



House Office Building, 9 South
Lansing, Michigan 48909
Phone: 517/373-6466

REPEAL MUNICIPAL FIRE SERVICE CLASSIFICATION BOARD

House Bill 5587 as introduced First Analysis (5-2-00)

Sponsor: Rep. Larry Julian
**Committee: Local Government and Urban
Policy**

THE APPARENT PROBLEM:

Currently municipal fire service classification standards are set by the Insurance Services Office, Inc. (ISO) and they are in effect nationwide. However, historically the individual states performed this function. See *BACKGROUND INFORMATION*, below.

In Michigan, an 11-member municipal fire service classification board was created within the fire marshal division of the Department of State Police. Its members were appointed by the governor and the board included representatives from the Departments of State Police and Public Health (the directors or their designees), as well as representatives selected from recommendations made by the Michigan Fire Chiefs Association, the Fire Inspectors Society, the State Fireman's Association, the Michigan State Fire Fighters Union, incorporated cities and villages, township government, and two members from the fire insurance industry. At least one of the board members had to be a member of a rural volunteer fire department. All members served four-year terms.

The board was given seven years to develop a fire service classification scale that incorporated standards for 15 components: available water supply; fire prevention programs and activities; organized fire department administration; fire fighting equipment and apparatus; organizing training; fire losses; fire prevention code and code enforcement; fire incident reporting and fire investigation; fire alarm systems; building construction code and code enforcement; communications; personnel; mutual aid; fire suppression systems; and other fire service delivery technology.

After the fire service classification scale was designed, the board was required to review each municipality's fire service delivery system every eight years, and grade the system in accordance with its scale, conveying the grade to the municipality within 90 days of the inspection. It could also set a fee schedule and

method of assessment to be charged a municipality for the assistance provided to improve the fire service delivery system. The act then authorized insurers to write fire insurance within the state, utilizing the fire service classification system that the board had promulgated.

At least annually, the board reported its activities and recommendations to the legislature and to the commissioner of insurance.

The act that created Michigan's Municipal Fire Service Classification Board expired on December 31, 1982, but it remains in the law books. Since the Insurance Services Office, Inc. (ISO) sets classification and rating standards nationwide, and because there is no expectation that ISO will discontinue its work, some have suggested that the act be repealed.

THE CONTENT OF THE BILL:

House Bill 5587 would repeal Public Act 340 of 1976, which created a municipal fire insurance rate classification advisory board to provide for the evaluation of fire service delivery systems operated by a city, village, township, or county. The act expired on December 31, 1982.

MCL 28.651 to 28.657

BACKGROUND INFORMATION:

The Insurance Services Office, Inc. (ISO) is the leading supplier of statistical, actuarial, and underwriting information for and about the property/casualty insurance industry. ISO provides advisory services to more than 1,500 participating insurers and their agents. The company is licensed to perform these services throughout the United States, including Puerto Rico. It

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maintains one of the largest private databases in the world, and when possible ISO makes its products and services available electronically. For more information about ISO, visit their website at <http://www.iso.com/docs/about.htm>.

FISCAL IMPLICATIONS:

The House Fiscal Agency notes that the bill has no state or local fiscal implications. (4-27-00)

ARGUMENTS:

For:

This act is outdated and should be repealed. The classification and standard-setting function that rates and then regulates the fire service delivery systems of local units of government is a regulatory function that is no longer provided by the state. Instead, standards are set by the Insurance Services Organization (ISO) and those standards apply nationwide. This statute expired 19 years ago, in 1982, and there is no reason to keep it in the law books.

For:

Although this bill was not included in the Senate Law Revision Task Force Report, it is among those bills that would repeal out-dated laws that can be found in Michigan's Compiled Laws. The state's compilation of its laws was begun over 160 years ago. While many laws that became outdated, inapplicable, or inappropriate have been repealed or eliminated through the years, many other laws enacted long ago, that are of questionable relevance, remain on the books. The Senate Law Revision Task Force was established to review existing statutes and to recommend the repeal of laws found to be arcane or irrelevant. The task force pointed out that arcane or irrelevant laws that remain enforceable are detrimental to the public. The task force report stated that Michigan residents must be free from the threat of the state's arbitrarily enforcing laws that are arcane or irrelevant to modern life; that residents must not be required to be aware of and abide by laws that no reasonable person can know exist; and that government resources should not be used perpetuating and/or imposing arcane or irrelevant laws upon its citizens.

Against:

The insurance rates for local units of government depend on the effectiveness of the fire service delivery system. Those systems require oversight. The fire insurance rate classification regulatory function is crucial, and it would be necessary to reinstate this

board, or some similar oversight organization, if the ISO stopped setting standards nationwide. It would make sense to keep this act in the law books, in the event that it might be needed at some future date.

POSITIONS:

There are no positions on the bill.

Analyst: J. Hunault

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.