

ISO RATING IMPACT ON INSURANCE PREMIUMS

The Insurance Services Office (ISO), which is a service organization to the insurance industry, uses a 1 – 10 rating scale with 1 being the best level of service and 10 being no service at all. The ISO reviews fire protection in three major categories:

- Communication (10%) – This evaluates the function and reliability of the dispatch service.
- Water Supply (40%) – This evaluates the community's ability to deliver firefighting water in sufficient volumes to combat fires in buildings.
- Fire Department – (50%) – This evaluates the capability of the fire department to effectively respond to and extinguish a fire. Items reviewed include apparatus, staffing, training, and station locations.

There are several factors that affect homeowners' insurance prices.

1. **Type of Construction:** Frame houses usually cost more to insure than brick or other fire resistive materials
2. **Age of House:** New homes are usually less expensive to insure than old homes.
3. **Local Fire Protection:** The home's distance from a fire hydrant and the quality of the local fire department determine the fire protection class.
4. **Amount of Coverage:** The amount of coverage on the house, contents and personal liability will affect the price.
5. **Deductible Amount:** A higher deductible will reduce the price for home insurance.
6. **Volume/Relationship Discounts:** In some states, insurers offer lower prices for things such as insuring both home and car with the same company and installing deadbolt locks or alarm systems.

A large part of property insurance premium is determined by:

- Type of construction of the building
- Type of occupancy
- Age and condition of the property
- Protection class or effectiveness of the fire department
- Existence of a sprinkler system.

An fire alarm system does not usually have a great deal of effect on the premium calculation as most of the large insurers are now requiring alarm system coverage.

Below, you will see some sample numbers, if you convert the numbers to percentages it will give you a rough idea for your premium. Speak directly to your insurance agent to discuss your particular situation. What is consistent is that as the ISO rating goes down, so will your premium, however the exact number will depend on your policy and your carrier.

Home Value: \$400,000

ISO Class	Premium (\$)
1	1,650
2	1,720
3	1,800
4	1,900
5	2,000
6	2,150
7	2,350
8	2,900
9	3,468 (<i>real anchor</i>)
10	3,844 (<i>real anchor</i>)

It's important to note that these are modeled numbers. Your individual results will vary considerably based on the factors listed above as well as any specific endorsements a policy holder might have.

Home Value: \$600,000

ISO Class	Premium (\$)
1	2,475
2	2,580
3	2,700
4	2,850
5	3,000
6	3,225
7	3,525
8	4,350
9	5,202 <i>(scaled from anchor)</i>
10	5,766 <i>(scaled from anchor)</i>

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Home Value: \$800,000

ISO Class	Premium (\$)
1	3,300
2	3,440
3	3,600
4	3,800
5	4,000
6	4,300
7	4,700
8	5,800
9	6,936 (scaled)
10	7,688 (scaled)

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Home Value: \$1,000,000

ISO Class	Premium (\$)
1	4,125
2	4,300
3	4,500
4	4,750
5	5,000
6	5,375
7	5,875
8	7,250
9	8,670 (scaled)
10	9,610 (scaled)

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