



# Consolidated Modeler Suggestions for Actuarial forms in ROA 11

**PRESENTATION TO THE FLORIDA COMMISSION  
ON HURRICANE LOSS PROJECTION METHODOLOGY  
OCTOBER 21, 2011**

# Comparison of Forms by 3 Modelers

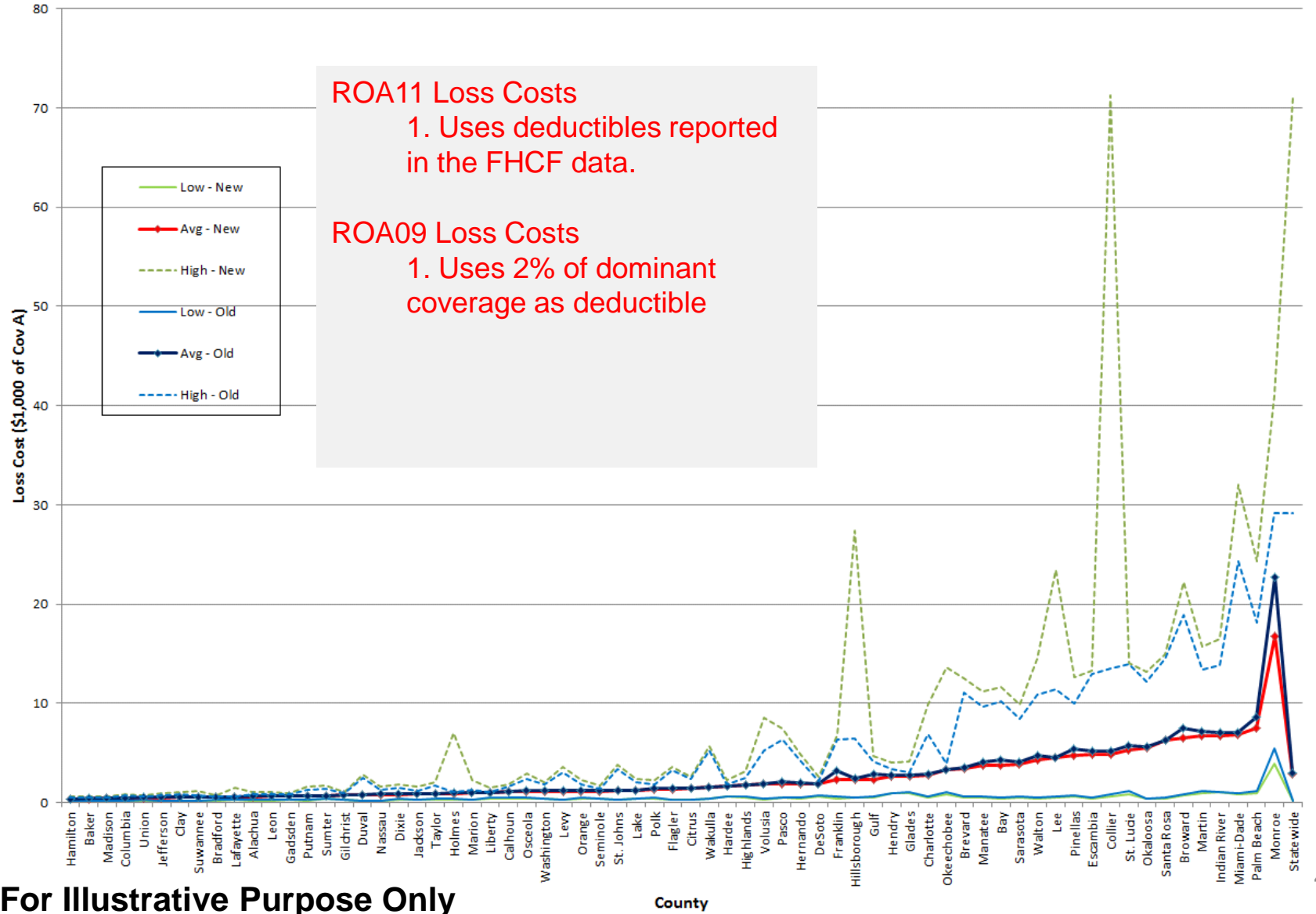
ROA09	ROA11
Form A6: Output Range	Form A5: Output Range
Form A7: Percentage Change in Output Range (2% Deductible)	Form A6: Percentage Change in Output Range (Total Loss Cost)
Form A8: Percentage Change in Output Range by County (map)	Form A6: Percentage Change in Output Range by County (map)
-	Form A7: Logical Relation to Risk Examples
	Form A8: Percentage Change in Logical Relation to Risk

# Comparison Old Forms vs. New Forms: Sample results from Modelers — Output Range Results



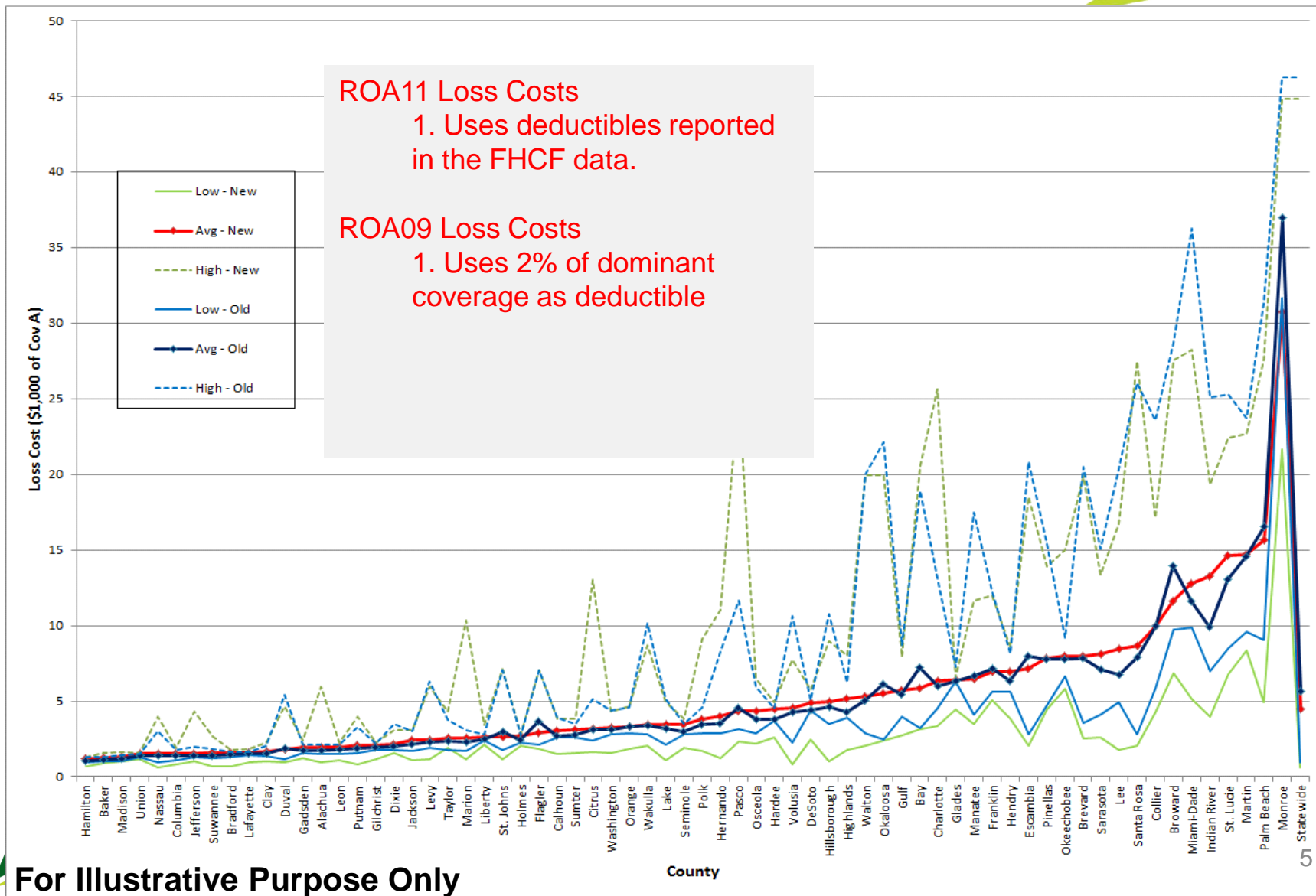
# Output Range Comparison – Owners Frame

## ROA09 Form A-6 vs. ROA11 Form A-5

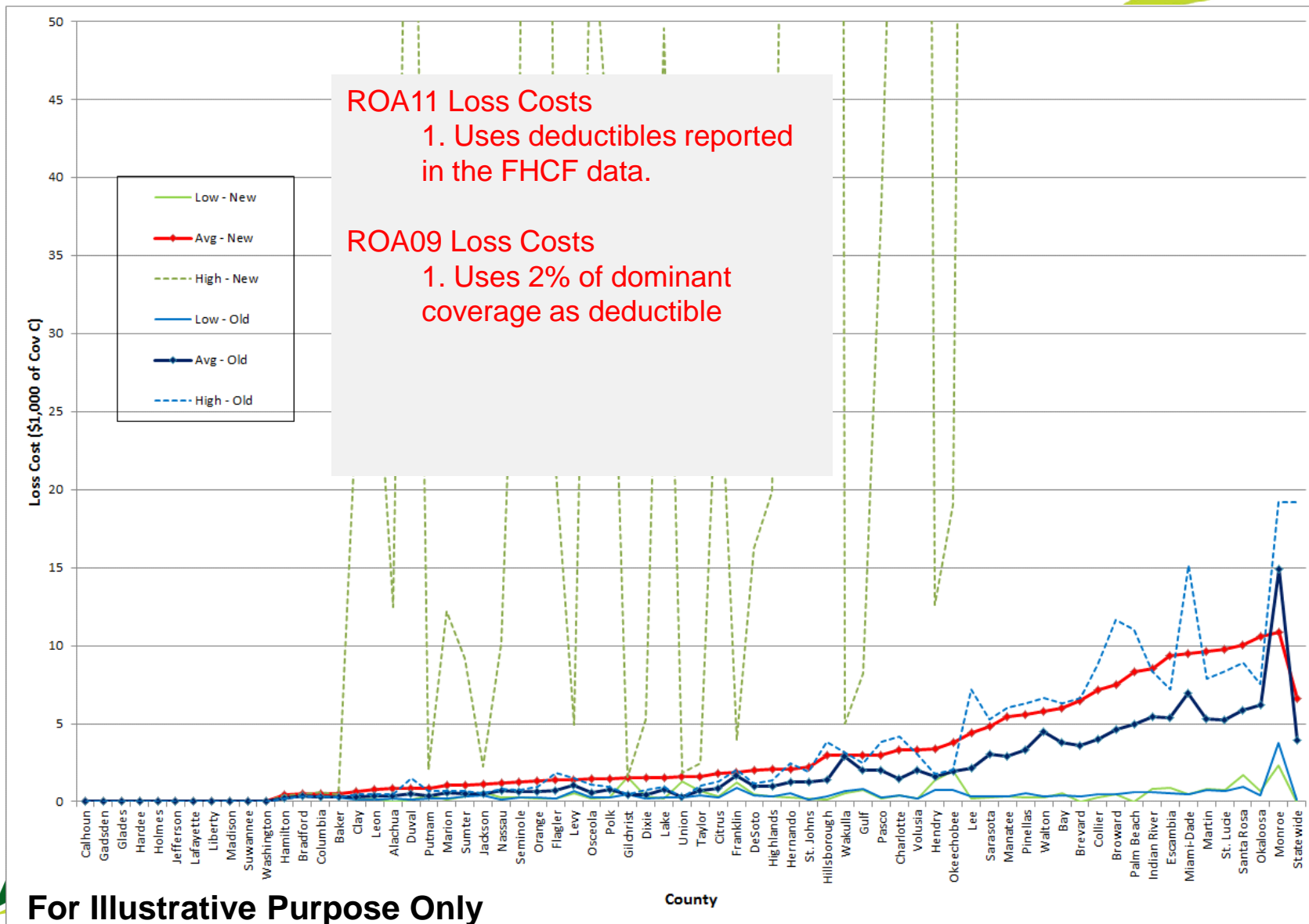


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# Output Range Comparison – Mobile Homes ROA09 Form A-6 vs. ROA11 Form A-5



# Output Range Comparison – Condo Masonry ROA09 Form A-6 vs. ROA11 Form A-5



# FHCF Data Anomalies and Resulting Loss Costs

The FHCF data contains anomalies which produce wide dispersion in loss costs. Examples:

Example 1	
PolicyType	OF
County	Palm Beach
ZIPCode	33496
LimitA	0
LimitB	0
LimitC	384,535
LimitD	0
Deductible	0
TotalLoss	427
Loss Cost	0.00

Example 2	
PolicyType	OF
County	Collier
ZIPCode	34109
LimitA	216,000
LimitB	4,117,200
LimitC	216,000
LimitD	64,800
Deductible	32,400
TotalLoss	15,394
Loss Cost	71.27

Example 3	
PolicyType	CM
County	Bay
ZIPCode	32407
LimitA	259,500
LimitB	24,950
LimitC	6,000
LimitD	0
Deductible	2,000
TotalLoss	535
Loss Cost	89.14

Note: These locations have been excluded from the results. There are roughly 34,000 such locations.

**Comparison Old Forms vs. New  
Forms: Sample results from  
Modelers — Percentage Change in Output Range**





# Percentage Change In Output Range - Owners

Form A7 – ROA09

Form A6 – ROA11

		1% Deductible Total	2% Deductible Total	5% Deductible Total				Actual FHCF Deductible
<b>Frame Owners</b>	<b>Coastal</b>	53.4%	55.4%	58.8%		<b>Frame Owners</b>	<b>Coastal</b>	32.1%
	<b>Inland</b>	58.1%	59.1%	58.9%			<b>Inland</b>	30.2%
	<b>North</b>	63.0%	65.6%	69.5%			<b>North</b>	58.3%
	<b>Central</b>	68.6%	70.8%	73.6%			<b>Central</b>	33.5%
	<b>South</b>	28.9%	30.5%	33.5%			<b>South</b>	17.4%
	<b>Statewide</b>	51.8%	53.6%	56.5%			<b>Statewide</b>	31.9%
<b>Masonry Owners</b>	<b>Coastal</b>	29.9%	30.9%	32.4%		<b>Masonry Owners</b>	<b>Coastal</b>	13.0%
	<b>Inland</b>	74.4%	74.8%	71.3%			<b>Inland</b>	40.0%
	<b>North</b>	85.0%	87.7%	90.9%			<b>North</b>	56.0%
	<b>Central</b>	76.1%	77.9%	79.4%			<b>Central</b>	41.3%
	<b>South</b>	21.3%	22.1%	23.2%			<b>South</b>	4.4%
	<b>Statewide</b>	31.1%	31.9%	33.2%			<b>Statewide</b>	14.5%

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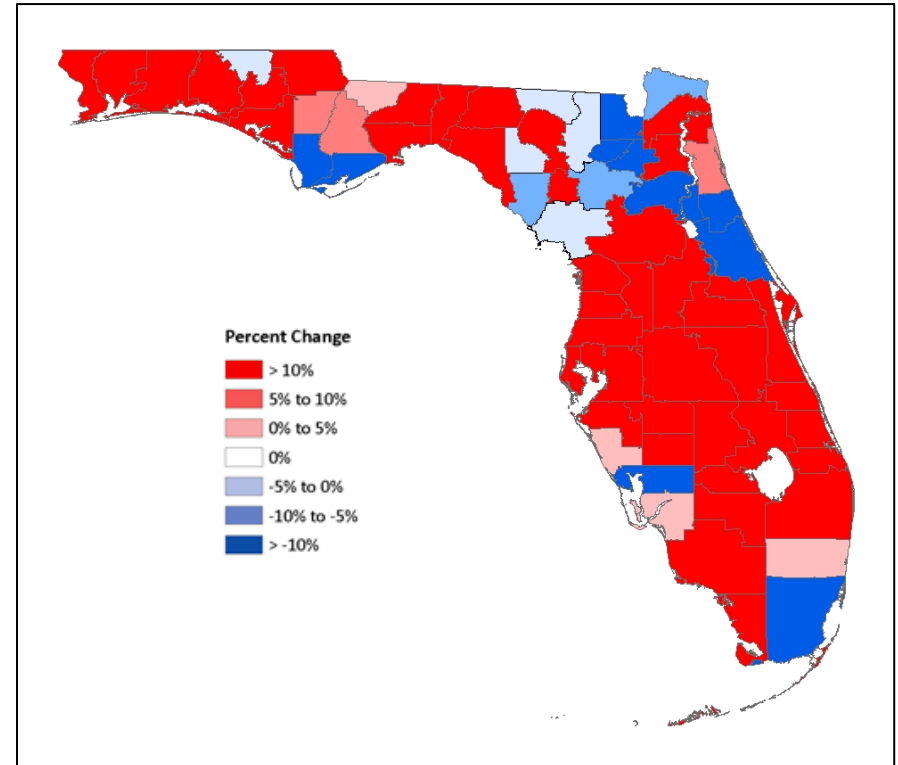
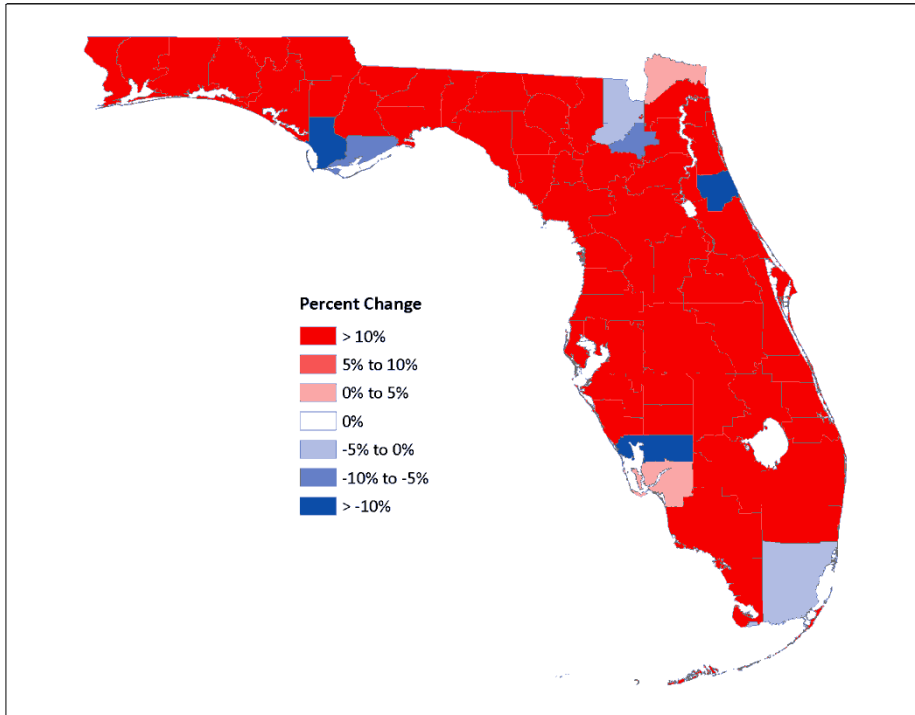
**Comparison Old Forms vs. New  
Forms: Sample results from  
Modelers — Percentage Change in Output Range  
Maps**



# Percentage Change In Output Range Map – Owners Masonry

Form A8 Map – ROA09

Form A6 Map – ROA11

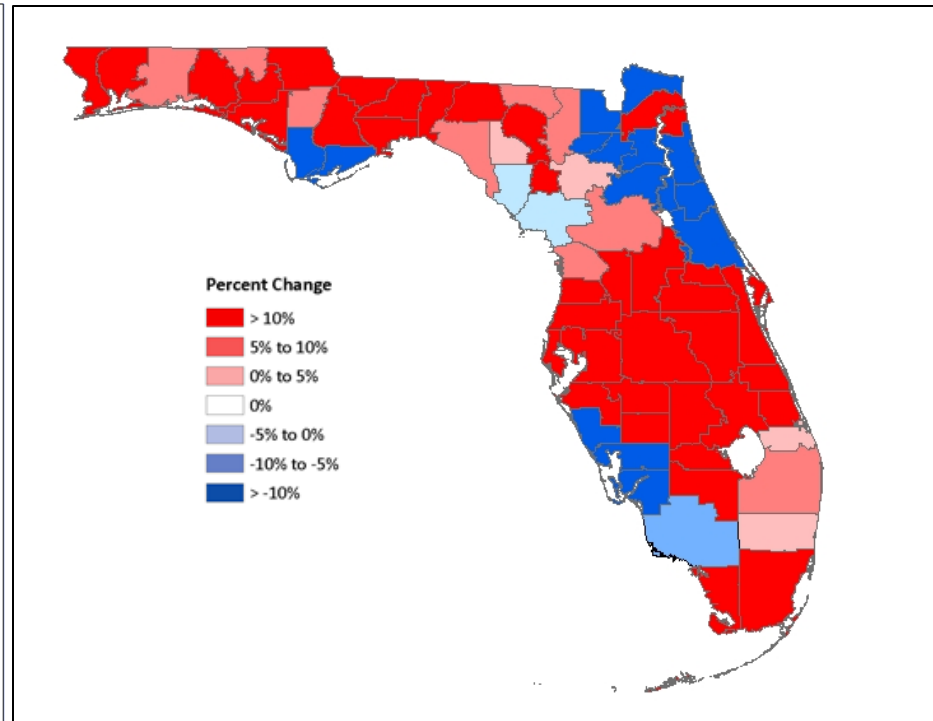
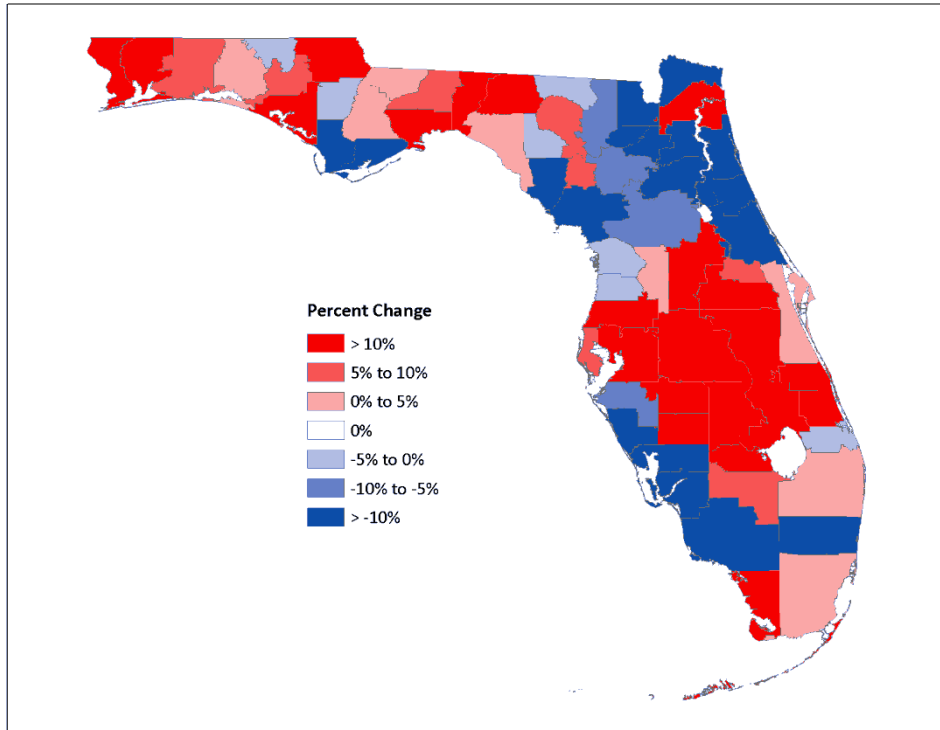


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# Percentage Change In Output Range Map – Mobile Home

Form A8 Map – ROA09

Form A6 Map – ROA11



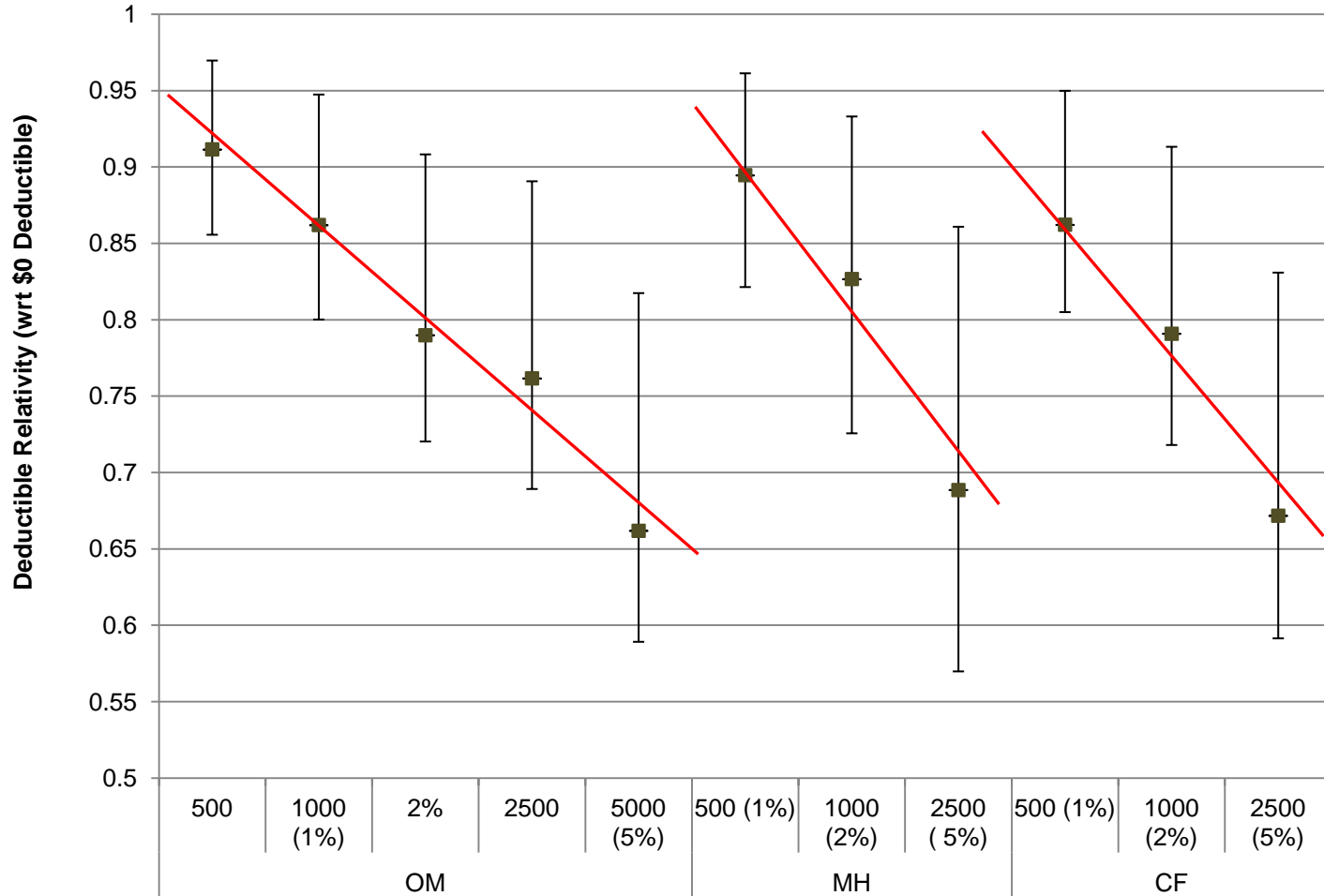
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# Comparison Old Forms vs. New Forms: Sample results from Modelers — Logical Relationship to Risk Form A-7



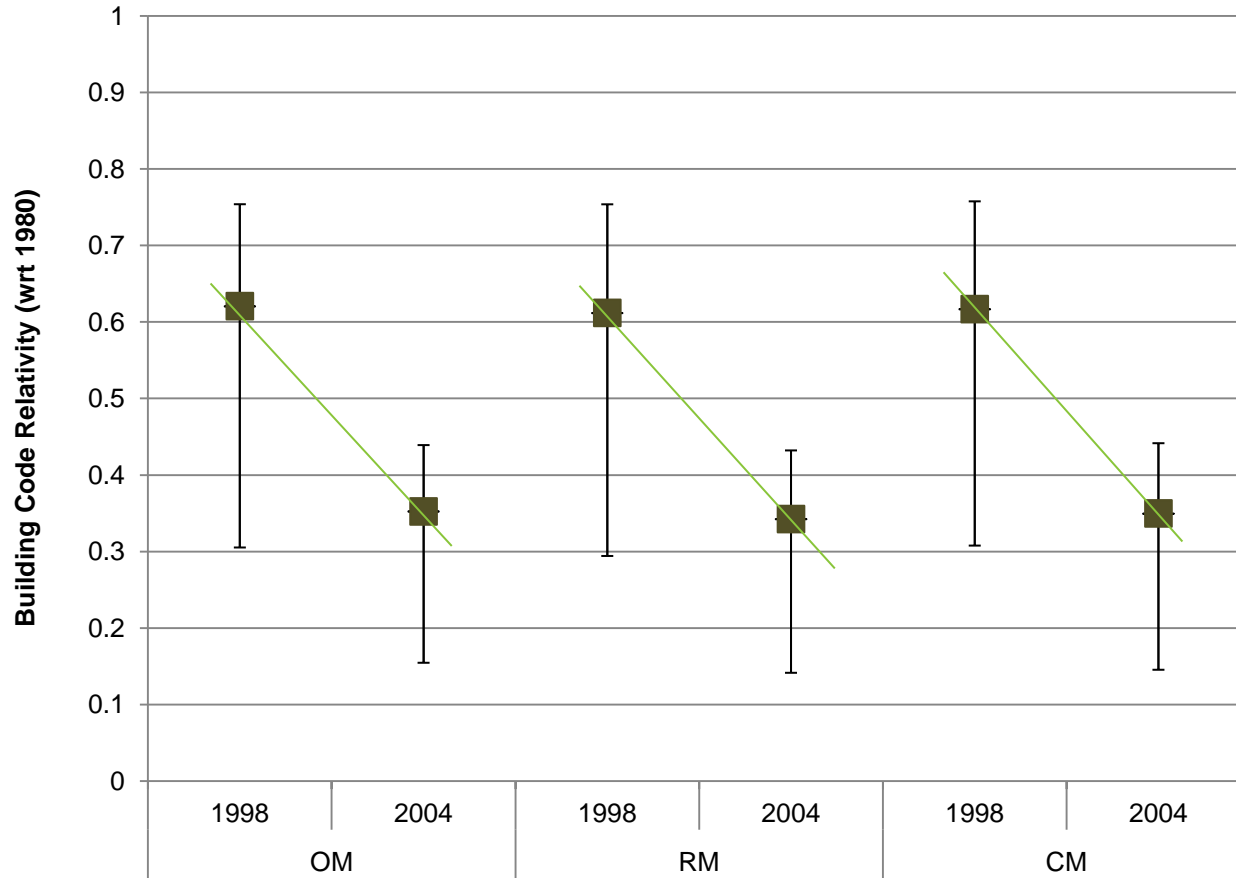
# Deductible Sensitivity

## Deductible Relativities



# Year Built Sensitivity

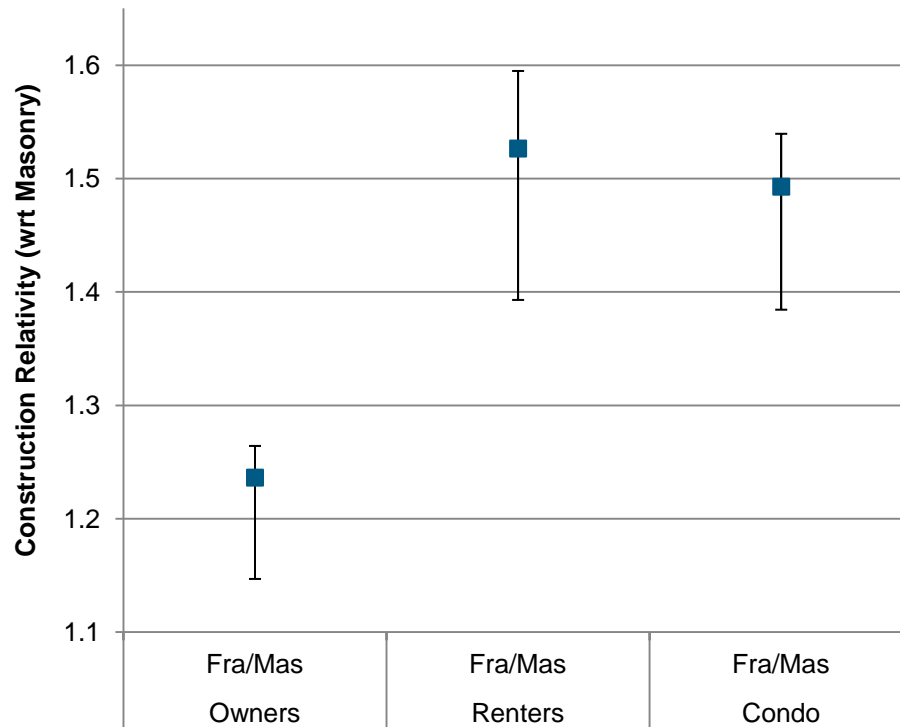
## Building Code Relativities



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# Construction Sensitivity

## Construction Relativities

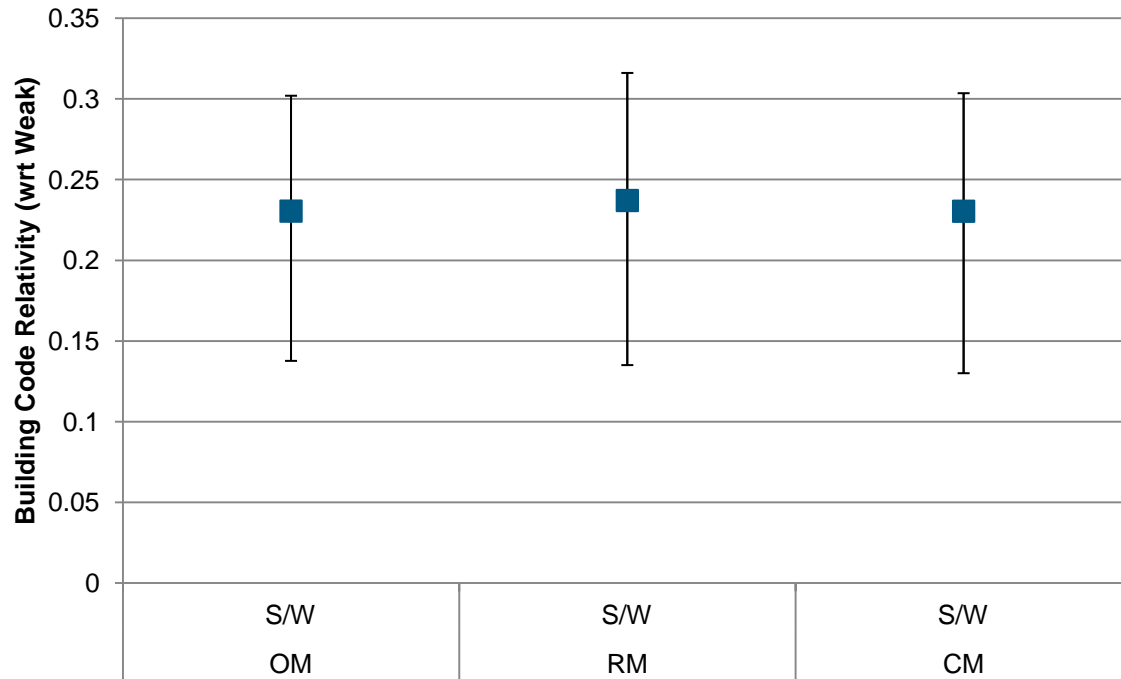


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# Building Strength Sensitivity

## Building Strength Relativities



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**Comparison Old Forms vs. New  
Forms: Sample results from  
Modelers — Percent Change in Logical Relationship  
to Risk Form A-8**



# Form A8 – ROA11 ‘Submission’ Example

Percent Change in Logical Relationship to Risk - Deductibles								
<b>Modeler:</b>	AIR Worldwide							
<b>Software/Model:</b>	CLASIC/2 v12.0.4 Model v12.0.1 vs CLASIC/2 v11 Model v11.0							
Construction / Policy	Region	Percent Change in Loss Cost						
		\$0	\$500	\$1,000	\$2,500	1%	2%	5%
Masonry Owners	Coastal	23.1%	25.0%	26.1%	28.5%	26.1%	27.8%	30.9%
	Inland	12.7%	14.8%	15.6%	16.9%	15.6%	16.6%	17.3%
	North	35.2%	38.5%	40.3%	43.6%	40.3%	42.7%	46.3%
	Central	21.0%	23.3%	24.4%	26.4%	24.4%	25.9%	28.0%
	South	12.7%	14.2%	15.1%	17.1%	15.1%	16.5%	19.3%
	Statewide	21.0%	23.0%	24.1%	26.4%	24.1%	25.7%	28.4%
Mobile Homes	Coastal	20.7%	22.3%	23.0%	23.8%	22.3%	23.0%	23.8%
	Inland	23.4%	26.4%	27.0%	27.0%	26.4%	27.0%	27.0%
	North	39.4%	42.8%	44.2%	46.1%	42.8%	44.2%	46.1%
	Central	24.0%	26.4%	27.1%	27.5%	26.4%	27.1%	27.5%
	South	8.4%	9.7%	10.1%	10.7%	9.7%	10.1%	10.7%
	Statewide	21.3%	23.2%	23.8%	24.4%	23.2%	23.8%	24.4%

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# Deductible Sensitivity

Percent Change in Logical Relationship to Risk - Coverage					
<b>Modeler:</b>		AIR Worldwide			
<b>Software/Model:</b>		CLASIC/2 v12.0.4 Model v12.0.1 vs CLASIC/2 v11 Model v11.0			
Construction / Policy	Region	Percent Change in Loss Cost			
		Coverage A	Coverage B	Coverage C	Coverage D
Masonry Owners	Coastal	20.1%	19.7%	48.8%	31.6%
	Inland	10.5%	10.5%	24.3%	47.1%
	North	30.7%	30.1%	66.1%	68.0%
	Central	18.4%	18.3%	43.3%	47.3%
	South	10.3%	10.0%	34.9%	15.5%
	Statewide	18.0%	17.7%	44.9%	32.7%
Mobile Homes	Coastal	19.1%	19.1%	32.8%	7.7%
	Inland	21.6%	21.6%	38.0%	34.2%
	North	36.4%	36.4%	60.8%	39.5%
	Central	22.6%	22.6%	37.1%	19.7%
	South	7.2%	7.2%	17.8%	-4.7%
	Statewide	19.7%	19.7%	33.7%	10.7%



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# Legal Disclaimer

The consolidated modeler recommendations of Oct 10, 2011 have resulted from a number of meetings between the currently accepted FCHLPM modelers. During these meetings, AIR, ARA, FPM, EQE and RMS agreed that they WILL NOT discuss:

1. any pricing matters
2. dividing up or allocating markets, customers, territories, bids, promotions, marketing support, payments or any other similar matters
3. any determination not to deal with certain suppliers, customers or other competitors
4. anything that could lead to an unlawful group boycott of, or exclusive dealings with, any supplier, customer or other competitor

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