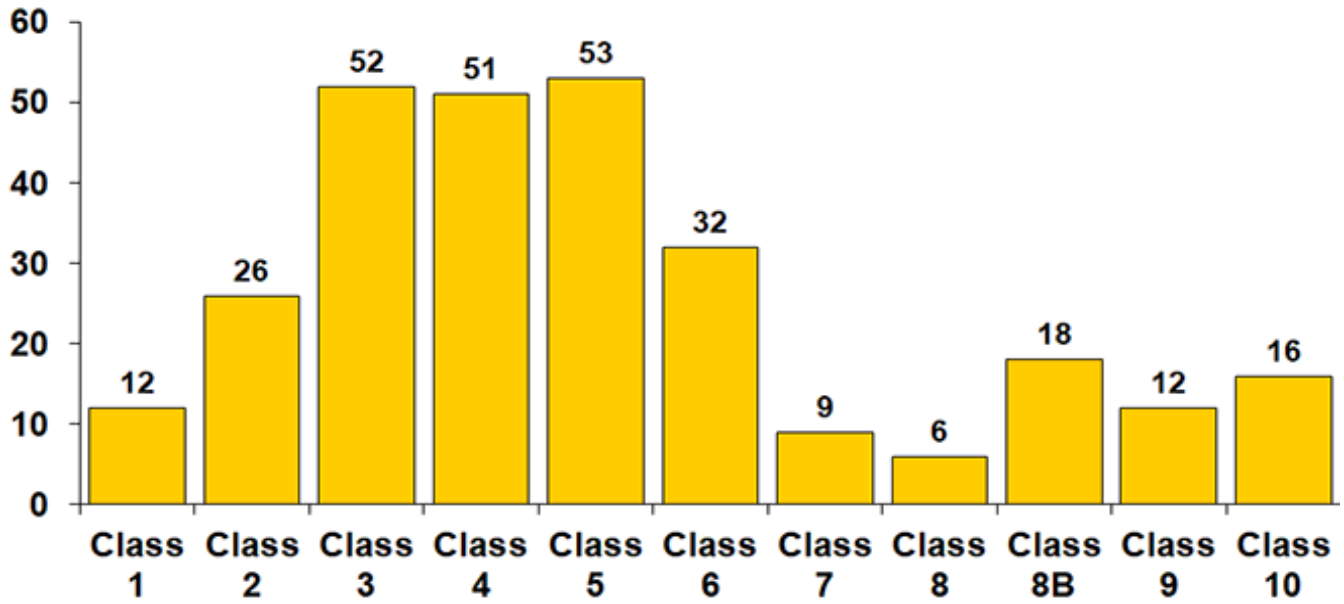
The formulas homeowners' insurance companies use to determine their insurance rates are complex and constantly changing. But, all other things being equal, a lower PPC score for your area will translate to a lower homeowners' insurance premium as it means your home is at a lower risk for serious fire damage. Home insurance companies offer lower rates if you have a good ISO rating because a well-prepared fire department should be able to put out your home's fire more quickly.

When ISO develops a single Public Protection Classification (PPC®) for a community, all community properties receive that classification. However, in many communities, split classifications are used, which were revised in 2013 to reflect the risk of loss more precisely.

The revised system changes the Class 4/9 to a 4/4X, the X indicating that the property is more than 1,000 feet from a creditable water supply. Those changes apply in every split class, so a 3/9 would be a 3/3X, a 5/9 would be a 5/5X, and so on. Surveys are conducted every five years.

<u>Dept.</u>	<u>ISO</u>
Douglas	4/4X, Goal is to achieve a Class 1 Rating. Next survey 2020-2021.
Sunnyside	10
Pirtleville	10
Bisbee	5/5X
Elfrida	10
Sunsites	5/5X
Sierra Vista	4/4X
Fry Fire	3/3X with automatic aide from S.V.
Palominas	5/5Y
Whetstone	10
Huachuca Fire	10

Arizona



RECOMMENDATION / CONCLUSION:

This report is for information only to give context to the ISO rating of the City of Douglas.