

**FLORIDA COMMISSION ON HURRICANE  
LOSS PROJECTION METHODOLOGY**

Post Office Box 13300  
32317-3300  
1801 Hermitage Boulevard, Suite 100  
Tallahassee, Florida 32308  
(850) 413-1349  
*www.sbafla.com/methodology*

Randy Dumm, Ph.D.  
Insurance Finance Expert,  
Florida State University

Scott Wallace, Chair  
President/CEO & Executive Director,  
Citizens Property Insurance Corporation

Kristin Piltzecker, FCAS, MAAA  
Actuary,  
Property and Casualty Industry

Howard Eagelfeld  
Actuary,  
Florida Office of Insurance Regulation

Lorilee Medders, Ph.D., Vice Chair  
Statistics Expert,  
Florida State University

Robin Westcott  
Insurance Consumer Advocate,  
Florida Department of Financial Services

Bryan Koon  
Director,  
Florida Division of Emergency Management

Hugh Willoughby, Ph.D.  
Meteorology Expert,  
Florida International University

Jainendra Navlakha, Ph.D.  
Computer Systems Design Expert,  
Florida International University

Floyd Yager, FCAS  
Actuary,  
Florida Hurricane Catastrophe Fund Advisory Council

Jack Nicholson, Ph.D.  
Chief Operating Officer,  
Florida Hurricane Catastrophe Fund

January 13, 2012

**REVISED**

Ms. Brandie Andrews  
AIR Worldwide Corporation  
131 Darmouth Street, 4<sup>th</sup> Floor  
Boston, MA 02116

Dear Ms. Andrews:

On November 14, 2011, AIR requested the Florida Commission on Hurricane Loss Projection Methodology (Commission) consider the software updates in CLASIC/2 v12.5.2 and v13.0.4 acceptable under the 2009 Standards.

At its November 16, 2011, meeting, the Commission delegated authority to address the acceptability of AIR Atlantic Tropical Cyclone Model v12.0.1 as implemented in CLASIC/2 v12.5.2 and v13.0.4 to the Chair, with input from at least three Professional Team members. Three members of the Professional Team have reviewed the regression testing results of Form A-6 (Output Ranges), Form A-9 (Probable Maximum Loss for Florida), and Form S-5 (Average Annual Zero Deductible Statewide Loss Costs – Historical versus Modeled) that was provided and have confirmed there were no changes to the losses.

This will confirm that the AIR Worldwide Corporation computer model, Atlantic Tropical Cyclone Model v12.0.1 as implemented in CLASIC/2 v12.5.2 is acceptable for projecting hurricane loss costs and probable maximum loss levels for residential rate filings with the same status as Atlantic Tropical Cyclone Model v12.0.1 as implemented in CLASIC/2 v12.0.4 and v 12.5.

Ms. Brandie Andrews  
AIR Worldwide Corporation  
January 13, 2012  
Page Two

The AIR Worldwide Corporation computer model, Atlantic Tropical Cyclone Model v12.0.1 as implemented in CLASIC/2 v13.0.4 is acceptable for projecting hurricane loss costs and probable maximum loss levels for residential rate filings with the same status as Atlantic Tropical Cyclone Model v12.0.1 as implemented in CLASIC/2 v13.

The Atlantic Tropical Cyclone Model v12.0.1 as implemented in CLASIC/2 v12.5.2 and/or as implemented in CLASIC/2 v13.0.4 complies with the standards adopted by the Commission on September 15 & 16, 2009 and is sufficiently accurate and reliable for projecting hurricane loss costs and probable maximum loss levels for residential property in Florida.

The determination of acceptability expires on September 1, 2013.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Wallace", written in a cursive style.

Scott Wallace

Chair

Florida Commission on Hurricane Loss Projection Methodology

**FLORIDA COMMISSION ON HURRICANE  
LOSS PROJECTION METHODOLOGY**

Post Office Box 13300  
32317-3300  
1801 Hermitage Boulevard, Suite 100  
Tallahassee, Florida 32308  
(850) 413-1349

Randy Dumm, Ph.D.  
Insurance Finance Expert,  
Florida State University

Scott Wallace, Chair  
President/CEO & Executive Director,  
Citizens Property Insurance Corporation

Kristin Piltzecker, FCAS, MAAA  
Actuary,  
Property and Casualty Industry

Howard Eagelfeld  
Actuary,  
Florida Office of Insurance Regulation

Lorilee Medders, Ph.D., Vice Chair  
Statistics Expert,  
Florida State University

Robin Westcott  
Insurance Consumer Advocate,  
Florida Department of Financial Services

Bryan Koon  
Director,  
Florida Division of Emergency Management

Hugh Willoughby, Ph.D.  
Meteorology Expert,  
Florida International University

Jainendra Navlakha, Ph.D.  
Computer Systems Design Expert,  
Florida International University

Floyd Yager, FCAS  
Actuary,  
Florida Hurricane Catastrophe Fund Advisory Council

Jack Nicholson, Ph.D.  
Chief Operating Officer,  
Florida Hurricane Catastrophe Fund

September 29, 2011

Ms. Brandie Andrews  
AIR Worldwide Corporation  
131 Darmouth Street, 4<sup>th</sup> Floor  
Boston, MA 02116

Dear Ms. Andrews:

This will confirm the finding of the Florida Commission on Hurricane Loss Projection Methodology on September 21, 2011, that the AIR Worldwide Corporation computer model, Atlantic Tropical Cyclone Model v12.0.1 as implemented in CLASIC/2 v12.5, has been determined acceptable for projecting hurricane loss costs and probable maximum loss levels for residential rate filings with the same status as Atlantic Tropical Cyclone Model v12.0.1 as implemented in CLASIC/2 v12.0.4.

The Commission has determined that the Atlantic Tropical Cyclone Model v12.0.1 as implemented in CLASIC/2 v12.5 complies with the standards adopted by the Commission on September 15 & 16, 2009, and concludes that the Atlantic Tropical Cyclone Model V12.0.1 as implemented in CLASIC/2 v12.5 is sufficiently accurate and reliable for projecting hurricane loss costs and probable maximum loss levels for residential property in Florida.

Sincerely,



Scott Wallace  
Chair

**FLORIDA COMMISSION ON HURRICANE  
LOSS PROJECTION METHODOLOGY**

Post Office Box 13300  
32317-3300  
1801 Hermitage Boulevard, Suite 100  
Tallahassee, Florida 32308  
(850) 413-1349

David Halstead  
Director,  
Florida Division of Emergency Management

Randy Dumm, Ph.D., Chair  
Insurance Finance Expert,  
Florida State University

Lorilee Schneider, Ph.D.  
Statistics Expert,  
Florida State University

Kristen Bessette, FCAS, MAAA  
Actuary,  
Property and Casualty Industry

Scott Wallace, Vice Chair  
Executive Director,  
Citizens Property Insurance Corporation

Sean Shaw  
Insurance Consumer Advocate,  
Florida Department of Financial Services

Howard Eagelfeld  
Actuary,  
Florida Office of Insurance Regulation

Hugh Willoughby, Ph.D.  
Meteorology Expert,  
Florida International University

Jainendra Navlakha, Ph.D.  
Computer Systems Design Expert,  
Florida International University

Floyd Yager, FCAS  
Actuary,  
Florida Hurricane Catastrophe Fund Advisory Council

Jack Nicholson, Ph.D.  
Chief Operating Officer,  
Florida Hurricane Catastrophe Fund

June 16, 2011

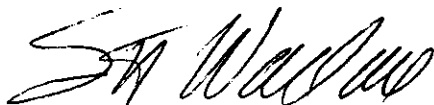
Mr. Stuart Miller  
AIR Worldwide Corporation  
131 Darmouth Street, 4<sup>th</sup> Floor  
Boston, MA 02116

Dear Mr. Miller:

This will confirm the finding of the Florida Commission on Hurricane Loss Projection Methodology on June 16, 2011, that the AIR Worldwide Corporation computer model has been determined acceptable for projecting hurricane loss costs and probable maximum loss levels for residential rate filings. The determination of acceptability expires on September 1, 2013.

The Commission has determined that the Atlantic Tropical Cyclone Model v12.0.1 as implemented in CLASIC/2 v13 complies with the standards adopted by the Commission on September 15 & 16, 2009, and concludes that the Atlantic Tropical Cyclone Model V12.0.1 as implemented in CLASIC/2 v13 is sufficiently accurate and reliable for projecting hurricane loss costs and probable maximum loss levels for residential property in Florida.

Sincerely,



Scott Wallace  
Vice Chair

# FLORIDA COMMISSION ON HURRICANE LOSS PROJECTION METHODOLOGY

Post Office Box 13300  
32317-3300  
1801 Hermitage Boulevard, Suite 100  
Tallahassee, Florida 32308  
(850) 413-1349

Kristen Bessette, FCAS, MAAA  
Actuary,  
Property and Casualty Industry

Randy Dumm, Ph.D., Chair  
Insurance Finance Expert,  
Florida State University

Jainendra Navlakha, Ph.D.  
Computer Systems Design Expert,  
Florida International University

Terry Butler  
Interim Insurance Consumer Advocate,  
Florida Department of Financial Services

Scott Wallace, Vice Chair  
Executive Director,  
Citizens Property Insurance Corporation

Jack Nicholson, Ph.D.  
Chief Operating Officer,  
Florida Hurricane Catastrophe Fund

Howard Eagelfeld  
Actuary,  
Florida Office of Insurance Regulation

Hugh Willoughby, Ph.D.  
Meteorology Expert,  
Florida International University

David Halstead  
Director,  
Florida Division of Emergency Management

Floyd Yager, FCAS  
Actuary,  
Florida Hurricane Catastrophe Fund Advisory Council

Lorilee Medders, Ph.D.  
Statistics Expert,  
Florida State University

November 8, 2010

Mr. Stuart Miller  
AIR Worldwide Corporation  
131 Darmouth Street, 4<sup>th</sup> Floor  
Boston, MA 02116

Dear Mr. Miller:

The Florida Commission on Hurricane Loss Projection Methodology (Commission) reviewed and discussed at the October 26, 2010 conference call meeting, the AIR Worldwide Corporation (AIR) letter dated October 7, 2010, notifying the Commission of “a software implementation issue” in Atlantic Tropical Cyclone Model Version 12.0, Program CLASIC/2 Version 12.0, which was found acceptable by the Commission on June 8, 2010. After deliberations, the Commission temporarily suspended the acceptability of Atlantic Tropical Cyclone Model Version 12.0, Program CLASIC/2 Version 12.0 and authorized a subset of the Professional Team to conduct an on-site review of the relevant documents and corrections implemented by AIR.

The Commission held a conference call meeting today to review the corrections and revisions implemented in the source code resulting in the release of Atlantic Tropical Cyclone Model Version 12.0.1, Program CLASIC/2 Version 12.0.4 and for resolution of its acceptability.

This will confirm the finding of the Commission on November 8, 2010, that the AIR Atlantic Tropical Cyclone Model Version 12.0.1, Program CLASIC/2 Version 12.0.4 has been determined acceptable for projecting hurricane loss costs and probable maximum loss levels for residential rate filings. The determination of acceptability expires on September 1, 2013.

Mr. Stuart Miller  
AIR Worldwide Corporation  
November 8, 2010  
Page Two

The Commission has determined that the Atlantic Tropical Cyclone Model Version 12.0.1, Program CLASIC/2 Version 12.0.4 complies with the standards adopted by the Commission on September 15 & 16, 2009, and concludes that the Atlantic Tropical Cyclone Model Version 12.0.1, Program CLASIC/2 Version 12.0.4 is sufficiently accurate and reliable for projecting hurricane loss costs and probable maximum loss levels for residential property in Florida.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Dumm". The signature is fluid and cursive, with a large loop at the end.

Randy Dumm, Chair  
Florida Commission on Hurricane Loss Projection Methodology