



Municipal Technical Advisory Service
INSTITUTE *for* PUBLIC SERVICE

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ISO Rating Effect on Economic Development

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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ISO Rating Effect on Economic Development

Reference Number: MTAS-414

Fire Service Rating Effect on Commercial and Economic Development

Every small town and rural community in Tennessee is interested in promoting growth and commercial and economic development. They budget for economic development, participate in area development efforts, become Three-Star certified, subsidize new development, and support it in other ways. They want business and industry to locate in their communities for jobs and economic opportunities. A community that does not have adequate water for fire service is at a tremendous disadvantage over a community that does. The difference in commercial fire insurance premiums between a community with adequate water for fire service and a community that does not have adequate water is significant, and in many instances may prevent industry from locating in the community. If two or more communities are competing to land a business, a community with a better ISO rating will have an advantage, as the business will pay lower annual property insurance premiums, which lowers the business's overhead costs.

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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