



Florida Office of Insurance Regulation

Mitigation Discounts

Summary for the Florida Commission on Hurricane Loss
Projection Methodology

August 12, 2009

WINDSTORM LOSS REDUCTION CREDITS CHRONOLOGY OF EVENTS

- 1. 627.0629, F.S. (2000 Statutes) required insurers to submit rate filings that included credits by June 1, 2002.
- 2. 627.0629, F.S. (2001 Statutes) delayed the filing requirement to December 31, 2002.
- 3. 627.0629, F.S. (2002 Statutes) delayed the filing requirement to February 28, 2003.

A. Informational Memorandum 02-0470M issued June 6, 2002

1. Advised insurers of the availability of the study Development of Loss Relativities for Wind Resistive Features of Residential Structures (Version 2.2 - March, 2002). The Florida Department of Community Affairs contracted with Applied Research Associates to conduct this study.
2. Provided further guidance to insurers concerning compliance with statutory requirements.
 - a. 50% modification
 - b. Need to consider expenses

B. Informational Memorandum OIR-03-001M issued January 23, 2003

1. Suggested credits including a 50% tempering factor
2. Suggested the tempering of Building Code Effectiveness Grading Schedule (BCEGS) credits by 25%
3. Suggested the elimination of new home discounts on wind premiums

C. Informational Memorandum OIR-03-006M issued March 20, 2003

1. Advised insurers of the availability of the study Development of Loss Relativities for Wind Resistive Features for Residential Buildings with Five or More Units (Version 1.3 – August 2002). The Florida Department of Community Affairs contracted with Applied Research Associates to conduct this study.
2. Suggested credits including a 50% tempering factor
3. Suggested the tempering of Building Code Effectiveness Grading Schedule (BCEGS) credits by 25%

4. 627.0629, F.S. (2006 Statutes) required the Office to reevaluate the credits “based upon actual experience or any other loss relativity studies available to the office”. “The office shall determine the ... credits ... that reflect the full actuarial value of such revaluation ...”

A. Rule 69O-170.017 Windstorm Mitigation Discounts amended 12-17-06

1. Required filings by March 1, 2007
2. Credits must be those set forth in Form OIR-B1-1699 and OIR-B1-1700 without any modification unless supported by a detailed alternate study
3. Prior Rule 69O-170.014 Shutter Discounts created 04-01-98

B. Informational Memorandum OIR-07-03M issued February 27, 2007

1. Reminder of March 1, 2007 filing requirement of new windstorm mitigation discounts

5. 627.0629, F.S. (2008 Statutes) includes requirements in (1)(b) with 2011 dates related to the Home Structure Rating System.

6. 627.0629, F.S. (2009 Statutes) added the additional requirement that credits established under this paragraph shall supersede the credits included in rate filings under paragraph (1)(a).

7. 2008 Florida Residential Wind Loss Mitigation Study (ARA Final Report 18401
Version 1.11

RELATED ITEMS

1. OIR-B1-1802 Uniform Mitigation Verification Inspection Form (Rev. 07/07)
2. OIR-B1-1804 Uniform Mitigation Verification Inspection Form (Emergency) (New 07/07)
3. Informational Memorandum OIR-07-14M issued September 14, 2007
 - A. OIR-B1-1655 (Rev. 7/07)
4. Notice of Proposed Rule Development – Rule 69O-170.0155 Forms
 - A. Workshop August 18, 2009
 - B. Proposed revisions to OIR-B1-1655: Notice of Premium Discounts for Hurricane Loss Mitigation
 - C. Proposed revisions to OIR-B1-1802: Uniform Mitigation Verification Inspection Form