

Florida Commission on Hurricane Loss Projection Methodology

December 17, 2012

Conference Call Meeting Summary¹

1. The Commission welcomed new members Barry Gilway, President/CEO and Executive Director of Citizens Property Insurance Corporation, and Robert Lee, Actuary with the Florida Office of Insurance Regulation.
2. The purpose of the conference call meeting was to review the following model submissions received by November 1, 2012 under the 2011 Standards.
 - AIR Worldwide Corporation (AIR) – Atlantic Tropical Cyclone Model V14.0.1 as Implemented in CLASIC/2™ V14.1.0
 - Applied Research Associates, Inc. (ARA) – HurLoss Version 6.0
 - EQECAT, Inc. (EQE) – EQECAT Florida Hurricane Model 2013
 - Florida Public Hurricane Loss Model (FPM) – Version 5.0
 - Risk Management Solutions, Inc. (RMS) – RiskLink 13.0

The Commission identified and discussed deficiencies in the submissions and voted to continue the review process with the Professional Team on-site reviews contingent upon the correction of the identified deficiencies by January 4, 2013.

3. The Commission identified two issues that the Professional Team will investigate during the on-site reviews with all modeling organizations. The modeling organizations are to give a detailed presentation on the issues to the Commission during the trade secret sessions of the meetings to review the models for acceptability. The issues are:
 - Development of loss costs in the model and changes in the loss costs from the last change in the model, specifically how the model treats coastal versus inland loss costs. The modeling organizations are to be prepared to fully explain the process for incorporating changes in the model including the analyses of the underlying data. More detail is to be provided in the presentation and discussion of Form A-5.
 - The modeling organizations are to describe if the model makes assumptions for adjuster errors or contract ambiguity.
4. The Commission determined Form S-6 was not required to be completed by any of the modeling organizations.

¹ This document is a summary of the official minutes for the Florida Commission on Hurricane Loss Projection Methodology. The official minutes consist of the complete recorded transcript. The content of this summary has not been taken from the official transcript and should not be relied upon for any official purpose.

5. The Commission approved the following Commission member on-site visits.
 - Randy Dumm – AIR, FPM, RMS
 - Bob Lee – AIR, FPM, RMS
 - Lori Medders – EQE, RMS
 - Kristin Piltzecker – AIR, ARA
6. The Commission discussed the RMS notification letter of an error discovered with the annual deductible factors used in completing the previous submission, RiskLink 11.0.SP2. The Professional Team will investigate the issue further during the on-site review including how and why the error occurred and the quality assurance procedures.
7. The Commission voted to recommend Lori Medders to the State Board of Administration Trustees to serve as Chair.
8. The Commission discussed issues related to the biennial cycle and requested the Chair investigate how the Commission can be proactive in getting the process reverted back to an annual cycle.
9. The Commission requested the Chair hold a workshop in advance of the meetings to review the models for acceptability to educate and refresh members on the process and rules of engagement and to also hear about the changes that have occurred in the models in the last two years.

Commission Members Present: Randy Dumm, Barry Gilway (by phone), Bob Lee (by phone), Lori Medders, Jai Navlakha (by phone), Jack Nicholson, Kristin Piltzecker (by phone), Robin Westcott (by phone), Hugh Willoughby (by phone), Floyd Yager (by phone)

Commission Members Absent: Bryan Koon

Professional Team Members Present by Phone: Jenni Evans, Paul Fishwick, Mark Johnson, Marty Simons, Masoud Zadeh