

Florida Commission on Hurricane Loss Projection Methodology

October 30, 2014

Meeting Summary¹

1. Jack Nicholson, Chair of the Flood Standards Development Committee provided an update on the RFQu progress, information added to the Commission's website related to the committee's work, and the process for finalizing a first draft of all the flood standards.
2. Donna Sirmons guided the committee through the Flood Standards Development section added to the Commission's website for access to committee meeting materials, documents, studies, references, draft standards, and requirements for outside party input to the committee.
3. Leonard Schulte discussed the Federal Biggert-Waters Act of 2012 and the Florida 2014 law changes in SB 542. He explained the statutory definition of "flood," the four types of flood policies insurers are authorized to provide, and rate regulation for the flood policies. Mr. Schulte discussed the new duties of the Commission and the extension of trade secret confidentiality to include flood models given by SB 1262.
4. Presentations on flood loss modeling concepts were given by AIR Worldwide, the Florida Public Hurricane Loss Model, CoreLogic EQECAT, Risk Management Solutions, and KatRisk. The presentations addressed where the modeling organizations are in the development of their flood model, the expertise involved in developing the flood model, data sources and various factors used, key considerations in modeling the flood peril, validation of the flood model results, and any differences between flood modeling and hurricane modeling.
5. Jack Nicholson provided an overview of the catastrophic modeling review process adopted by the Commission, an introduction to the flood peril, and demonstrated the parallelism of flood modeling to catastrophic modeling. He discussed the nature of the flood peril event, the nature of the exposure, and the nature of the insured losses.
6. The Committee discussed various flood modeling issues that will be addressed during the discussion and review of the relevant draft flood standard sections.
 - Validation
 - Duration, e.g., slowing moving weak storms and tropical depressions
 - Hydrodynamic and hydrostatic transfer of energy
 - Water debris
 - Cascading events
 - Elevation
 - Governmental and human interaction

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.

- Actuarial considerations affecting the loss costs, e.g., an isolated event that affects only one city
- Essential common data sources that all modelers should be using
- Separate set of standards to allow flood models to submit separately for coastal storm surge flooding and inland flooding
- Level of sophistication required

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

Commission Members Absent: Bryan Koon, Bob Lee, Jai Navlakha

Professional Team Members Participating by Phone: Jenni Evans, Paul Fishwick, Mark Johnson, Marty Simons