



Importance of Insurance Ratings

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](https://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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Reference Number: MTAS-412

In the following example, if a homeowner pays \$1 per year for fire insurance in a Class 10 rating, then:

- Class 9 pays 93 cents, (a savings of 7 percent over a Class 10.)
- Class 8 pays 72 cents, (a savings of 28 percent over a Class 10.)
- Class 7 pays 68 cents, (a savings of 32 percent over a Class 10.)
- Class 6 pays 65 cents, (a savings of 35 percent over a Class 10)
- Class 5 pays 63 cents, (a savings of 37 percent over a Class 10.)
- Class 4 pays 60 cents, (a savings of 40 percent over a Class 10.)
- Class 3 pays 58 cents, (a savings of 42 percent over a Class 10.)
- Class 2 pays 55 cents, (a savings of 45 percent over a Class 10.)
- Class 1 pays 53 cents, (a savings of 47 percent over a Class 10.) [8]

This information is just a guideline, as the actual rates a property owner will pay depend upon the proprietary formula their insurance company uses for calculating property insurance premiums.

ISO Mitigation Online reports the following breakdown for Tennessee communities as of October 2019:

Grade	Number of Communities
1	5
2	33
3	61
4	115
5	257
6	187
7	49
8	6
8B	12
9	119
10	15
Total	860

[8] www.isomitigation.com [1]

Links:

[1] <http://www.isomitigation.com>

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Source URL (retrieved on 11/12/2019 - 4:40pm): <https://www.mtas.tennessee.edu/reference/importance-insurance-ratings>

