



Our revised FSRS and improved PPC™ program mean better risk management for you



To make the right decisions when underwriting a commercial property, you need an accurate, up-to-date assessment of a community's fire protection capabilities. ISO's Fire Suppression Rating Schedule (FSRS) — our manual for evaluating municipal fire protection — is an industry standard.

Revised FSRS

We recently revised the FSRS, enhancing the relevance and benefits of the program and providing incentives for communities to strengthen their public defenses against the ravages of fire. A majority of states have approved the revision, and the revised schedule was implemented on or after July 1, 2013. The revised schedule focuses on fire suppression and prevention items shown to predict fire loss. It also includes changes that better align FSRS requirements with nationally accepted standards.

We collect information on fire protection efforts in communities throughout the United States. In each of those communities, we analyze the relevant data using the FSRS and then assign a Public Protection Classification (PPC™) from 1 to 10. Class 1 generally represents superior property fire protection; Class 10

indicates that the area's fire suppression program doesn't meet our minimum criteria.

New category for PPC rating

Before the revisions, we based our Public Protection Classifications on three major categories: fire department, emergency communications, and water supply. Communities could earn up to 100 points. Now we've added another category: community risk reduction. That section of the FSRS recognizes community efforts to reduce losses through fire prevention, public fire safety education, and fire investigation. It offers an additional 5.5 points for a total of 105.5 available points.

The category encourages activities that expand a community's fire protection capability and can help a community raise its overall PPC.

Public Protection Classification

Our refined Public Protection Classifications help you assess fire protection capabilities at point of sale and policy renewal, letting you price risks more accurately.

New classifications

Through ongoing research and loss experience analysis, we identified improvements to our PPC program resulting in new classifications that reflect differing loss experience more accurately and improve the predictive value of the evaluation. We consider the effect even slight differences can make in a classification. Here are the new classifications and what they mean.

Split classifications

When we develop a split classification for a community — for example 5/9 — the first class applies to properties within 5 road miles of a fire station and 1,000 feet of a creditable water supply, such as a fire hydrant. The second class applies to properties within 5 road miles of a fire station but beyond 1,000 feet of a creditable water supply. We added new classes that more precisely reflect the risk of loss in a community, replacing Class 9 and 8B in the second part of a split classification with new codes. Instead of Class 9, the new system shows Classes 1X through 8X. Instead of Class 8B, the system shows Classes 1Y



through 8Y. The X and Y indicate that the nearest creditable water supply is more than 1,000 feet from the risk, but other features of the community’s fire protection apply.

To help rate properties in split classification communities, we’ve developed X and Y factors that apply to the base classification. As we continue to gather loss data, we’ll adjust those factors to improve their relevance. Data proves that fire protection is better when there’s a creditable water supply within the community, even in areas beyond the water system. That consideration makes an X or Y rank an improvement over a 9 or 8B.

The chart illustrates the new split classifications.

Prior Classification	New Classification	Prior Classification	New Classification
1/9	1/1X	1/8B	1/1Y
2/9	2/2X	2/8B	2/2Y
3/9	3/3X	3/8B	3/3Y
4/9	4/4X	4/8B	4/4Y
5/9	5/5X	5/8B	5/5Y
6/9	6/6X	6/8B	6/6Y
7/9	7/7X	7/8B	7/7Y
8/9	8/8X	8/8B	8/8Y
9	9	8B	8B

Public Protection Classification

New water class

Our data shows that risks located more than 5 but less than 7 road miles from a responding fire station with a creditable water source within 1,000 feet had better loss experience than those farther than 5 road miles from a responding fire station with no creditable water source. We've introduced a new classification — 10W — to recognize the reduced loss potential of such properties. The lowered risk can make those properties more attractive as potential business. We published the new classification rules in ISO's Community Mitigation Classification (CMC) Manual.

**New classifications will go into effect
July 1, 2014.**

Benefits of the new PPC grades

More accurate loss experience — Classifications can encompass very different risks from a fire suppression perspective. The differences can lead to diverse loss outcomes. Delving deeply to capture slight variations means the new classifications more accurately reflect the differing loss experience.

Better risk pricing — Accurate, detailed information about loss experience lets you more precisely price your policies, avoiding losses and potentially increasing profitability.

Greater portfolio growth — If you don't currently write Class 10 properties, the new Class 10W, with its better loss experience, can help you expand your market. You can set premiums appropriately and increase your competitiveness.

The new Public Protection Classifications can positively affect your portfolio and profitability, opening up potential new business for you with properties that receive the new X or Y classifications. The same holds true for risks that now earn the new Class 10W classification.

Information online

We've kept our customers informed of the process through frequent circular publications announcing state approvals of the FSRS, CMC, and corresponding PPC relativity filings for each of the affected property lines of business: commercial property, businessowners, farmowners, homeowners, dwelling fire, and personal inland marine. The circulars contain instructions on company action related to the filing and adoption of the changes. Customers can log on to ISONet® at <http://www.verisk.com/cp/> to access those circulars.



Public Protection Classification

Implementation: What you need to do

The FSRS became effective for gradings initiated on or after July 1, 2013. As states implement the revised FSRS, we won't maintain prior versions. All states where ISO has jurisdiction for property lines have approved the FSRS (except Texas, where the schedule remains pending).

The new Public Protection Classifications will become effective on or after July 1, 2014, depending on the state. If you use our ProMetrix® system or API, you don't need to make any system accommodations for the new classifications unless you previously appended the data and inserted it into internal policy records. If so, changes may be necessary to handle the class codes. If you receive PPC information from another Verisk entity, contact your sales representative (or product contact) for details on delivery.

For more information, view the web seminar:
<http://www.verisk.com/ws/property/fsrs-and-ppc/>.

For more information on the revised FSRS or PPC program, please contact your account representative or call Verisk Customer Support at 1-800-888-4476.



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