

# Louisiana Department of Insurance Announces Some Caddo Parish Residents to see drop in fire insurance rates

Commissioner of Insurance Jim Donelon says Caddo Parish homeowners in Fire District 5 (Ellerbe Road and Dixie Gardens area) can expect significant rate reductions in their fire insurance premiums, effective July 10, 2017.

Donelon recognized firefighters and local officials in Fire District 5 for the improvement of their fire protection grading from Class 4 to Class 3.

“Through diligent work and cooperation, increased protection of homes, businesses and families from fires is possible. Improved fire protection ratings are a testament to the hard work of fire departments and community leaders and we all reap the benefits in the form of improved safety, peace of mind, and lower premiums for fire insurance due to decreased risk,” Donelon said.

Fire insurance for a home valued at \$150,000 was costing residents in Fire District 5 about \$1,107 a year. That cost is likely to drop to about \$1,020 under the new grading, saving homeowners about \$87 in annual premiums.

The amount of the premium rate reduction will vary, depending on the value of the property, the fire district where the property is located and the rate schedule of the company insuring the property.

Fire protection grading is promulgated by the Property Insurance Association of Louisiana (PIAL) and approved by the Louisiana Insurance Commissioner. All fire districts are graded on a scale of 1 to 10 by PIAL, with 10 representing no fire protection and 1 being the best.

A variety of factors are considered in determining a district’s grading. The number of dispatchers on duty, the number of firefighters and fire trucks, and the availability of water all affect a district’s grading.

Rankings may change any time PIAL resurveys a district, or they may remain the same. An upgrade (such as Class 6 to Class 4) will probably mean a drop in property insurance rates. PIAL conducts surveys of fire district's fire protection services before issuing a grading.

If PIAL surveys a fire district and finds it is offering fewer services than before, they may "retrograde" the class, from a 4 to a 6, for example. When this happens, property insurance rates will probably go up. Policyholders in the affected area should contact their insurance producer if the expected reduction in fire insurance premiums is not reflected in their next renewal notice.



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