# Fire Agencies Insurance Risk Authority

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To: FAIRA Member Districts and Board of Directors

From: Chief Criss Brainard, FAIRA Board President

SUBJECT: WHY FAIRA WAS CREATED AND HOW IT HAS SERVED ITS' MEMBERS

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As San Miguel Consolidated Fire Protection District is a Charter Member of FAIRA, I would like to remind all members why the JPA was created in 1988, what the benefits of membership are and the long-term savings we have enjoyed.

**The Liability Crisis of the mid-1980's will forever be remembered as a time of frantic efforts to obtain insurance if any was available, at lower limits, high retentions at exorbitant rates.**

- Insurance carriers abandon most public entities
- Some offered renewal terms at 100-300% increases
- Late 1970-1980 Pools were created

FAIRA was created by Chief Richard Blacker who sent a survey to all CA Fire Districts in 1987 collecting exposure, premium and loss data. The data concluded that the fire industry was a very profitable class of business. In 1988, FAIRA was created and with the purchase of insurance on a group basis we saw an immediately saving of 66%.

Today we find ourselves faced with another Liability Crisis where carriers have withdrawn from insuring municipalities in California, primarily due to the drastic increases in litigation and jury verdicts, with no end in sight.

What is important to remember is that pools have provided more stable pricing than the commercial marketplace, since the late 1970's and the following is what you can expect:

- Significant long-term savings
- Accident forgiveness - FAIRA has never increased rates or canceled a member's coverage
    - New members must have less than a 40% loss ratio, which does not apply to existing members. This is what pooling is about – the loss ratio of the pool, not a single member
    - Commercial carriers develop premiums based on losses. If you file a claim at fault or otherwise, your premium can be increased or even canceled
- The JPA's coverage has been customized and is broader than a standard policy
- FAIRA is run by a Board of Directors' made up of Fire Chief's and Fire Risk Managers
- We are Joint Powers' Insurance Authority and we do not need to make a profit
- As a pool we can take high deductibles allowing us to be less reliant on the layers we buy from insurance companies
- The Aggregate protection that we purchase eliminates the risk of assessments
- Free trainings, risk management services and excellent day to day service

**Since FAIRA's inception member Districts have saved over $96 Million in premiums.**

If you have questions or would like additional information, please feel free to reach out to Susan Blankenburg at (415) 517-8028.

Regards,

Criss Brainard
FAIRA President