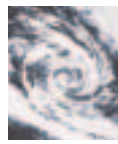




LOCATION®

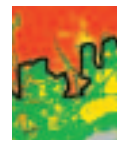
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ONLOCATION

Profit from our information.

Issue 01 ■ Fall 2004

All about LOCATION®

An underwriting and rating tool that provides accurate geographic and hazard information for every risk address in the United States



welcome

to the inaugural issue of *OnLocation*. Several times a year, the LOCATION® team will bring you important information about LOCATION — ISO's comprehensive risk-assessment tool. We'll cover new products and services, important technical issues, customer case studies, and more. You'll find helpful tips, expertly answered questions, and behind-the-scenes information — to optimize how you use LOCATION services. If you don't yet use LOCATION, we hope that, as you read through these pages, you'll see its value and how it can benefit your company.

Visit www.iso.com/onlocation for more information.

LOCATION® offers a broad array of services, including information on Public Protection Classifications (PPC™), distances to coasts, windpools, rating territories, wildfire, crime, premium tax, natural catastrophes, and building-code effectiveness (with BCEGS™ classifications). LOCATION is available through a variety of delivery platforms that can run from your data center or ours.

PPC™ Service

By using correct PPC™ codes, you can implement your underwriting and rating plans as designed — increasing your total premiums and improving your loss ratio. Fire protection areas don't always follow community, postal, or ZIP code boundaries. Many cities have multiple fire districts within city limits. Many fire districts have more than one PPC code. LOCATION PPC Service cuts through all the complexity.

Future Effective PPC™ Service

PPC™ codes change frequently, and ISO files them to take effect several months following their publication. You need to

know the future PPC codes for processing renewals and booking new business with an effective date in the future. The LOCATION Future Effective PPC file alerts you up to three months in advance to changes in PPC for any fire protection area.

Wind Services

LOCATION Wind Services include the risk's distance to the nearest major body of water, distance to ocean or gulf, and ISO personal and commercial property territory codes. The service also tells you whether the risk is within the state's windpool eligibility area.

FireLine™

FireLine™ uses a combination of detailed satellite imagery, topographical maps, and street maps to determine a risk's exposure to the wildfire hazard. You get information on three key wildfire risk factors — fuel, slope, and road access — as well as an overall hazard rating for each address. (See "On the Map" on page 4 to learn how FireLine information correlated with burn areas in the 2003 California fires.)

Crime Service

LOCATION Crime Service delivers accurate and objective crime-risk data representing every address in the United States — helping you understand and manage your exposure to crime, determine whether to conduct an on-site survey, and improve your loss ratio. To help you assess crime at specific risk locations, you'll get an overall crime-risk score for each location, as well as separate scores for crimes against persons, crimes against property, aggravated assault, arson, auto theft, burglary, homicide, larceny, rape, and robbery.

FloodAssist™

FloodAssist™ helps you accurately determine flood zones. With technology from Fidelity National Financial (FNF), the service helps you satisfy Federal Emergency Management Agency (FEMA) requirements and gives you a property's flood zone and other necessary flood data. Use FloodAssist for risk assessment or compliance with regulations.

(continued on page 2)

All about LOCATION *(continued from page 1)*

Premium Tax Service

LOCATION Premium Tax Service helps you calculate the correct local premium-tax allocations for your insureds. The service provides the appropriate tax code, tax-territory name, tax rate by line of business, type of tax, tax-revision date, and more. LOCATION Premium Tax Service gives you the information you need to improve productivity, reduce staff time, and comply with tax requirements.

Natural Catastrophe Service

LOCATION Natural Catastrophe Service delivers data on the hazards of natural catastrophes — hurricanes, earthquakes, tornadoes, and hail. With modeled information from ISO's AIR Worldwide subsidiary, the service provides critical factors — including risk scores, average annual loss information, and physical characteristics of the risk location — to help you manage your exposure to loss.

LOCATION Territory Services

LOCATION Territory Services provide correct rating territories for your personal

and commercial lines policies for every address in the United States.

LOCATION currently offers Territory Services for personal auto, commercial auto, personal property, commercial property (including ISO Group II Zones), businessowners, commercial earthquake, California DOI earthquake zones, and commercial general liability. You can also get a customized LOCATION data file of any territories unique to your company. Simply send us your territory definitions. We'll build your data into a custom LOCATION product.

HomeWork™

HomeWork™ provides the routed and straight-line drive distances between an insured's home address and up to five work addresses.

California FAIR Plan Brush Fire Service

The California Brush Fire Service tells you whether an address is in a designated brushfire zone and lets you quickly and easily determine your brushfire exposure and eligibility for credits.

Convenient electronic delivery

Most LOCATION services are available on CD-ROM or by FTP delivery for 24x7x365 access through your data center. You can host the databases on your own PC or server — or in a mainframe environment. You can also integrate the information into your rating, policywriting, or quoting system. And LOCATION is great for e-commerce, since your system can automatically generate the rating information you need.

You can also order LOCATION reports through ISO PassportSM — our Internet delivery system that gives you access to underwriting tools from ISO and other providers. You can choose:

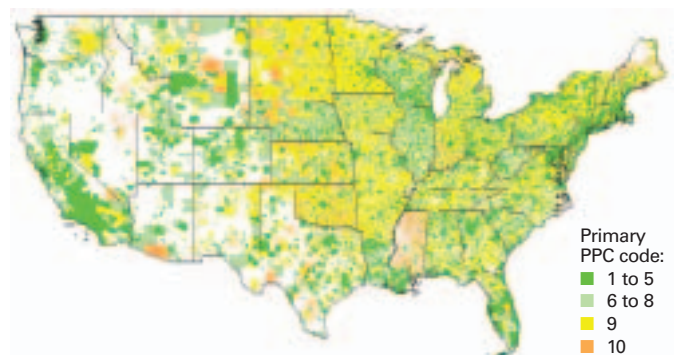
- on-line access
- batch-order processing using secure-transfer FTP
- web-service API (application program interface) — connecting your system with ours ■

Order your LOCATION reports at <https://isopassport.iso.com>.

Public fire protection: The only constant is change

- In the past 20 years, the number of calls to local fire departments has approximately doubled.
- In 2003 alone, ISO made more than 12,200 updates to fire station locations and fire protection area boundaries in LOCATION®.
- A third of all fire districts in the U.S. are graded Class 9 or 10. ISO statistics show that those communities have losses at least twice as high as their better-protected neighbors.

U.S. ISO Public Protection Classifications



Free seminars for insurance professionals

This October, ISO is hosting a series of regional seminars for insurers to discuss ways you can improve the profitability of your property portfolio with accurate location-specific information. You'll get an overview of geographic information systems (GIS) techniques, and you'll learn about what ISO has done with this state-of-the-art technology.

Meetings are scheduled 8:30 a.m.–noon on the following dates:

- October 15 – Boston, MA
- October 18 – Chicago, IL
- October 19 – Columbus, OH
- October 21 – Dallas, TX
- October 22 – San Francisco, CA

The meetings are free of charge, and you may send as many people as you wish. But space is limited, and you must register in advance. To register, visit www.iso.com. Click on "ISO Conferences" and follow the link for LOCATION® Regional Meetings. ■

GeoTRIVIA

As a LOCATION® user, you deal with geographic data all the time. Test your knowledge with our GeoTrivia quiz. You'll find the answers at www.iso.com/geotrivia. Good luck!

1. Main Street is the most common street name. What are the remaining "Top 10" street names?
2. How many fire stations in the U.S. will respond to home fires on first alarm, 24x7x365?
3. What three counties in California have the greatest exposure to wildfires?
4. How many of the 25 largest U.S. convention centers are in neighborhoods with a high likelihood of crime?
5. How many fire protection areas in the U.S. have achieved an ISO Class 1 rating?

EXPLORING NEW TERRAIN

Built to code: LOCATION® shows where the most effective building codes are

One of the newest LOCATION® services — Building-Code Effectiveness Classifications — provides building-code enforcement information for more than 14,000 communities throughout the country. Information on the effectiveness of local building codes can help you estimate how well structures will fare in a hurricane, earthquake, or other disaster — leading to better risk assessments. Through the Building Code Effectiveness Grading Schedule (BCEGS™), ISO surveys and collects information on a community's building-code adoption and enforcement practices. We then analyze the data and assign a Building Code Effectiveness Classification from 1 (most favorable) to 10. Insurers use the classification for underwriting information and to grant premium credits for buildings constructed in jurisdictions that rigorously enforce the latest revisions of the code.

Municipalities with well-enforced, up-to-date codes demonstrate better loss experience, and insurance rates can reflect that. The potential to reduce catastrophe-related damage and ultimately lower insurance costs provides an incentive for communities to adopt the most advanced building codes and enforce them rigorously — especially as they relate to natural catastrophe damage. ■



After Hurricane Andrew, photos taken in several parts of south Florida showed homes on one side of a street completely destroyed, while homes on the other side suffered minimal damage. In many cases, construction techniques for the heavily damaged buildings were well below the minimum standard required by the adopted building code.

HURRICANE CHARLEY, a Category 4 hurricane, smashed through southwest and central Florida on August 13 — causing estimated insured property losses of \$6.8 billion. Hurricane Frances struck the Florida east coast on September 5, and as *OnLocation* goes to press, Hurricane Ivan is headed to the Gulf states as a Category 5 storm, with the potential to add billions more in losses. But these destructive hurricanes could have caused even more damage. Structures built since 1992's Hurricane Andrew are more resilient than those built before. That's because, after Andrew, Florida introduced new building codes that kept insured losses lower.

LOCATION in the Community

Fire chiefs speak out on public fire protection

A survey of fire chiefs conducted by the independent polling firm Opinion Research Corporation shows most U.S. fire chiefs agree that community development is dramatically affecting public fire protection. Of those who experienced residential and commercial growth, 73 percent say it is straining their ability to protect the communities they serve. And 81 percent of those who expect future growth say growth is likely to put even more strain on their departments' resources during the next three years. The respondents cite two major reasons:

- 77 percent say future growth in their communities is most likely in areas where water mains, hydrants, and hauled-water services need improvements.
- 51 percent say future growth is most likely in areas that will need more fire stations.

By an overwhelming 91 percent, fire chiefs say getting necessary funding is a significant obstacle to making needed improvements to their communities' fire-

protection services. The chiefs see other serious obstacles to improving service:

- 79 percent noted difficulty recruiting and retaining firefighters, whether career/paid or volunteer.
- 69 percent expressed difficulty in accessing adequate water supplies.
- 46 percent cited a lack of cooperation from local water companies.

Sixty-four percent reported that, in the past three years, they have used the ISO program to assist in decisions regarding their communities' fire protection.

Seventy-six percent plan to use ISO's PPC™ program in the next three years for planning, budgeting for, or justifying improvements.

Because fire-mitigation capabilities of communities correlate highly with insured losses, better classifications generally result in lower insurance premiums for property owners in better-protected areas. Insurance companies representing more than 97 percent of the personal and commercial property market in the United States support the ISO PPC program. ■

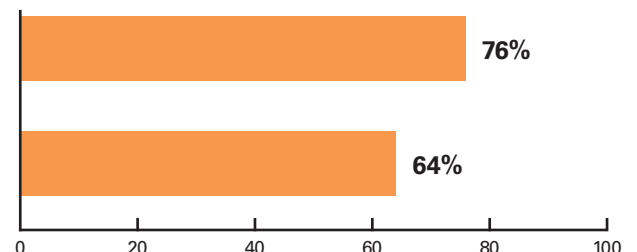
U.S. fire chiefs value ISO's PPC program

Intend to use the program to plan, budget for, or justify improvements in the next three years

76%

Have used the program in the past three years to assist in decisions regarding their communities' fire protection

64%



Source: Opinion Research Corporation

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ON THE MAP

FireLine™ identifies affected areas in 2003 wildfires

How well did FireLine™ perform in identifying hazard areas in the Southern California fires of 2003? According to a recent study, FireLine classified 97.5 percent of the geographic area burned in the 2003 California wildfires as fuels. And the product identified 95.7 percent of the homes and commercial properties affected by the fires as exposed to the wildfire hazard.

The map at right illustrates the high correlation between the actual burn areas in the San Bernardino County fires (inside the black lines) and areas classified in FireLine as fuels.

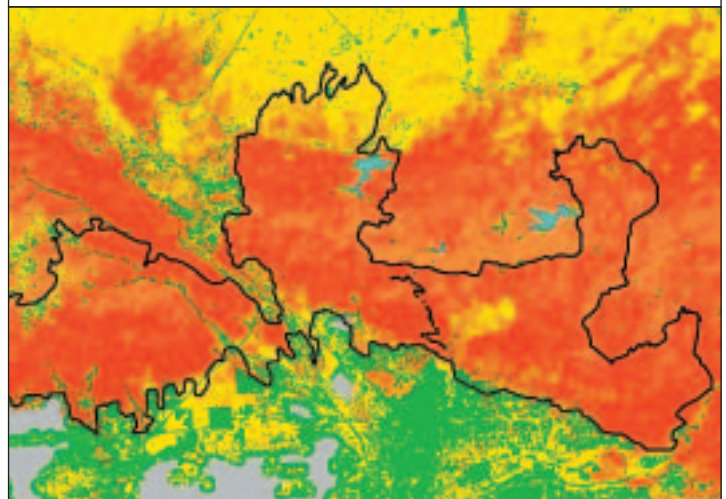
The color key shows the FireLine fuel type classifications:

-  light fuels (grass, weeds, scrub)
-  medium fuels (woodland, timber)
-  heavy fuels (brush, shrubs)
-  downtown urban areas, desert areas
-  bare/sparsely vegetated ground, rock, roadways
-  water (lakes, large rivers, oceans, reservoirs)

The success of FireLine in assessing a risk's exposure to wildfire hazard makes FireLine an indispensable management tool when you're underwriting for the wildfire hazard.

You can visit www.iso.com/downloads/CA_Fire.pdf to view our full study. 

San Bernardino County FireLine Map



For more information on LOCATION or to add others in your company to the OnLocation mailing list, contact ISO Customer Service at 1-800-888-4476. Or send e-mail to location@iso.com.



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