

Professional Team Report to the Florida Commission on Hurricane Loss Projection Methodology

Risk Management Solutions, Inc. Review of Issues/Errors February 5-7, 2013

During the February 5-7, 2013, on-site review, the Professional Team reviewed in detail the RMS notification of error in the RiskLink 11.0.SP2 submission.

On October 30, 2012, RMS notified the Commission of “an error in the RMS North Atlantic Hurricane Model, RiskLink 11.0.SP2 submission.” RMS stated they “identified an issue with the annual deductible factors used in completing the RiskLink 11.0.SP2 submission.” The following revised forms under the 2009 Standards were submitted along with an explanation of the issues and the corrective actions taken.

- Form A-1 (Personal Residential Loss Costs)
- Form A-6 (Output Ranges)

During the December 17, 2012, Commission meeting, the Commission discussed the error notification and charged the Professional Team to further investigate the issue during the on-site review of RiskLink version 13.0.

On February 5, 2013, RMS opened the on-site review with an explanation of the annual deductible factors error that was discovered while preparing Form A-4 for the current submission (RiskLink version 13.0) and the subsequent actions taken to preclude this error from recurring. Discussion centered around the root cause analysis performed, communication to clients, testing and updating of the annual deductible factors table that is provided to clients along with the model software package. The updated QA process was reviewed.

The Professional Team recommends that the Commission rescind the acceptability of RiskLink version 11.0.SP2 since this version of the model includes incorrect annual deductible factors and should not be used by clients in a rate filing. The Professional Team informed RMS that the model version number must be revised for the model software with the corrected annual deductible factors supplied to clients in accordance with Standard C-6.

Since the model version number has been determined to be RiskLink version 11.0.SP2c, and all pertinent forms revised accordingly, the Professional Team (or a subset thereof) will review this material for consistency with this revised model number. The Professional Team expects but cannot guarantee that the revised version will be acceptable.