

PUBLIC PROTECTION CLASSIFICATIONS

As outlined in MBMA's Insurance Bulletin No. 4, building grade is modified by a protection class factor to determine the gross building grade. This factor varies for different types of construction and for different public protection classifications. While the public protection grading (which includes the fire department classification) does have a bearing on the rate, it is something over which you have no direct control. You should be familiar with the protection classification, however, so that you can be sure that rate comparisons are being made fairly.

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What is ISO?

The Insurance Services Office, Inc. is a subsidiary of Verisk Analytics, and provides data, underwriting, risk management and legal/regulatory services.

Public protection classifications are established by the Insurance Services Office (ISO) working with local fire and community authorities. A grading schedule is applied to each community fire fighting service and to other aspects of public safety. The use of this schedule incorporates analysis of:

- public water supply
- fire department
- police department
- building codes
- enforcement agencies
- fire alarm systems
- other community features

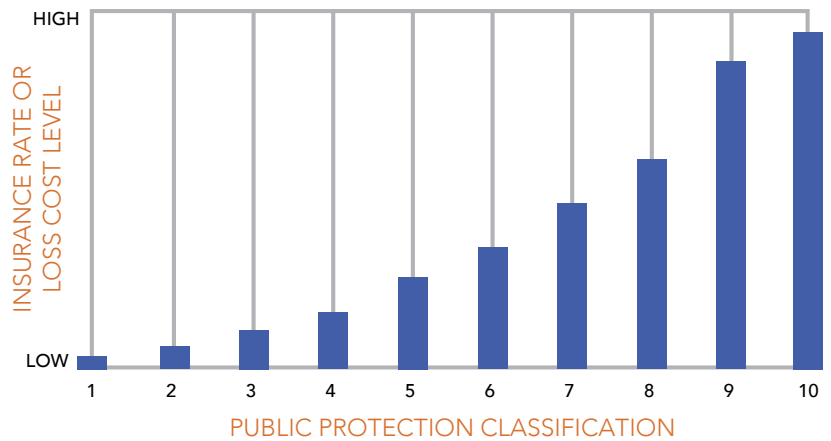
The grading schedule produces deficiency points which are translated into a numerical public protection classification. These classifications vary from Class 1, the best classification, to Class 10, the equivalent of no public protection.

Each class is assigned a Public Protection Classification Factor that is used to modify the building rate. Most states follow the same rates for each class for both sprinklered and non-sprinklered buildings. Sprinkler credits are explained in MBMA's Insurance Bulletin No. 10.

Building construction class can also affect the Public Protection class rate. For example, a frame building (Class 1)

in a Public Protection Class 4 location may reduce the Public Protection Class to a lower rated class. That is another reason to make sure that structures maintain their Building Class 3 Noncombustible rating.

How much this will affect the rate is dependent on the type of construction and the occupancy. For comparison, the bar graph below indicates the rate levels relating to different public protection classes.



Therefore, insurance rates will be higher in areas with the least public protection. The insurance agent or broker should be aware of the local class ratings where the building is to be built. Therefore, when comparing insurance rates, be sure that the comparison is made on rates based on the same public protection classification and appropriate construction classification.

Insurance is highest in areas with the least public protection.

