



6 key points brokers need to know about protection classes

November 7, 2023

Builders Risk Program Manager, Jeff Benson

A photograph of firefighter gear hanging on a grey brick wall. On the left, a red helmet with the number '4' is mounted. Next to it is a brown fire jacket with reflective yellow and blue stripes. In the center, a black drawstring bag hangs from a hook. To the right of the bag is another red helmet with the number '3' mounted. Next to it is another brown fire jacket with reflective stripes. The background is a grey brick wall.

Introduction

To help establish appropriate fire insurance premiums for residential and commercial properties, insurance companies need reliable, up-to-date information about a community's fire-protection services.

Insurance Services Office (ISO) provides that information through the Public Protection Classification (PPC) program.

**What is the Public
Protection
Classification (PPC)
program?**



What is the PPC program?

- The Insurance Services Office (ISO) collects information on municipal fire protection efforts in communities throughout the US.
- In each of those communities, ISO analyzes the relevant data using their Fire Suppression Rating Schedule (FSRS).
- They then assign a Public Protection Classification ranging from 1 to 10.



What is the PPC program?



- By classifying a community's ability to suppress fires, ISO helps them evaluate their public fire-protection services.
- The program provides an objective, countrywide standard that helps fire depts in planning and budgeting for facilities, equipment and training.
- By securing lower fire insurance premiums for communities with better public protection, the PPC program provides incentives and rewards for communities that choose to improve their firefighting services.

**What are the 10
classes?**

2

Fire suppression rating schedule (FSRS)

- The FSRS measures the major elements of a community's fire protection system and develops a numerical grading called a Public Protection Classification (PPC).
- The schedule is performance based and assigns credit points for each item. Using the credit points and various formulas, they calculate a score on a scale of 0 to 105.5.

Example	
Emergency Communications	10 pts
Fire Department	50 pts
Water Supply	40 pts
Community Risk Reduction	5.5 pts
<i>Fire Prevention</i>	
<i>Fire Safety Education</i>	
<i>Fire Investigation</i>	
Total Possible	105.5 pts

What are the ten classes?

Protected

- **Protected 1** – One mile or less from fire dept.
- **Protected 2** – More than one mile, but two miles or less from fire dept.
- **Protected 3** – More than two miles, but three miles or less from fire dept.
- **Protected 4** – More than three miles, but four miles or less from fire dept.
- **Protected 5** – More than four miles, but five miles or less from fire dept.

Partially Protected

- **Protected 6-8** – Building is located more than 500 feet away from a fire hydrant, but is within five miles of fire dept.

Unprotected

- **Protection Class 9** – community meets the ISO requirements for quality and communications but has an inadequate water supply.
- **Protection Class 10** – community does not meet the ISO's minimum standard in any category.

**What is considered
unprotected?**

3

What is considered unprotected?



- One of the most important risk factors in property insurance is determining “unprotected” projects.
- Rates are 2 to 3 times higher for protection classes 9 & 10.
- Carriers have strict underwriting rules and limited capacity for these risks.



- Distance to the fire department and working fire hydrants are mandatory.
- Response time and all water sources are considered at time of classification.
- This effects all property insurance: permanent, residential and commercial; ground-up new and remodeling/renovations.

**What are the
ramifications?**

4

What are the ramifications?



Impact of higher classes on premium, eligibility and capacity



Split classes



Brushfire territories and impact on protection class



Effect of urban sprawl



Impact of mountainous terrain



High value dwellings and higher protection classes



Smaller towns and rural communities' relationship to the protection class

**What are split
classifications?**

5

Split classifications



In many communities, ISO develop split classifications to reflect the risk of loss more precisely.



An example of split classification is 4/4X or 4/4Y.

(the first number refers to the classification of properties within 5 road miles of a fire station and within 1000 feet of a water supply).

(the second number - with either the X or Y designation – applies to properties within 5 road miles of a fire station but beyond 1000 feet of a water supply).



The X and Y classifications replace the former 9 and 8B portions of a split classification e.g. a community formerly graded as 6/9 will change to a split 6/6X.



To the individual property owner, the X/Y designations offer the potential for decreased property insurance premiums.

**How can you find a
community's
protection class?**



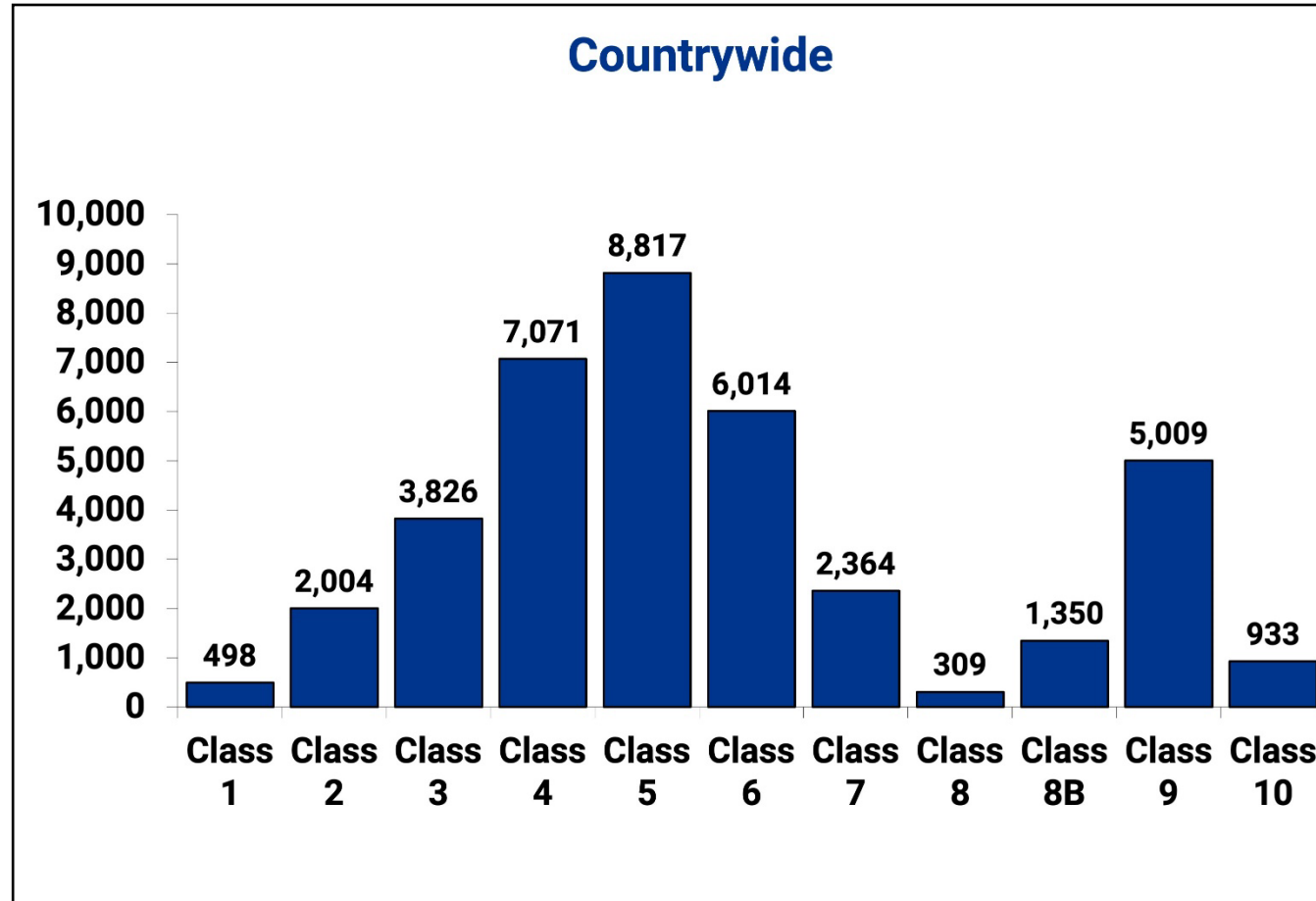
How can you find a community's protection class?

- All local fire departments work closely with ISO in determining local protection classes.
- Many insurance agents/brokers have close relationships with fire departments, **and all classifications can be provided by the local fire department.**
- It is in a community's best interest to improve their protection class rating. It will reduce premiums for local citizens and can lead to further development for the community.



Facts and figures about PPC codes around the US

(Distribution of Communities by PPC Class Number within Classification)



“Pass through” risk

What is a “pass through” risk?

A “pass through” risk is any case submitted into V² that does not generate an underwriting hold and flows from quote to bind to issue.

If your client does not need to increase the limit of automatic additional coverages or add any optional coverages, and you can answer, “yes,” to the following questions in your V² submission, your quote will not generate an underwriting hold and you will receive your quote in minutes.

Q. Is the project ground-up, new construction?

Q. Is the project less than 30% complete?

Q. Does the project type fall within protection classes 1-7?

Q. Is this a new construction project with a completed value of:

- \$1.5 million or less (coastal)

- \$3 million or less (inland)

Q. Does the builder, remodeler, owner or general contractor have at least 2 years' experience?



Q & A

Your experienced builders risk team



Jeff Benson

Senior Underwriting Manager

jeffrey.benson@victorinsurance.com

(904) 607-4916



Donna Berry

Senior Underwriter

buildersrisk.us@victorinsurance.com

(800) 944-7472

General telephone: (800) 944-7472

General email: buildersrisk.us@victorinsurance.com



Thank you



This document is for illustrative purposes only and is not a contract. It is intended to provide a general overview of the program described. Please remember only the insurance policy can give actual terms, coverage, amounts, conditions and exclusions. Program availability and coverage are subject to individual underwriting criteria.

Victor Insurance Services LLC in MN | DBA in CA and NY: Victor Insurance Services | CA Ins. Lic. # 0156109