

Fire department ISO ratings won't always affect insurance

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In spring of 2016, the Paducah Fire Department and the six volunteer fire protection districts that serve the rest of McCracken County received site visits from the Insurance Services Office (ISO).

ISO, a New Jersey-based rating organization for the property and casualty insurance industry, offers fire departments a Public Protection Classification review of the structural fire suppression delivery system in the area they serve.

The written reports that follow provide a ranking that measures effectiveness and becomes a factor in determining property and casualty insurance rates. The ratings range from a "1" -- representing an exemplary fire suppression system -- to "10" which indicates a fire suppression system does not meet ISO's minimum threshold.

The rating of the Paducah Fire Department improved from a "3" to a "2" in last year's report, while the Lone Oak Fire District improved to a "3." The Concord, Hedron, Reidland-Farley and West McCracken districts received a "4" rating and the Melber District a "5."

According to an ISO report on grade distribution, all McCracken County fire districts rank in the top 40 percent of the 48,754 departments surveyed, with the Lone Oak District in the top 7 percent and the Paducah Fire Department in the top 2 percent.

ISO-generated press releases claim that an improved rating leads to reduced property insurance rates, but according to multiple insurance agencies, that is more often true when a department with a poor rating makes improvements that when a good one gets better.

A press release issued by the city of Paducah 15 months ago carried the headline, "Paducah Fire Department achieves higher ISO rating which may lead to lower insurance rates."

Not so according to State Farm agent Susan Waldon-Denton and Allstate agent Gary Eckelkamp. Denton said she hasn't noticed any decreases for city homeowners in the past year, adding, "I know they've gone up; rates are a real concern right now. Insurance is high."

Eckelkamp also noted few rate decreases.

"Homes over 5 miles from a station and more than 1,000 feet from a hydrant have high costs," he said. "When you get a rating up into the 9s, the cost of coverage explodes."

Paducah is not alone.

When Lexington's ISO rating improved to a "1" earlier this year, the city held a press conference with the mayor, fire chief and council members praising the department and thanking the city for investing in it.

Yet, three separate property insurance agents contacted in Lexington were not aware of the rating improvement. Paul Ferrell, co-owner of Cambridge Insurance in Lexington, said, "I haven't seen any difference in anyone's rate here."

What the ISO ratings do provide, however, according to fire chiefs throughout McCracken County, is a fairly accurate measure of their department's capabilities.

According to Robert Andrews, a vice president at ISO, the program evaluates key areas of fire protection:

- Emergency communications (10 percent) -- 911 telephone systems, adequacy of telephone lines, operator supervision and staffing, and the dispatching hardware and software systems.
- Fire department (50 percent) -- adequacy of equipment, sufficient staffing, evaluation of training, existence of automatic aid and geographic distribution of fire companies.
- Water supply (40 percent)-- condition and maintenance of hydrants, existence of alternative sources, and a careful evaluation of the amount of available water -- in volume and pressure -- compared with the amount needed to suppress fires.

Fire departments in McCracken County received near maximum ratings in the emergency communications category.

In the "Fire Department" category, Paducah scores more highly than the county volunteer districts. Paducah scored 36.32 out of 50 possible points in this area, while the volunteer departments averaged eight points less.

Reidland-Farley Fire Department Chief Rick Archer said he has great volunteers who work at chemical plants in Calvert City or at the USEC facility, and they "get a lot of great training in their day jobs," but that training doesn't count toward fulfilling their ISO criterion.

Interestingly, all departments in the county received credit for all 4,106 fire hydrants despite the fact that half the total is inside the 20 square miles of the city, while Melber's 15 square miles and West McCracken's 58 square miles each have fewer than 100 hydrants.

Although there may seem to be a big difference between Paducah's "2" rating and Lone Oak's "3" rating, the difference looks smaller when seen on the 100-point scale.

With 80.8 total rating points, Paducah barely exceeded the 80-point threshold needed to receive a "2." Lone Oak earned 77.7 points. The difference in the ratings came down to three additional points Paducah received for its water supply system, which is better able to provide needed water fire flows for a longer period of time.

"We benefit from a great water supply system; we have such good water all the time in terms of volume and distribution," Paducah Chief Steve Kyle said.