

## **Improved HFD Capabilities Lead to Cuts in Insurance Premiums**

### ***Some Commercial and Industrial Insurance Premiums may also drop***

**Houston, November 20, 2002** – The State Fire Marshal's Office announced today that the Houston Fire Department's fire suppression services ISO Rating has improved, from a Public Protection Classification (PPC) Class 2 to Class 1.

"[Insurance Services Office](#)'s analysis of the Houston Fire Department's structure fire suppression delivery system indicated that our fire suppression services are improving in the face of demands of a changing environment," said Mayor Lee P. Brown, "documenting our commitment to public safety and to serving the needs of all Houstonians."

HFD's one year program to improve its PPC rating, according to ISO figures, will result in significantly lower dollar losses in both commercial and residential properties due to fire by 29 percent and 12 percent respectively. The only other cities who cover an area comparable to Houston are Phoenix, Chicago, Austin, Los Angeles and Dallas which all rate at a Class 2; San Antonio, Philadelphia and Fort Worth rate at a Class 3; New York City and Los Angeles County rate at a Class 4.

A Class 1 rating requires a minimum score of 90 to 100 on ISO's grading schedule. The City of Houston scored a 97.01, the highest grade ever achieved by any city. The City of Houston is now the largest Class 1 municipality in the world. The Houston Fire Department has been working with ISO consultant Larry Stevens over the past year to achieve this accomplishment. The only other cities in Texas that are a Class 1 include Plano, Frisco, and Wylie.

The ISO also rated the unincorporated county areas serviced by the Houston Fire Department and those areas are also being rated a Class 1. This represents an improvement from a Class 9 and will represent a significant savings in property insurance costs for commercial and residential properties.

Insurance companies are not required to reduce premiums because of the reclassification, but many will. The average 2 percent savings in commercial insurance inside the city limits represents a significant savings in the fourth largest city in the United States. This PPC improvement also emphasizes the City of Houston's commitment to being an attractive place for commercial development.

Insurers use the PPC classifications for underwriting and calculating premiums. ISO is a leading supplier of statistical, underwriting and actuarial information for the property/casualty insurance industry.

According to Houston Fire Chief Chris Connealy, ISO's PPC program evaluates communities according to a uniform set of criteria, which incorporate nationally recognized standards developed by the National Fire Protection Association and the American Water Works Association.

ISO objectively reviews the fire suppression capabilities of a community and assigns a PPC – a number from 1 to 10. Class 1 represents exemplary fire protection; Class 10 indicates an area's fire suppression program does not meet minimum recognition criteria.

The PPC program evaluates three major features:

- **POLICE AND FIRE DEPARTMENT COMMUNICATION SYSTEMS** Fire alarm and communication system. This review accounts for 10 percent of the total classification and centers on a community's facilities and support for handling and dispatching fire alarms.
- Fire Department. This review accounts for 50 percent of the total classification and focuses on items such as engine companies, ladder or service companies, distribution of fire stations and fire companies, equipment carried on apparatuses, pumping capacity, reserve apparatus, department staffing and training.
- Water Supply System. This review accounts for 40 percent of the total classification, highlighting the water supply a community uses for fire suppression, including hydrant size, type and installation, as well as the inspection frequency and condition of fire hydrants.

According to data from the Texas Department of Insurance, the Houston fire department saves homeowners in excess of 401 million dollars each year due to the level of fire protection services offered. That is an average of \$522 a year per household. Commercial, business, rental and contents savings could be three times that. Homeowners in the Class 9 county areas can expect their rates to drop two thirds.

It has been less than a year (December 1, 2001), that the Insurance Services Office raised the Houston Fire Department's ISO Rating from a Class 3 to Class 2. This is the latest feather in Houston Fire Department's hat to go along with highest cardiac survivability rate in the U.S. and largest accredited fire department in the world.

Houston Fire Department is bucking a recent trend of large fire departments losing their Class 1 ratings. Los Angeles, Miami and Las Vegas all lost their Class 1's. A majority of the large departments on the Class 1 list are no longer rated. Some have not been reviewed since the 1960s. The city has proved it can be measured by current standards and excel.

See: [Insurance Services Office](#) website