

**NFPA®**

# 1250

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Recommended Practice in Fire and  
Emergency Service Organization  
Risk Management

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**2020**



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## NFPA® 1250

### Recommended Practice in

## Fire and Emergency Service Organization Risk Management

### 2020 Edition

This edition of NFPA 1250, *Recommended Practice in Fire and Emergency Service Organization Risk Management*, was prepared by the Technical Committee on Emergency Service Organization Risk Management. It was issued by the Standards Council on November 4, 2019, with an effective date of November 24, 2019, and supersedes all previous editions.

This edition of NFPA 1250 was approved as an American National Standard on November 24, 2019.

### Origin and Development of NFPA 1250

In 1994, a request was sent to NFPA's Standards Council to consider establishing a project regarding fire service risk management. At that time, the Technical Committee on Fire Service Occupational Safety was including language regarding risk management in the revisions to NFPA 1500, *Standard on Fire Department Occupational Safety and Health Program*. The council also had an additional request from the Technical Committee on Fire Service Training, which had a proposal to address risk management from a training perspective.

At the 1995 NFPA Annual Meeting, a task group meeting was held with members of both technical committee projects, the proponents of this project, and members of the Standards Council. A report was then prepared and sent to the Standards Council for its July 1995 meeting, at which it approved the development of a new project on fire services administrative risk management. A startup committee was appointed, with Dr. William Jenaway as chair.

The committee worked for three years to develop a recommended practice that expanded on the requirements contained in Chapter 2 of the 1992 edition of NFPA 1500. During the development, the technical committee decided to request of the Standards Council a title and scope change that would reflect all emergency services, not just the fire department. The council granted this request for changes in July 1997.

The first edition of NFPA 1250 outlined an entire risk management program that an emergency service department could use as a model. It also provided guidance as to how such a plan can also be a component of the jurisdiction's risk management plan. Appendixes were added to assist the user with specific references, flow charts, and sample agreements. The committee felt that NFPA 1250 would assist users and enforcers alike in reducing the risk to individuals, the emergency services, and the jurisdiction.

For the 2004 edition, the document was revised to comply with the NFPA *Manual of Style for Technical Committee Documents* and to update some references.

The title of the 2010 edition was changed to include *fire*, to eliminate confusion regarding to whom the document applies.

For the 2015 edition, the committee updated definitions and included the development of a risk management plan to protect the assets and minimize the potential liability of the fire and emergency service organization. The committee also added to the risk assessment plan presumptive exposure and financial, disability, and medical considerations. This edition included a new annex, Risk Management Plan Factors (Annex D).

For the 2020 edition of NFPA 1250, the committee revised Chapter 4, Risk Management as a Function of Management, and added guidance in relation to accreditation. The committee added guidance encouraging accreditation as part of a risk management program and identified NFPA 1000 as an accrediting standard. Also, the document was reviewed for up-to-date and relevant information. In doing so, the committee removed out-of-date references and those that were found to no longer be available online or in print form. Also, new references that were relevant to NFPA 1250 were added, which included articles, websites, and other publications that may be helpful for emergency services risk managers. The committee updated references, extracts, and definitions.

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NOTE: Membership on a committee shall not in and of itself constitute an endorsement of the Association or any document developed by the committee on which the member serves.

**Committee Scope:** This Committee shall have primary responsibility for documents on emergency service organizations structure, operations, and risk management.

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## NFPA 1250

## Recommended Practice in

## Fire and Emergency Service Organization Risk Management

2020 Edition

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**NOTICE:** An asterisk (\*) following the number or letter designating a paragraph indicates that explanatory material on the paragraph can be found in Annex A.

A reference in brackets [ ] following a section or paragraph indicates material that has been extracted from another NFPA document. Extracted text may be edited for consistency and style and may include the revision of internal paragraph references and other references as appropriate. Requests for interpretations or revisions of extracted text should be sent to the technical committee responsible for the source document.

Information on referenced and extracted publications can be found in Chapter 2 and Annex E.

## Chapter 1 Administration

**1.1 Scope.** This recommended practice establishes minimum criteria to develop, implement, or evaluate a fire and emergency service organization (FESO) risk management program for effective risk identification, control, and financing.

**1.2 Purpose.**

**1.2.1** This recommended practice is intended to provide those with the responsibility for risk management with a process to control or minimize the impact of detrimental events on the FESO and governing authority.

**1.2.2** This goal is achieved by providing a model for developing, implementing, and evaluating a risk management program for the FESO.

**1.3 Application.**

**1.3.1** This recommended practice discusses the concept and application of risk management as used in business and munic-

ipal organizations today and its role within a fire and emergency service organization.

**1.3.2 Relationship to Other Standards.** The recommendations in this recommended practice set forth a risk management model to be used in any aspect of emergency service operation to ensure integration with the financial, loss management, and administrative processes of the organization’s managing body.

## Chapter 2 Referenced Publications

**2.1 General.** The documents or portions thereof listed in this chapter are referenced within this recommended practice and should be considered part of the recommendations of this document.

▲ **2.2 NFPA Publications. (Reserved)**

**2.3 Other Publications.**

*Merriam-Webster’s Collegiate Dictionary*, 11th edition, Merriam-Webster, Inc., Springfield, MA, 2003.

**2.4 References for Extracts in Recommendations Sections.**

NFPA 1143, *Standard for Wildland Fire Management*, 2018 edition.

NFPA 1201, *Standard for Providing Fire and Emergency Services to the Public*, 2020 edition.

NFPA 1451, *Standard for a Fire and Emergency Service Vehicle Operations Training Program*, 2018 edition.

NFPA 5000®, *Building Construction and Safety Code*®, 2018 edition.

## Chapter 3 Definitions

**3.1 General.** The definitions contained in this chapter apply to the terms used in this recommended practice. Where terms are not defined in this chapter or within another chapter, they should be defined using their ordinarily accepted meanings within the context in which they are used. *Merriam-Webster’s Collegiate Dictionary*, 11th edition, is the source for the ordinarily accepted meaning.

**3.2 NFPA Official Definitions.**

**3.2.1\* Approved.** Acceptable to the authority having jurisdiction.

**3.2.2\* Authority Having Jurisdiction (AHJ).** An organization, office, or individual responsible for enforcing the requirements of a code or standard, or for approving equipment, materials, an installation, or a procedure.

**3.2.3 Recommended Practice.** A document that is similar in content and structure to a code or standard but that contains only nonmandatory provisions using the word “should” to indicate recommendations in the body of the text.

**3.2.4 Should.** Indicates a recommendation or that which is advised but not required.

**3.3 General Definitions.**

**3.3.1 Captive.** A firm or group that forms an insurance company for their own purposes.

**3.3.2 Claims Analyst.** An internal or external person (depending on risk financing processes being used) expected to investigate the claim, evaluate it, prepare a position, ensure the appropriate “network” is involved, and, if necessary, begin negotiation of a settlement.

**3.3.3 Claims Made.** An insurance policy where the claim is made during the policy period, and where the occurrence might or might not have been during the policy period.

**3.3.4 Claims Occurrence.** An insurance policy where the loss occurs during the policy period, and the claim can be made at any time.

**3.3.5 Detrimental Event.** Circumstance(s) that produces or threatens to produce undesirable consequences to persons, property, or the environment that might ultimately be measured in terms of economic or financial loss.

**3.3.6\* Emergency Services System.** A method of providing services through a planned and organized network of physical and human resources utilizing mandates with a defined mission.

**3.3.7 Exposure.** The state of being exposed to loss because of some hazard or contingency.

**3.3.8 FESO.** See 3.3.9.

**3.3.9\* Fire and Emergency Service Organization (FESO).** Any public, private, governmental, or military organization that provides emergency response, fire suppression, and related activities, whether for profit or government owned and operated. [1201, 2020]

**3.3.10 Frequency.** The number of occurrences per unit time at which observed events occur or are predicted to occur.

**3.3.11 Hazard.** A condition, situation, attitude, or action that creates or increases expected loss frequency or severity.

**3.3.12 Incident.** An occurrence, either human-caused or a natural phenomenon, that requires action or support by emergency services personnel to prevent or minimize loss of life or damage to property and/or natural resources. [1143, 2018]

**3.3.13 Insurance.** Transfer by contract of funds (premium) in exchange for payment on losses that might occur.

**3.3.14 Insurance Policy.** A legal agreement for transferring risk that defines what will be paid for, in the event of a defined loss, in exchange for a defined amount of money (premium).

**3.3.15 Loss.** The unintentional decline in or disappearance of value arising from an incident.

**3.3.16 Mutual Aid Agreement.** A pre-arranged agreement developed between two or more entities to render assistance to the parties of the agreement.

**3.3.17 Peril.** An active cause of loss, such as a hurricane, fire, or accident.

**3.3.18 Person.** Any individual, firm, partnership, corporation, company, association, or joint-stock association, including any trustee, receiver, assignee, or personal representative thereof. [5000, 2018]

**3.3.19 Pool.** To join with others in sharing insurance/financial plans and risks.

**3.3.20 Probability.** The likelihood or relative frequency of an event as expressed as a number between 0 and 1.

**3.3.21 Risk.** A measure of the probability and severity of adverse effects that result from an exposure to a hazard. [1451, 2018]

**3.3.22 Risk Assessment.** An assessment of the likelihood, vulnerability, and magnitude of incidents that could result from exposure to hazards.

**3.3.23 Risk Control.** The management of risk through stopping losses via exposure avoidance, prevention of loss (addressing frequency) and reduction of loss (addressing severity), segregation of exposures, and contractual transfer techniques.

**3.3.24 Risk Financing.** The aspect of risk management that provides ways to pay for losses.

**3.3.25 Risk Management.** The process of planning, organizing, directing, and controlling the resources and activities of an organization in order to minimize detrimental effects on that organization.

**3.3.26 Third-Party Administrator (TPA).** An organization contracted by an employer to handle the administrative aspects of the employer's plan.

## Chapter 4 Risk Management as a Function of Management

**4.1\* Concept of Risk.** The fire and emergency service organization (FESO) should consider pure and speculative risks in the development of a risk management program.

### 4.2 Policy.

**4.2.1** The FESO should have a written policy statement that clearly reflects its commitment to risk management through the development, implementation, and administration of a risk management program.

**4.2.2\*** Where the FESO is not totally independent of a parent organization, the risk management program of the FESO should be developed in conjunction with that of the parent organization.

**4.2.3** Where the FESO contracts with another entity, the risk management plan should be developed in conjunction with that entity.

**4.2.3.1** The purpose of the risk management program should be to protect the assets and minimize the potential liability of the FESO in the most cost-effective manner by the following methods:

- (1) Reducing the frequency and severity of losses (loss prevention)
- (2) Providing equitable settlement of losses and defending against third-party claims (loss reduction)
- (3) Limiting the effects of large, unexpected losses through risk transfer (insurance or contract)
- (4) Leaving uninsured those risks that can be absorbed as operating expenses (self-insurance/retention)

**Δ 4.3\* Function of Risk Management.** Risk management should be an element of the overall management program of the FESO.

#### 4.4 Risk Management Coordinator.

Δ 4.4.1\* A risk management coordinator should be appointed and authorized by the FESO.

N 4.4.2 The responsibility of the coordinator should be to work with management and other stakeholders to develop, implement, evaluate, and update the risk management program.

4.4.3 The risk management coordinator should be knowledgeable about all aspects of the management and operation of the FESO.

4.4.4 The risk management coordinator should be assisted by those who have applicable expertise and knowledge of the FESO and related organizations.

#### Δ 4.5 Risk Management Plan.

4.5.1\* The risk management program should be documented in the risk management plan.

4.5.1.1 The risk management plan should be a formal, written document.

4.5.1.2 All alternatives and actions considered, whether implemented or not, should be documented.

4.5.2\* The risk management plan should be distributed to agencies, departments, and employees having responsibilities designated in the plan.

4.5.3 A record should be kept of all holders of the risk management plan.

4.5.4 A system should be implemented for issuing all changes or revisions of the risk management plan to all holders.

4.5.5\* The FESO should review the risk management plan at predetermined intervals or when the risk assessment changes.

4.6 Approval and Coordination. The risk management plan should be approved by the FESO through a formal, documented approval process and coordinated with participating agencies and organizations.

4.7 Governance and Administration. The FESO should consider laws, codes, standards, and recommended practices governing the development of a risk management program.

#### N 4.8\* Risk Management and Accreditation.

N 4.8.1 The FESO should consider becoming accredited because accreditation can improve FESO compliance with industry standards and best practices and have a positive effect on the FESO's risk management efforts.

N 4.8.2 If the FESO decides to become accredited, the accrediting body selected by the FESO should meet the requirements of NFPA 1000.

Δ 4.9\* Risk Management Process. The risk management process should consist of the following elements:

- (1) Identifying and analyzing risk exposures (*see Chapter 5*)
- (2) Evaluating risk handling alternatives (*see Chapter 6*)
- (3) Handling the risk management technique selection (*see Chapter 7*)
- (4) Implementing risk management techniques (*see Chapter 8*)
- (5) Monitoring the risk management program (*see Chapter 9*)

## Chapter 5 Identifying and Analyzing Risk Exposures

5.1 Risk Assessment. The FESO should conduct a risk assessment for the purpose of identifying and analyzing risks to the FESO, to those for whom it is responsible, and to those to whom it is accountable.

5.1.1 The risk assessment should consist of risk identification, risk analysis, and establishing priorities for action.

5.1.2 The risk assessment should be documented as described in Section 4.5, and the resulting records should be retained in the recommended manner after the risk assessment is concluded.

5.1.3 The risk assessment should be reviewed and revised on a scheduled basis, as operational or organizational changes occur and as indicated by postincident situation analyses conducted in accordance with Chapter 9.

5.2\* Risk Identification. The risk assessment should identify existing and potential risks through an evaluation of operational activities, exposure situations, and prior loss experience.

5.2.1 The risk assessment should consider the following factors regarding the FESO:

- (1) Territory and jurisdiction served
- (2) Entity or segment of the public served
- (3) Plans, policies, services, and operations
- (4) Premises, apparatus, and equipment
- (5) Personnel
- (6) Compliance with applicable laws, codes, standards, and recommended practices

Δ 5.2.2 The risk assessment should include, but not be limited to, loss potentials arising in the following areas:

- (1) Workers' compensation
- (2) Employee/member safety
- (3) Premises
- (4) Vehicles
- (5) Property
- (6) Criminal activity
- (7) Professional liability
- (8) Errors and omissions
- (9) Directors and officers
- (10) Environmental liability
- (11) Aircraft/watercraft
- (12)\* Community service level
- (13) Presumptive exposure
- (14) Financial
- (15) Disability
- (16) Medical
- (17) Cybersecurity
- (18) Reputational

5.2.3 The risk assessment should include data from the FESO's prior loss experience.

#### 5.3 Risk Analysis.

5.3.1\* The risks identified through the assessment procedure described in Section 5.2 should be evaluated by measuring their frequency, severity, and probability.

5.3.2\* The risk analysis should employ techniques applicable to the type of loss exposure or hazard involved.

**5.3.3\*** After evaluating the probability of a risk occurring and estimating its likely severity, the FESO should complete its risk assessment by weighing the relative significance of each risk.

**5.4\* Establishing Priorities.** Based on the results of the risk analysis conducted as described in Section 5.3, the FESO should establish priorities for the order in which the risks should be addressed.

## Chapter 6 Formulating Risk Management Solutions

### ▲ 6.1 Risk Management Solutions.

**6.1.1** Risk management solutions should be formulated for each of the risks identified through the assessment procedure described in Chapter 5.

**6.1.2** Risk management solutions should include determining and evaluating risk control techniques to reduce loss and risk-financing techniques to pay for loss.

**6.2 Risk Control.** Risk control techniques should include the following (*see also Annex B*):

- (1) Exposure avoidance
- (2) Loss prevention
- (3) Loss reduction
- (4) Segregation of exposures
- (5) Contractual transfer

**6.3\* Risk Financing.** Risk financing techniques to be considered should include the following:

- (1) Risk retention
- (2) Risk transfer

**6.3.1\* Risk Retention.** Current expensing of losses should be used to pay for small losses out of a general expense fund.

#### 6.3.2 Risk Transfer.

**6.3.2.1** Commercial insurance programs should be used to fund loss if the protection level desired is not met by contract or self-funding.

**6.3.2.2\*** Basic determinations should include what type and what amount of coverage to obtain and at what retention level.

#### 6.4 Managing Risk Through Claim Management.

**6.4.1\*** A process should be in place to manage all claim activities once a loss occurs.

**6.4.2** The process should start by a prompt reporting of the incident to the applicable organizations and documentation of the events surrounding the incident.

**6.4.3\*** The claim analyst should be expected to investigate the claim, evaluate it, prepare a position, and begin negotiation of a settlement.

**6.4.4** The negotiation should result in any of the following:

- (1) Settlement or payment
- (2) Denial
- (3) Litigation

**6.4.5\*** Subsequent to the results of these actions, rehabilitation, recovery, or salvage should be applied and performed, which typically brings the claim to closure.

**6.4.6** Claim information should ultimately be used for loss analysis information identified in Section 5.2.

**6.4.7\*** When personal injury occurs, management should ensure that the person returns to 100 percent physical capacity or as close as possible to it.

**6.4.8\*** Disability management should typically address loss management using the following methods:

- (1) Managing the loss (case management)
- (2) Medical management (managed care)
- (3) Vocational management
- (4) Auditing of provider and hospital bills

**6.4.9\*** Vocational management should be designed to enable an injured person to effectively return to routine gainful employment.

## Chapter 7 Selecting Risk Management Solutions

**7.1 Risk Management Solutions.** For each risk identified through the assessment procedure described in Section 5.2, the FESO should select one or more risk management solutions based on **both** the following:

- (1) An understanding of the various risk management solutions that are available to control or finance the risk
- (2) Identification of a desired goal or outcome

**7.2\* Forecast.** The process should include a forecast of how each solution would affect the risk and attain the goal identified in Section 7.1.

## Chapter 8 Implementing Risk Management Solutions

### 8.1 Implementation Plan.

**8.1.1** A plan for implementing the risk management solutions as selected through the procedure described in Chapter 7 should be developed.

**8.1.2** The components of the plan should include, but not be limited to, planning, preparation, and education and training.

### 8.2 Implementation.

#### 8.2.1\* Executing the Plan.

**8.2.1.1** If, during the execution of the implementation plan, issues arise that affect the desired outcome, the plan should be modified.

**8.2.1.2** All decisions that cannot be made immediately should initiate a specific action plan, with target dates, to allow for effective monitoring.

**8.2.2\* Preparation.** Preparations should be made to allow all organizations and people affected by the solutions in question to be made aware of the solutions and their impact.

#### 8.2.3\* Education and Training.

**8.2.3.1** Individuals involved in the implemented risk control solutions should be trained in their roles.

**8.2.3.2** The education and training should include all applicable information about the solutions, as well as the intent behind them (what the solutions are trying to achieve).