

**ROSS VALLEY FIRE DEPARTMENT
STAFF REPORT**

For the meeting of: November 11, 2015

To: Board of Directors
From: Mark E. Mills, Fire Chief *MEM*
Subject: Insurance Services Office

RECOMMENDATION:

Staff recommends the Board receive and file the report.

BACKGROUND:

The Insurance Services Office (ISO) is an advisory organization, and insurers may use their information, modify it, or not use it, as they see fit. It is a leading source of information about property and casualty insurance risk. They provide a broad spectrum of commercial and personal lines of insurance, statistical, actuarial, underwriting, and claims data; policy language; information about specific locations; fraud-identification tools; consulting services; and information for marketing, loss control, and premium audits.

ISO collects information that is useful in many aspects of insurance underwriting. The information includes evaluations of public fire protection, flood risk, and the adoption and enforcement of building codes in individual communities. Information on municipal services helps the communities with their efforts to manage and mitigate their risk. They perform the evaluations as a service to the insurance industry and do not charge a fee to the communities.

Through the Public Protection Classification (PPC™) program, ISO evaluates municipal fire-protection efforts in communities throughout the United States. 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. Many communities use the PPC as a benchmark for measuring the effectiveness of their fire-protection services. The PPC program is also a tool that helps communities plan for, budget, and justify improvements.

The purpose of an ISO public protection survey is to gather information to determine a Public Protection Classification (PPC™), which insurers use for underwriting and to calculate premiums for fire insurance. The Fire Suppression Rating Schedule (FSRS) recognizes fire-protection features only as they relate to suppression of fires in structures.

In many communities, fire suppression may be only a small part of the fire department's overall responsibility. ISO recognizes the dynamic and comprehensive duties of a community's fire service. They understand the complex decisions a community must make in planning and delivering emergency services. However, they only evaluate features related to reducing property losses from fire.

To determine a community's PPC, ISO conducts a field survey. ISO staff visit the community to observe and evaluate features of the fire protection systems. Using the FSRs, ISO objectively evaluates four major areas:

Emergency communications systems

A review of the emergency communications systems accounts for 10 points of the total classification. The review focuses on the community's facilities and support for handling and dispatching alarms for structure fires.

Fire department

A review of the fire department accounts for 50 points of the total classification. ISO focuses on a community's fire suppression capabilities. They measure suppression capabilities based on the fire department's first-alarm response and initial attack to minimize potential loss. They review the engine companies, ladder or service companies, deployment model of fire companies, equipment carried on the apparatus, pumping capacity, reserve apparatus, personnel, and training.

Water supply

A review of the water supply system accounts for 40 points of the total classification. ISO evaluates the community's water supply system to determine the adequacy for fire suppression purposes. They consider hydrant size, type, and installation, as well as the frequency and completeness of hydrant inspection and flow-testing programs.

Community risk reduction

ISO reviews a community's risk reduction efforts and credit them in the Community Risk Reduction section, which allows for extra credit of up to 5.5 points for a potential total of 105.5 points. This section takes into account fire prevention code adoption and enforcement, public fire safety education, and fire investigation.

After completing the field survey, ISO analyzes the data and calculates a PPC. The grading then undergoes a quality review. The Department will receive a notification letter identifying the new PPC. ISO also provides a hydrant-flow summary sheet, along with a Public Protection Classification Summary Report. The summary explains each subcategory and indicates the total points the community earned. The report also indicates the performance needed to receive full credit for each specific section in the schedule, as well as the quantity actually provided.

DISCUSSION:

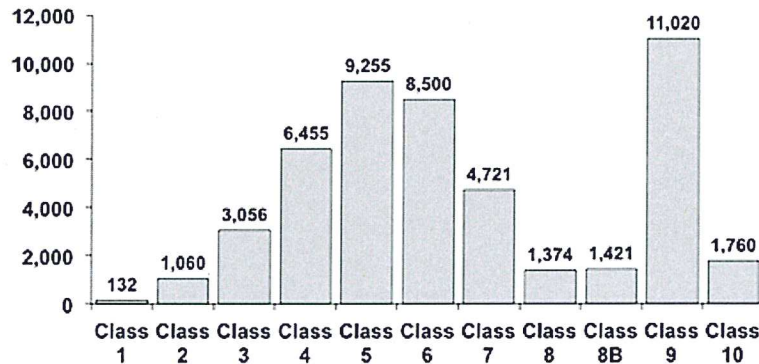
When ISO develops a single PPC for a community, all community properties receive that classification. However, in many communities, they develop a split classification, which was revised in 2013 to reflect the risk of loss more precisely. An example of the split classification is 4/8. The first number refers to the classification of properties within 5 road miles of a fire station and within 1,000 feet of a creditable water supply. The second number applies to properties within 5 road miles of a fire station but beyond 1,000 feet of a creditable water supply. ISO generally assigns Class 10 to properties beyond 5 road miles.

The Ross Valley Fire Department had not been evaluated since 2001. In 2001 the Department was rated as a 3/9. The properties that were within 5 road miles of a fire station and within 1000 feet of a fire hydrant were rated as a PPC 3. The properties that were more than 1000 feet from a fire hydrant were rated a PPC 9. The Town of Ross Fire Department was rated as a PPC 4/9. For property owners the difference between being rated a PPC 3 versus a PPC 9 can be drastic as it applies to their fire insurance rates. The amount is specific to the individual insurance provider. There has been a trend more recently for insurance providers to move away from ISO ratings and towards calculating total dollar loss risks for entire zip code areas.

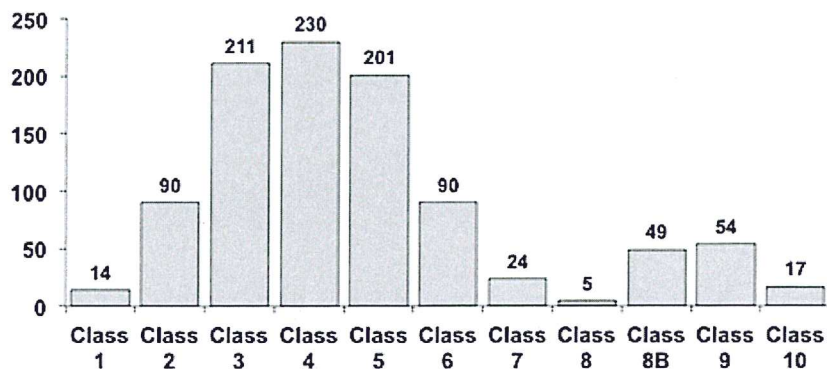
The current ratings are adequate as compared to the rest of the nation and to California in general. But, there have been a number of substantial changes to the Department organizationally and operationally since 2001. Most notably was the inclusion of the Sleepy Hollow Fire Protection District and the Town of Ross Fire Department into the Joint Powers Authority (JPA). Additional modifications to the apparatus, communications, water supply, and training areas will be recognized in the new rating. Staff is optimistic about improving the PPC rating, but the results from ISO will not be available for at least 3 months. Once the report has been received, staff will make the appropriate presentation to the Board and publicize the results.

Distribution of Communities by PPC Class

Countrywide



California



FISCAL IMPACT:

None to the Department at this time.