



January 23, 2015

Chair, Florida Commission on Hurricane Loss Projection Methodology
1801 Hermitage Boulevard, Suite 100
Tallahassee, FL 32308

Re: Notification of ARA HurLoss Version 6.0.a Error

Dear Chair:

In accordance with the procedures specified in Section V.VI.F on page 57 of the November 1, 2013 Report of Activities (ROA), Applied Research Associates, Inc. (ARA) wishes to notify the Commission of an error in HurLoss version 6.0.a, which was found acceptable by the Commission in June 2013 under the 2011 standards.

Earlier this week, ARA discovered a coding error in a software routine used in the computation of the vertically averaged wind field. This routine accesses a large set of data files that contain wind field solutions for hurricanes translating over water and over land. The error caused the wrong data files to be accessed for the over land case. After carefully reviewing our source code archives, it was determined that the error exists in our HurLoss 6.0.a submission, but not in any of our prior submissions.

Our preliminary analysis indicates that the correction will have no impact on our modeled winds over water or along the coast, but it is expected to increase on our modeled surface level winds by 1 to 2% in the furthest inland ZIP Codes of Florida. As a result, it is almost certain that correcting this issue will result in a Type III difference, as defined in Section VI.F of the 2013 ROA.

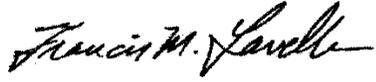
Due to the nature of the error, it will be necessary to generate a new 300,000-year simulated hurricane event set for HurLoss version 6.0.a before we can produce updated Forms A-1, A-4A, and A-8 and S-5 for the Commission. Realistically, we expect this process to take up to three weeks from the date of this letter, but we will make every effort to complete the process as soon as possible.

Subsequent to the discovery of this problem, ARA has taken or will be taking the following actions:

- We have corrected the coding error described above.
- We have discussed the error in detail with the FCHLPM Professional Team this week as part of their on-site review of our HurLoss 7.0 submission under the 2013 standards.
- We are reviewing and modifying our coding and QA processes for wind field calculations.
- With this letter, we are notifying the Commission of our intent to update HurLoss 6.0.a, and we are beginning the process of developing and submitting the required updated Forms A-1, A-4A, A-8 and S-5.
- Next week, we will submit a request to the Commission for additional review of HurLoss 7.0 to address the same issue in our new submission made on November 1, 2014 under the 2013 standards.
- Next month, ARA will communicate this issue to our clients and provide updated hurricane event sets to them.

If you have any questions about this issue or our proposed plan of action, please contact me by phone at (919) 582-3350 or by e-mail at flavelle@ara.com.

Sincerely,

A handwritten signature in black ink that reads "Francis M. Lavelle". The signature is written in a cursive, flowing style.

Francis M. Lavelle, Ph.D., P.E.
Vice President and Principal Engineer