Insurance Information provided by:

FIRE UNDERWRITERS SURVEY
A SERVICE TO INSURERS AND MUNICIPALITIES

Provided by
CGI Insurance Business Services

Commercial Lines Insurance is referred by Fire Underwriters Survey as the **Public Fire Protection Classification**. This is the 1 to 10 classification applied to all communities across Canada. This classification does not influence Single Family Residential properties.

Reference to Town Grades creates confusion. In the insurance community, typically the "Public Fire Protection Classification" is referred to as the **FUS** grades.

The term Town Grades typically is used in the insurance industry to refer to the second grade that applies to all communities across Canada which is the Fire Underwriters Survey "**Dwelling Protection Grade**".
This is a 1 to 5 system that is used by insurers to set rates for Single Family Residences (also referred to as Detached Habitational Dwellings).

Every community in Canada is evaluated by both systems. The insurance industry has two arms relating to property insurance and fire protection. One is the Commercial Lines and the other is the Personal Lines.

The Commercial Lines arm of the insurance industry utilizes the "Public Fire Protection Classification" (aka PFPC; aka FUS Grade) as one factor (of many) that is used to set property insurance rates for all properties that ARE NOT Single Family Residences (aka. Detached Habitational Dwellings). The PFPC is also used to determine capacities of insurers in communities.

Although all insurers use the information differently based on their own formula and loss experience, properties within communities with better PFPC grades (lower = better in this 1 to 10 system) typically experience correspondingly lower insurance rates. Additionally, although all insurers use the information differently based on their own formula and loss experience, communities with better PFPC grades (lower = better in this system) typically experience correspondingly greater insurance capacities (ex.1 a large hotel insured for $40 million may require only 1 insurer vs. 5 insurers as capacities increase; ex.2 the total value of insurance capacity across a community would typically increase as the PFPC improves).

The Personal Lines arm of the insurance industry utilizes the "Dwelling Protection Grades" (aka DPG; aka Town Grades) as one factor (of many) that is used to set property insurance rates for all properties that ARE Single Family Residences (aka. Detached Habitational Dwellings). The DPG does not typically influence capacities of insurers in communities.

Although all insurers use the information differently based on their own formula and loss experience, properties within communities with better DPG grades (lower = better in this 1 to 5 system) typically experience correspondingly lower insurance rates.

An improved PFPC (ex. moving from 10 to 8) would not influence fire insurance rates for Single Family Residences (aka. Detached Habitational Dwellings). However, when the community PFPC improves from 10 to 8, there would almost undoubtedly be an improvement in the DPG of the same community from a 5 to a 3B or even a 3A, which would have a significant impact on the fire insurance rates for Single Family Residences (aka. Detached Habitational Dwellings).

It important to stress that all insurers use their own formulas for calculating rates and although there are core similarities in their systems there are also differences. Additionally it is important to stress that fire insurance is only one part of property insurance rates which also include other risks and perils (ex. crime, earthquake, flood, etc.). As such the degree of influence that the changes of either the PFPC or the DPG will have on local property insurance rates will vary, however is well documented as being significant. Several examples of improvement rates were included in the Apex Fire Underwriters Survey Synopsis.