

Florida Commission on Hurricane Loss Projection Methodology

September 30, 2014

Meeting Summary¹

The Commission welcomed new members Dr. Forrest Masters, Professional Structural Engineer with the University of Florida, and Steve Burgess, Florida Insurance Consumer Advocate. Dr. Jack Nicholson informed the Commission Dr. Lori Medders was reappointed as Commission Chair by the SBA Trustees on August 19, 2014.

The Acceptability Process Committee met to discuss a process and timeline for developing and adopting flood standards by the mandated July 1, 2017 deadline. Dr. Jack Nicholson, Chair of the Acceptability Process Committee reviewed the Commission's new responsibilities, what had been accomplished thus far, and on-going activities to collect data and information related to the flood modeling process.

The concept was discussed that the Commission's review process should basically be the same for flood loss models as is currently the process for hurricane loss models, with the same deadlines and basic submission requirements, and that the on-site reviews and Commission meetings would be expanded to review flood loss models. The idea was discussed that hurricane loss models and flood loss models should be submitted and reviewed independently of each other, i.e., a modeling organization may submit only a hurricane loss model, submit only a flood loss model, or submit both a hurricane and a flood loss model. There will be separate hurricane standards and flood standards. The failure of a flood loss model will not impact the acceptability of a hurricane loss model and vice versa. The flood standards will be further separated into coastal flooding model requirements and inland flooding model requirements. The failure of any type of flood standard, whether coastal or inland, will result in the flood loss model failing to be found acceptable.

The committee discussed the following process to accomplish the Commission's new mandate of adopting flood standards.

1. Create a Flood Standards Development Committee
2. Commission Chair to chair the committee or appoint another Commission member as chair
3. Commission Chair to appoint members of the committee, with consideration given to including all Commission members
4. Meetings to be held monthly or more frequently in order to develop "Discussion Standards" that would be incorporated in the Commission's 2015 Report of Activities
5. Calendar with topics, objectives, and deadlines in order to meet the July 1, 2017 statutory deadline
6. Commission Chair to dissolve the Flood Standards Development Committee and appoint new committee chairs in December 2015

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.

7. Allow for flood modelers to request “preliminary on-site informational discussion meetings” prior to the development and adoption of the final flood standards due July 1, 2017. No written documentation produced other than suggested revisions to the “discussion standards” for the purpose of creating final flood standards by July 1, 2017.

The Committee discussed separating the Report of Activities containing one section on Hurricane Standards and another section on Flood Standards which will incorporate both coastal flooding model requirements and inland flooding model requirements. A hurricane loss modeler will have all necessary requirements in the Hurricane Standards section of the Report of Activities, and a flood loss modeler will have all necessary requirements in the Flood Standards section of the Report of Activities. The Appendix will be split into two Appendices. Appendix A will include the definitions, references, and future inquiries separated for hurricane loss models and flood loss models. Appendix B will include the Florida Statute references, meeting schedule and topics of discussion, transcript information, and Commission documentation.

The Committee discussed the following meeting timeline and objectives.

October 2014

1. Review of law changes and discussion
2. Discussion with modelers as to basic flood loss modeling concepts
3. Identification of issues that need in depth discussion at future meetings

November 2014 – General Flood Standards Discussion

1. Discussion of any issues that need resolving as these issues relate to the development of general flood standards
2. General flood standards discussion (comparison with hurricane loss modeling standards, similarities and differences)
3. Purpose of each standard
4. Relevant forms
5. Disclosures
6. Audit requirements

December 2014 – General Flood Standards Developed

1. Presentation of “draft” standards, purpose, relevant forms, disclosures, and audit requirements
2. Discussion of new or emerging issues
3. Discussion and further refinement as needed

January 2015 – Hydrological/Meteorological Flood Standards Discussion

1. Discussion of any issues that need resolving as these issues relate to the development of hydrological/meteorological flood standards
2. Hydrological/Meteorological flood standards discussion (comparison with hurricane loss modeling standards, similarities and differences)
3. Purpose of each standard
4. Relevant forms
5. Disclosures
6. Audit requirements

February 2015 – Hydrological/Meteorological Flood Standards Developed

1. Presentation of “draft” standards, purpose, relevant forms, disclosures, and audit requirements
2. Discussion of new or emerging issues
3. Discussion and further refinement as needed

March 2015 – Vulnerability Flood Standards Discussion

1. Discussion of any issues that need resolving as these issues relate to the development of vulnerability flood standards
2. Vulnerability flood standards discussion (comparison with hurricane loss modeling standards, similarities and differences)
3. Purpose of each standard
4. Relevant forms
5. Disclosures
6. Audit requirements

April 2015 – Vulnerability Flood Standards Developed

1. Presentation of “draft” standards, purpose, relevant forms, disclosures, and audit requirements
2. Discussion of new or emerging issues
3. Discussion and further refinement as needed

May 2015 – Statistical Flood Standards Discussion

1. Discussion of any issues that need resolving as these issues relate to the development of statistical flood standards
2. Statistical flood standards discussion (comparison with hurricane loss modeling standards, similarities and differences)
3. Purpose of each standard
4. Relevant forms
5. Disclosures
6. Audit requirements

June 2015 – Statistical Flood Standards Developed

1. Presentation of “draft” standards, purpose, relevant forms, disclosures, and audit requirements
2. Discussion of new or emerging issues
3. Discussion and further refinement as needed

July 2015 – Actuarial Flood Standards Discussion

1. Discussion of any issues that need resolving as these issues relate to the development of actuarial flood standards
2. Actuarial flood standards discussion (comparison with hurricane loss modeling standards, similarities and differences)
3. Purpose of each standard
4. Relevant forms
5. Disclosures
6. Audit requirements

August 2015 – Actuarial Flood Standards Developed

1. Presentation of “draft” standards, purpose, relevant forms, disclosures, and audit requirements
2. Discussion of new or emerging issues
3. Discussion and further refinement as needed

September 2015 – Computer Flood Standards Discussion

1. Discussion of any issues that need resolving as these issues relate to the development of computer flood standards
2. Computer flood standards discussion (comparison with hurricane loss modeling standards, similarities and differences)
3. Purpose of each standard
4. Relevant forms
5. Disclosures
6. Audit requirements

October 2015 – Computer Flood Standards Developed

1. Presentation of “draft” standards, purpose, relevant forms, disclosures, and audit requirements
2. Discussion of new or emerging issues
3. Discussion and further refinement as needed

Finalize other sections of 2015 Report of Activities related to flood loss modeling review

November 2015

Adopt “Discussion Flood Standards” for the Commission’s 2015 Report of Activities and updates for incorporation flood loss model review
Dissolve Flood Standards Development Committee

December 2016

Commission Chair appoints new Committee Chairs

January 2017 – July 2017

Commission revises Flood Standards and adopts final Flood Standards for publication

The committee discussed the 2014 Legislative change in SB 1262 expanding the public records and public meetings requirements exemption to include trade secrets used to design an insurance flood loss model discussed in meetings of the Commission, and the possibility of closed sessions to be held with flood loss modelers if necessary.

Chair Medders appointed all Commission members to serve on the Flood Standards Development Committee and appointed Dr. Jack Nicholson as Chair of the newly formed committee. Dr. Nicholson asked Dr. Medders to serve as Vice Chair of the committee. This was the only formal action taken in the meeting. No votes were taken. The discussion focused solely on the proposed process for developing discussion flood standards by November 2015.

Commission Members Present: Steve Burgess, Barry Gilway, Robert Lee, Forrest Masters (by phone), Lori Medders, Jack Nicholson, Kristin Piltzecker (by phone), Hugh Willoughby (by phone), Floyd Yager (by phone), Miles Anderson for Bryan Koon

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

Professional Team Member Participating by Phone: Mark Johnson