



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Division of Insurance

Sean Parnell, Governor
Susan K. Bell, Commissioner
Linda S. Hall, Director

Order R 11-01

February 18, 2011

EFFECTIVE DATE OF REVISED PROTECTION CLASSIFICATION
FOR KASILOF, ALASKA

BACKGROUND:

On or about January 23, 2011, the Division of Insurance (division) was contacted about the correct Insurance Services Office, Inc. (ISO) fire protection classification for Kasilof, Alaska.

On January 24, 2011, the division wrote a letter to ISO asking them to provide a general description of their process for evaluating the fire protection classification of an area.

On January 31, 2011, the division sent a follow-up e-mail requesting specific information related to fire protection upgrades undertaken by Kasilof, Alaska.

ISO responded to both of the division's communications in a letter dated February 4, 2011. This letter indicated that ISO had recently completed an evaluation of the Central Emergency Service Area of Kasilof and that they had re-classified the community from a Class 9/10 to a Class 6/10 effective May 1, 2011.

Because the fire protection upgrades have been completed, waiting for four to five months to recognize the revised fire protection classification will result in excessive rates for those policies that cover property in the Central Emergency Service Area of Kasilof, in violation of AS 21.39.030(a)(1).

On February 15, 2011, the division requested that ISO revise the effective date of the fire protection classification change to February 18, 2011.

In a telephone conversation between the division and ISO, on February 18, 2011, ISO indicated that they would not revise the effective date because the January fire protection class update is their normal distribution of classification changes and the four month lead time is needed by insurers to make changes to their IT systems to recognize the new classification. In addition, insurers would have already sent out renewal notices using the current protection class.

The division recognizes that for many ISO rate and rule revisions, insurers do need a period of time to complete IT programming to include those ISO changes in their own rating systems. However, a single protection classification change is a very small change. In addition, for those insurers that use the ISO electronic protection classification database, LOCATION, would not implicate any programming in their own systems. The advantages of allowing the residents of Kasilof to receive recognition of the upgrades to their fire protection capabilities outweighs the inconvenience caused by revising the effective date of the classification change.

ORDER

For the reasons set forth above, the director orders that:

- A. ISO revise the effective date of the Kasilof fire classification – Class 6/10 from May 1, 2011 to February 24, 2011.
- B. ISO will immediately notify its members and subscribers of the change in effective date and inform those insurers that have already sent out renewal notices or quotes, that the rates for any new or renewal policies that take effect on or after February 24, 2011 will need to have the premium recalculated using the revised protection classification of 6/10.
- C. In the very unlikely event that this fire protection classification change results in a higher premium for any policy for which a quote has been issued, the insurer will honor the original quote.
- D. The effective date of this order will not be suspended or postponed under AS 21.39.170(a).

This order is effective February 22, 2011.



Linda S. Hall
Director