


City of Calistoga

Staff Report

TO: Honorable Mayor and City Council
FROM: Steve Campbell, Fire Chief
DATE: April 7, 2009
SUBJECT: ISO's Public Protection Classification

APPROVAL FOR FORWARDING:


James C. McCann, City Manager

1 **ISSUE:** To receive a presentation regarding the Insurance Services Office, Inc.
2 (ISO) Grading for Calistoga.

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4 **RECOMMENDATION:** Receive presentation and discuss.

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6 **BACKGROUND:** In the early 1900s, major U.S. cities suffered disastrous fires that
7 destroyed billions of dollars' worth of property. In the aftermath, insurance
8 companies realized that they needed advance information on the fire-loss
9 characteristics of individual communities.

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11 The National Board of Fire Underwriters (NBFU) had opened its doors in 1866 to
12 promote fire prevention and public fire protection. After a number of conflagrations,
13 including the great Baltimore fire of 1904- which claimed 140 acres, more than 70
14 blocks, and 1,526 buildings the NBFU expanded its scope, developing the Municipal
15 Inspection and Grading System. Under that program, engineers evaluated the fire
16 potential of many cities. In response, those cities improved their public fire-
17 protection services.

18
19 Since 1909, the Municipal Inspection and Grading System and its successors have
20 been an important part of the underwriting and rating process for insurers writing
21 personal and commercial fire policies. ISO's Public Protection Classification (PPC)
22 Service is a direct descendent of the earlier grading systems. The PPC program
23 gives insurers credible data to help them develop premiums that fairly reflect the risk
24 of loss in a particular location.

25
26 ISO collects information useful in many aspects of insurance underwriting. That
27 information includes evaluations of public fire protection, flood risk, and the adoption

28 and enforcement of building codes in individual communities. Information on
29 municipal services helps the communities with their efforts to manage and mitigate
30 their risk.

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32 ISO performs the evaluation as a service to the insurance industry and does not
33 charge a fee to the communities.

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35 Through the Public Protection Classification Program, ISO evaluates municipal fire-
36 protection efforts in communities throughout the United States. A community's
37 investment in fire mitigation is a proven and reliable predictor of future fire losses.
38 So insurance companies use PPC information to help establish fair premiums for fire
39 insurance, generally offering lower premiums in communities with better protection
40 services.

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42 The PPC program provides important, up-to-date information about municipal fire-
43 protection services throughout the county. ISO's staff collects information about the
44 quality of public fire protection in more than 44,000 fire districts across the United
45 States. In each of those fire districts, ISO analyzes the relevant data and assigns a
46 Public Protection Classification – a number from 1 to 10. Class 1 generally
47 represents superior property protection, and class 10 indicates that the area's fire-
48 suppression program does not meet ISO's minimum criteria.

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50 Virtually all U.S. insurers of homes and business property use ISO's Public
51 Protection Classification in calculating premiums. In general, the price of insurance
52 in a community with a good PPC is substantantially lower than in a community with a
53 poor PPC, assuming all other factors are equal

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55 A community's PPC depends on:

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- 57 • fire alarm and communication systems, including telephone systems,
58 telephone lines, staffing, and dispatching systems
- 59 • the fire department, including equipment, staffing, training, and geographic
60 distribution of fire companies
- 61 • the water-supply system, including the condition and maintenance of
62 hydrants, and careful evaluation of the amount of available water compared
63 with the amount needed to suppress fires

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65 The most significant benefit of the PPC program is its effect on losses. Statistical
66 data on insurance losses bears out the relationship between excellent fire protection,
67 as measured by the PPC program, and low fire losses, by helping communities
68 prepare to fight fires effectively.

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70 **DISCUSSION:** Fire Department records indicate the City's involvement with ISO
71 dating back to the early 70s. The last ISO rating for the City was conducted in 1992
72 and the City achieved a PPC rating of five. Our goal with this new grading is to

73 achieve a PPC rating of four. If a rating of four is achieved, insurance premiums
74 could be reduced 3-5 % depending on the insurance carrier.

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76 To receive certain PPC rating, the City must meet minimum criteria. After the City
77 meets those minimum criteria, the PPC rating is given. The PCC is based the 100-
78 point scale.

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80 PPC POINTS

81	1	90.00 or more
82	2	80.00 to 89.99
83	3	70.00 to 79.99
84	4	60.00 to 69.99
85	5	50.00 to 59.99
86	6	40.00 to 49.99
87	7	30.00 to 39.99
88	8	20.00 to 29.99
89	9	10.00 to 9.99
90	10	0.00 to 9.99

91

92 PPC scores are achieved from three main areas:

93

94 Fire Alarms

95 Ten percent of the City's overall score is based on how well the Fire Department
96 receives and dispatches fire alarms. ISO field representatives evaluate:

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- 98 • the communication center, including the number of operators at the center;
- 99 • the telephone service, including the number of telephone lines coming into
100 the center;
- 101 • the listing of emergency numbers in the telephone book; and
- 102 • the dispatch circuits and how the center notifies firefighters about the location
103 of the emergency.

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105 Fire Department

106 Fifty percent of the overall score is based on the Fire Department. ISO reviews the
107 distribution of fire companies throughout the area and checks that the Fire
108 Department tests its pumps regularly and inventories each engine company's
109 nozzles, hoses, breathing apparatus, and other equipment. ISO also reviews the
110 fire-company records to determine things such as:

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- 112 • type and extent of training provided to fire company personnel;
- 113 • number of people who participate in training;
- 114 • firefighter response to emergencies; and
- 115 • maintenance and testing of Fire Department equipment.

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119 Water Supply

120 Forty percent of the overall score is based on the City's water supply. This part of
121 the survey focuses on whether the City has sufficient water supply for fire
122 suppression, beyond daily maximum consumption. ISO surveys all components of
123 the water-supply system, including pumps, storage, and filtration. ISO will observe
124 fire-flow test at select locations in City to determine the rate of flow the water mains
125 provide. They also review the condition and maintenance of fire hydrants. Last,
126 they count the distribution of fire hydrants no more than 1,000 feet from the selected
127 locations.

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129 After ISO has completed the survey, they will meet briefly with City officials to
130 review the data. ISO will then review and analyze the information and calculate our
131 PPC.

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133 ISO will notify City officials as soon as they have determined the PPC.

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135 With the letter, they will include:

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- a summary of hydrant flow test;
- a summary of the grading results;
- a detailed breakdown of the features reviewed; and
- suggestions for improvements.

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141 If the City Council or staff has any questions about the facts used to determine the
142 PPC, ISO will respond immediately. If the facts used in developing the PPC
143 change, ISO will, upon field verification, revise the classification as appropriate.

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145 The rating process will start in mid June and be completed by the end of the
146 December 2009.

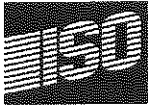
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ATTACHMENT:

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1. ISO Cover Letter dated February 25, 2009



INSURANCE SERVICES OFFICE, INC.

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2/25/09

Steve Campbell, Fire Chief
Calistoga Fire Department
1232 Washington St.
Calistoga, CA. 94515

RE: Public Fire Protection
Calistoga Fire Department

Dear Chief:

As a continuing program to keep insurance classifications up-to-date, Insurance Services Office, Inc. periodically evaluates all communities and areas throughout the United States to measure existing fire suppression services available to communities. This insurance classification number is one of several elements used in developing property insurance premium calculations for many individual properties in your district. We would like to visit your community to collect the proper information to aid us in establishing the insurance classification.

In order that data for this survey can be collected with as little inconvenience as possible, I am sending a along a pre-survey information request packet and some of the forms which if possible, should be completed before I arrive.

The purpose of our visit is to gather information needed to determine a fire insurance classification that is used in the calculation of property insurance premiums. It is not for property loss prevention or life safety purposes. ISO does not provide life safety, property loss, or prevention recommendations, as part of the ISO grading process.

We will collect data about many items that will make up the overall evaluation for The XXX Fire Protection District. We will perform a study of the water supply and distribution, including some hydrant flow tests. For the fire department, the data will include manning, equipment and training. We will also study the means for receiving and handling fire alarms.

Please contact me if you have any questions about the ISO grading process, or the enclosed information sheets. Additional information about the ISO grading process is located on our web site www.isomitigation.com. We appreciate your assistance and cooperation during the process of grading your department.

Very truly yours,

Keith Hooper
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CC: Jim McCann, City Manager