



Municipal Technical Advisory Service  
INSTITUTE *for* PUBLIC SERVICE

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## How Does the BCEGS Work?

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Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](http://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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## How Does the BCEGS Work?

**Reference Number:** MTAS-1137

ISO collects information on the building codes in effect in a particular community, as well as how the community enforces its building codes. It then analyzes the data using the BCEGS to determine the level of building-code enforcement. Insurers may use the assigned grading to determine property insurance values or grant premium credits for buildings constructed under strictly enforced codes.

Through the BCEGS Program, ISO assigns each municipality a Building Code Effectiveness Classification from 1 (exemplary enforcement) to 10 for both commercial and residential new construction. Insurers and individual policyholders benefit from reduced losses in communities with favorable classifications. Effective code enforcement leads to safer buildings, less damage from catastrophes, and lower insured losses.

<b>Class Table</b>	<b>Point Range</b>
1	<b>93.00 – 100.00</b>
2	<b>85.00 – 92.99</b>
3	<b>77.00 – 84.99</b>
4	<b>65.00 – 74.99</b>
5	<b>56.00 – 64.99</b>
6	<b>48.00 – 55.99</b>
7	<b>39.00 – 47.99</b>
8	<b>25.00 – 38.99</b>
9	<b>10.00 – 24.99</b>
10	<b>0.00 – 9.99</b>

### ***A Categorization of the Percentage of Tennessee Cities with an Assigned ISO Classification***

- 10 percent of cities surveyed are in Class 1, 2, or 3
- 74 percent of cities surveyed are in Class 4, 5, or 6
- 16 percent of cities surveyed are in Class 7, 8, 9, or 10

### ***Special Classifications***

- BCEGS Class 98 (pronounced nine-eight, not ninety-eight) enforcement is in Florida and it has a 1 percent surcharge.
- BCEGS Class 99 (pronounced nine-nine, not ninety-nine) is a class that does not meet minimum requirements, declined to participate, or the community developed properties before the initial BCEGS evaluation of the jurisdiction.

### ***The BCEGS and Insurance Rates***

Any building constructed in the year ISO classifies a community, or in a later year, will be eligible for the program. Buildings in communities with classifications of 9 and lower will receive a rating credit, and a classification of 10 receives no credit. Classifications of 1–3 will receive the highest credit, and classifications of 4–9 will receive intermediate credits. Existing buildings are not subject to the program, and the BCEGS does not affect loss costs for those buildings. As of 2015, Tennessee has a Classification of 5 for commercial buildings and a Classification of 6 for residential buildings, so Tennessee is in the intermediate credits range.

Under the evaluation system, insurance rates will not be higher and no rate increase will be implemented. The BCEGS is a credit only program and only applies to new buildings. ISO attempts to re-evaluate a city every five years, but ISO may not evaluate every city every five years. ISO often selects cities located in seismic areas and other areas subject to natural disasters for evaluation.

Access more information at <https://www.isomitigation.com/bcegs/facts-and-figures/> [1]

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**Links:**

[1] <https://www.isomitigation.com/bcegs/facts-and-figures/>

*DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.*

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