

Florida Commission on Hurricane Loss Projection Methodology



Review of 2001/2002 Model Submissions

Florida Commission on Hurricane Loss Projection Methodology

AGENDA

May 29, 2002 1:00-5:00

May 30, 2002 9:00-5:00

May 31, 2002 9:00-1:00

- I. Welcome and Announcements-Sneh Gulati, Chair
- II. Review of Models -
 - A. Risk Management Solutions (RMS)
 - B. EQECAT, Inc. (EQE)
 - C. Applied Insurance Research (AIR)
 - D. Applied Research Associates (ARA)

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AGENDA (continued)

III. New Business -

- A. Professional Team Commercial
Residential Update
- B. Proposed Committee Assignments
- C. Recommendation to SBA for Chair
- D. Recognition of Former Commission
Members - Friday, May 31st, 9:00 a.m.
- E. Legislative Update
- F. Planning for the 2002 Standards
- G. Review of Upcoming Meetings

IV. Conclusion

2002 LEGISLATIVE UPDATE -- Anne Bert

2002 Florida Legislative Session

- Early Session - January 22-March 22
- Two Special Sessions
- Term limits, many freshmen legislators
- Reapportionment
- Tax overhaul
- Budget
- Cabinet reorganization
- Insurance: Auto
 - Major health issues
 - Workers Compensation
 - Property
 - Agents
 - Residual Market Restructuring

CS/SB 1418

1. Citizens Property Insurance Corporation (Citizens)

- Merge FWUA and FRPCJUA
- Governance: 7 member Board
 - Appointed by Treasurer/CFO, serve at pleasure
 - Geographically diverse
 - Technical advisory committee
- Introduce “Quota Share Primary Ins”
- Tax exempt status
- Assessment base - Broadened to include:
 - Surplus Lines
 - Commercial lines

CS/SB 1418 (continued)

2. Additional Living Expense added to FHCF Statute:

- Losses may not exceed 20% of the insured value of mobile homes or personal residential structures(Coverage A) or 40% of the insured value of contents covered under a tenant's or condo unit owner's policy(Coverage C)
- Does not include losses for fair rental value or business interruption

CS/SB 1418 (continued)

3. Factor Added to FHCF Statute:

- Allows SBA Trustees to add a premium factor for a rapid cash buildup of the FHCF

CS/HB 385

Collateral Protection added to FHCF Statute:

- If it protects both the borrower's and lender's financial interest in an amount at least equal to the coverage on the dwelling under the lapsed homeowner's policy,
- If the company can accurately report data as required by the FHCF

HB 29-E, Section 29

Additional Appropriation from the FHCF for the Ecosystem Management and Restoration Trust Fund

- 8.47% of appropriation for 75 water projects totaling \$118 million
- FHCF disbursement - \$10,002,929 if governor does not veto any of the projects
- FHCF Advisory Council expressed concern about this use of FHCF money for non-mitigation purposes

FLORIDA BUILDING CODE

SB 52-C

- Passed in 2001 Special Session C (December)
- Amendments effective March 1, 2002

CS/HB 1307

- Passed in 2002 Special Session E
- Revises from March 1 to June 1 effective date for residential rate filings to include “actuarially reasonable discounts, credits or other rate differentials or appropriate reductions in deductibles”

OTHER FHCF LEGISLATIVE ISSUES

Mitigation

- Allowed: A minimum of \$10 million and a maximum of 35% of FHCF investment income
- \$10 million allocated this year

OTHER FHCF LEGISLATIVE ISSUES (continued)

FHCF Constitutional Amendment

- Currently, FHCF is a statutory entity
- Proposal would place an initiative on the ballot that would prevent the Legislature from appropriating more than \$10 million per year from the FHCF (up to 35% of investment income with extraordinary vote)
- Disposition: Passed both chambers, died in messages

COMPUTER MODELING LEGISLATION

- Insurers may not use models in rate filings until FCHLPM finds the State University System model reliable
- Findings of FCHLPM are not admissible and relevant in rate filings unless the DOI has access to all factors and assumptions
- Provides public records exemption for certain computer modeling data, calculations, assumptions and methodologies
- All bills died in committee