



June 6th, 2024

Central York Fire Services
300 Earl Stewart Drive,
Aurora, Ontario, L4G7Z5

Attention: Mayor & Council (Town of Newmarket/Town of Aurora)

Fire Underwriters Survey (FUS) – Fire Insurance Classification Update

Fire Underwriters Survey is a national organization that represents approximately 90 percent of the private sector and casualty insurers operating in Canada. Fire Underwriters Survey provides data to program subscribers regarding public fire protection for fire insurance statistical and underwriting evaluation. This work has been completed since 1883 and is integral to insurance underwriting practices across the country.

Fire Underwriters Survey conducted an assessment of each area of Central York Fire Services (CYFS) fire defenses primarily for fire insurance grading and classification purposes. The Public Fire Protection Classification (PFPC) is a numerical grading system scaled from 1 to 10 that is used by Commercial Lines¹ insurers. Class 1 represents the highest grading possible and Class 10 represents an unrecognized level of fire protection, or fire protection beyond 5 km by road travel distance from the nearest responding fire station. The PFPC grading system evaluates the ability of a community’s fire protection programs to prevent and control major fires that may occur in multi-family residential, commercial, industrial, institutional buildings, and course of construction developments.

Fire Underwriters Survey also assigns a second grade for fire protection. The second grading system, entitled Dwelling Protection Grade (DPG), assesses the protection available for small buildings such as single-family dwellings and is used by Personal Lines² insurers. The DPG is a numerical grading system scaled from 1 to 5. One (1) is the highest grading possible and five (5) indicates little or no fire protection is present; Class 5 also represents fire protection beyond 8 km by road travel distance of a responding fire station. This grading reflects the ability of a community to handle fires in small buildings such as single-family dwellings and semi-detached dwellings.

We are pleased to inform that our analysis of both the Town of Aurora and Newmarket fire insurance classification assessment is complete, and the community has maintained all Dwelling Protection Grades (DPG) associated with Fire Station staffing and equipment; all Fire Stations were rated using the highest classification of DPG 1.

The assessment completed by the Fire Underwriters Survey (FUS) was primarily in relation to the inclusion of the new Fire Station 4-5, serving both communities of Aurora and Newmarket. Fire Station 4-5 will help improve response times and add needed resources to firefighting operations, strengthening the amount of suppression staff available to both communities, as well as improving available resources at incidents. Continued investments into added suppression staff and available units will have the largest impact on improving fire insurance classifications for both communities.

The addition of Fire Station 4-5 is directly related to the improvement of PFPC – Commercial Classifications as additional credit points were earned due to increase in suppression resources. The Town of Aurora and the Town of Newmarket improved their commercial classification from PFPC 4 to PFPC 3. Often communities ask how much savings can be expected from a grade improvement; this is a complicated question that requires in-depth analysis through an Actuarial, which can be costly.

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3999 Henning Drive Burnaby, BC V5C 6P9 1 (800) 665-5661	175 Commerce Valley Drive West Markham, ON L3T 7P6 1-877-642-4468	4 Place Laval, bureau 350 Laval, QC. H7N 5Y3 1-877-640-8352	1100 - 1701 Hollis St. Halifax, NS B3J 2T9 1-877-634-8564



Fire Underwriters Survey

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The following chart depicts typical percentage changes that may be experienced by some commercial stakeholders in the community where applicable:

Public Fire Protection Classification	U-Rate and X-Rate Percentage Decreases
PFPC 10 to PFPC 9	1%
PFPC 9 to PFPC 8	1-3%
PFPC 8 to PFPC 7	10-20%
PFPC 7 to PFPC 6	5-15%
PFPC 6 to PFPC 5	5-15%
PFPC 5 to PFPC 4	5-15%
PFPC 4 to PFPC 3	3-7%
PFPC 3 to PFPC 2	1-2%
PFPC 2 to PFPC 1	1-2%

The U-Rate and X-Rate calculators generate insurance estimates and the result from past studies have shown typical reductions from one PFPC to a lower PFPC (Grade Improvement), as it relates to base insurance premiums. However, rate data can change yearly from one underwriting company to another depending on their capacity to underwrite Commercial Lines insured property across Canada.

Major areas where available credit remains available for further classification improvement is mostly associated with available firefighting resources and improvements to the frequency of inspections. Currently, CYFS employs a mostly Request and Complaint program of inspection. Routine inspection frequency with strong target hazard risk identification programs scores best in fire insurance classification assessments. Central York Fire Service (CYFS) will need to improve the number of inspections completed annually to improve overall scoring and final classifications attributed to the communities of Aurora and Newmarket. Adding additional fire companies will also provide positive impacts to fire insurance classifications as well as the addition of a training facility capable of providing constant training and practice evolutions to fire fighters, improving operations, safety and awareness.

Should you have any further questions please review our website at <https://fireunderwriters.ca/> , or feel free to contact our offices.

Regards,

Robert Aguiar
Director, Ontario/Atlantic Regions
Fire Underwriters Survey (FUS)

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