

Florida Commission on Hurricane Loss Projection Methodology

June 18-20, 2013

Meeting Summary¹

June 18, 2013

The Commission began its meetings with a workshop to discuss and receive input on new software platforms released by modelers, hurricane modeling of storm surge, and recent changes in technology and underlying data.

1. The Commission discussed new software platforms after presentations given by:
 - a. AIR Worldwide Corporation on Transition to New Software Platform
 - b. EQECAT, Inc. on RQE – EQECAT’s New Platform
 - c. Risk Management Solutions, Inc. on RMS(One) Platform
2. The Commission discussed modeling of storm surge after presentations given by:
 - a. Risk Management Solutions, Inc. on Catastrophic Storm Surge Modeling
 - b. AIR Worldwide Corporation on Considerations for Storm Surge Standards
 - c. Comments provided by Dr. Mark Powell, Florida Public Hurricane Loss Model
3. The Commission discussed recent revisions to HURDAT after a presentation by Sandy Delgado, Florida International University Department of Earth and Environment on the Atlantic Hurricane Database Reanalysis.
4. Dr. Jack Nicholson, Acceptability Process Committee Chair, provided the Commission with an overview of the model review process under the 2011 Standards and Acceptability Process.

The Commission next moved into the review of computer models submitted under the Standards and Acceptability Process for 2011.

5. The Commission’s review of the Applied Research Associates, Inc., HurLoss Version 6.0.a model began with a one and a half hour closed session for discussion of trade secrets used in the design and construction of the model.

During the open session, the Commission reviewed the Applied Research Associates, Inc. HurLoss Version 6.0.a model under the General Standards (G1, G2, G3, G4, G5), Meteorological Standards (M1, M2, M3, M4, M5, M6), Vulnerability Standards (V1, V2, V3), Actuarial Standards (A1, A2, A3, A4, A5, A6), Statistical Standards (S1, S2, S3, S4, S5, S6), and Computer Standards (C1, C2, C3, C4, C5, C6, C7). The Commission found the Applied Research Associates, Inc. HurLoss Version 6.0.a model acceptable under the 2011 Standards.

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 Meeting Summary has not been taken from the official transcript and should not be relied upon for any official purpose. The official transcript is available upon request from the Florida Commission on Hurricane Loss Projection Methodology.

Commission Members Present: Randy Dumm (phone PM), Barry Gilway, Miles Anderson for Bryan Koon, Bob Lee, Lori Medders, Jack Nicholson, Kristin Piltzecker, Robin Westcott, Hugh Willoughby, Floyd Yager

Commission Members Absent: Bryan Koon, Jai Navlakha

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

June 19, 2013

6. The Commission discussed and reviewed the AIR Worldwide Corporation notification of three problems identified by AIR Worldwide in the previous 2009 submission while preparing for the current 2011 submission. The Commission determined suspension of the previously acceptable model was not warranted and accepted AIR Worldwide's explanation and the review of the Professional Team on the mismatched secondary risk characteristics in the 2011 submission under the 2009 Standards.
7. The Commission's review of the AIR Worldwide Corporation Atlantic Tropical Cyclone Model Version 14.01 as Implemented in CLASIC/2 Version 14.1.0 began with a one and a half hour closed session for discussion of trade secrets used in the design and construction of the model.

During the open session, the Commission reviewed the AIR Worldwide Corporation Atlantic Tropical Cyclone Model Version 14.0.1 as Implemented in CLASIC/2 Version 14.1.0 under the General Standards (G1, G2, G3, G4, G5), Meteorological Standards (M1, M2, M3, M4, M5, M6), Vulnerability Standards (V1, V2, V3), Actuarial Standards (A1, A2, A3, A4, A5, A6), Statistical Standards (S1, S2, S3, S4, S5, S6), and Computer Standards (C1, C2, C3, C4, C5, C6, C7). The Commission found the AIR Worldwide Corporation Atlantic Tropical Cyclone Model Version 14.0.1 as Implemented in CLASIC/2 Version 14.1.0 acceptable under the 2011 Standards.

8. The Commission reviewed the regression testing documentation provided by AIR Worldwide between the Atlantic Tropical Cyclone model Version 14.0.1 as Implemented in CLASIC/2 Version 14.1.0 and as Implemented in CLASIC/2 Version 15.0.0. The Commission verified there were no changes to the loss costs and found the AIR Worldwide Atlantic Tropical Cyclone Model Version 14.0.1 as Implemented in CLASIC/2 Version 15.0.0 acceptable under the 2011 Standards.
9. The Commission's review of the Risk Management Solutions, Inc. North Atlantic Hurricane Model RiskLink 13.0 (Build 1509) began with a one and a half hour closed session for discussion of trade secrets used in the design and construction of the model.

During the open session, the Commission reviewed the Risk Management Solutions, Inc. North Atlantic Hurricane Model RiskLink 13.0 (Build 1509) under the General Standards (G1, G2, G3, G4, G5), Meteorological Standards (M1, M2, M3, M4, M5, M6), Vulnerability Standards (V1, V2, V3), Actuarial Standards (A1, A2, A3, A4, A5, A6), Statistical Standards

(S1, S2, S3, S4, S5, S6), and Computer Standards (C1, C2, C3, C4, C5, C6, C7). The Commission found the Risk Management Solutions, Inc. North Atlantic Hurricane Model RiskLink 13.0 (Build 1509) acceptable under the 2011 Standards.

Commission Members Present: Randy Dumm (phone), Barry Gilway, Miles Anderson for Bryan Koon, Bob Lee, Lori Medders, Jack Nicholson, Kristin Piltzecker, Robin Westcott, Hugh Willoughby, Floyd Yager

Commission Members Absent: Bryan Koon, Jai Navlakha

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

June 20, 2013

10. The Commission's review of the EQECAT, Inc. Florida Hurricane Model 2013a began with a one and a half hour closed session for discussion of trade secrets used in the design and construction of the model.

During the open session, the Commission reviewed the EQECAT, Inc. Florida Hurricane Model 2013a under the General Standards (G1, G2, G3, G4, G5), Meteorological Standards (M1, M2, M3, M4, M5, M6), Vulnerability Standards (V1, V2, V3), Actuarial Standards (A1, A2, A3, A4, A5, A6), Statistical Standards (S1, S2, S3, S4, S5, S6), and Computer Standards (C1, C2, C3, C4, C5, C6, C7). The Commission found the EQECAT, Inc. Florida Hurricane Model 2013a acceptable under the 2011 Standards.

11. The Commission elected Floyd Yager to serve as Vice Chair.

12. Chair Lori Medders reviewed the 2013 Committee assignments and Executive Committee appointments. No changes were requested.

13. Leonard Schulte, Florida Hurricane Catastrophe Fund Director of Legal Analysis & Risk Evaluation, provided the Commission with a summary of the 2013 Florida Legislative Session.

14. The Executive Committee discussed the issues and concepts presented during the workshop on June 18, 2013. The Executive Committee deemed that all could be accomplished and recommended that each of the following be considered by the Committee Chairs during the August 2013 committee meetings for developing the 2013 standards and procedures.

Acceptability Process

- a. More detailed procedure for addressing model errors
- b. Limit focus and discussion during meetings to scope of the Commission
- c. Closed session discussions should be limited
- d. Chair to remind Commission and Professional Team members of their responsibilities at start of each closed session

- e. Interim software updates require difference in loss costs and audit by Professional Team
- f. Multiple software platforms

Meteorological Standards

- a. HURDAT2 requirements
- b. Storm Surge disclosure to gather information on the modeler's issues and constraints
- c. Inland versus Coastal geographic exposure disclosure

Vulnerability Standards

- a. Forms V-2 and V-3 to address garage door strength
- b. Mitigation

Actuarial Standards

- a. More effectual method for reviewing trade secret Form A-6
- b. Commercial residential deductible assigned 3% rather than 10%
- c. Loss costs must be consistent among multiple software platforms
- d. Interim software updates require difference in loss costs and audit by Professional Team

Inquiries or Investigations

- a. Storm Surge
- b. Mitigation

Commission Members Present: Barry Gilway, Miles Anderson for Bryan Koon, Bob Lee, Lori Medders, Jack Nicholson, Kristin Piltzecker, Robin Westcott, Hugh Willoughby, Floyd Yager

Commission Members Absent: Randy Dumm, Bryan Koon, Jai Navlakha

Executive Committee Members Present: Lori Medders, Jack Nicholson, Kristin Piltzecker, Hugh Willoughby, Floyd Yager

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