



December 12, 2019

Floyd Yager, Chair
Florida Commission on Hurricane Loss Projection Methodology
c/o Donna Sirmons
Florida State Board of Administration
1801 Hermitage Boulevard, Suite 100
Tallahassee, Florida 32308

Re: AIR Hurricane Model for the United States Version 17.0.1 as Implemented in Touchstone 7.1.3

Dear Mr. Yager,

AIR has recently released a software update, Touchstone 7.1.3, to clients. Touchstone 7.1.3 contains the same AIR Hurricane Model for the United States (the U.S. Hurricane Model) which was submitted to the Florida Commission on Hurricane Loss Projection Methodology (Commission) and found acceptable under the 2017 Standards on June 11, 2019. Touchstone 7.1.3 contains software updates described below.

AIR would like to submit the AIR Hurricane Model for the United States Version 17.0.1 as Implemented in Touchstone 7.1.3 under Report of Activities, Section VI.G as an Interim Software Update.

Updates to Model Components of the U.S. Hurricane Model

There were no changes made to the AIR U.S. Hurricane Model.

Updates to Software Components of Touchstone

AIR improved Touchstone's functionality. These changes are unrelated to and do not impact the AIR U.S. Hurricane Model, Florida loss costs or PMLs:

- Database maintenance procedures are upgraded. The change made in Touchstone 7.1.3 was to make the process of moving exposure databases from one environment to another more automated. A user can have one or more Touchstone environments set up, which will each use its own SQL database structure. If a user imports their exposures (i.e. insured risks) into Touchstone, an exposure database gets created and attached to that SQL database. Touchstone allows exposure databases to be added, removed or transferred between different Touchstone systems. Previously, the process of moving an exposure database from one environment to another required the system administrator to take some manual steps, which have now been automated.
- AIR has made enhancements to other tools/offerings, not including the AIR U.S. Hurricane Model, that can be used to interface with AIR's Touchstone platform (e.g. APIs). These updates have no impact on the AIR U.S. Hurricane Model.
- AIR has made an update to a specific output file format used exclusively for exporting aggregated analysis results that get used in pricing of reinsurance treaties. The output file format

is compatible only with AIR's aggregate loss analytics software, which is a separate platform from Touchstone. These exported files are not used in insurers' ratemaking.

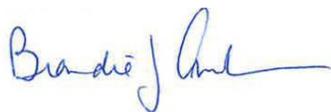
- A fix to address analyses failures for exposures containing industrial facilities

In accordance with the 2017 Report of Activities, Section VI.G, we have prepared the following forms with results from the currently acceptable version, 6.1.0 and the updated version, 7.1.3, as well as a percentage change that demonstrates no change for the Commission's review:

- Form A-1 (Zero Deductible Personal Residential Loss Costs by ZIP Code)
- Form A-4B (Output Ranges)
- Form A-8B (Probable Maximum Loss for Florida)
- Form S-5 (Average Annual Zero Deductible Statewide Loss Costs – Historical versus Modeled)
- Form V-2 (Hurricane Mitigation Measures and Secondary Characteristics, Range of Changes in Damage)

AIR would like to submit and request the review of Touchstone 7.1.3 under the Report of Activities, Section VI.G., for consideration of an interim software update. We ask that the Commission confirm that the AIR Hurricane Model for the United States v17.0.1 as Implemented in Touchstone 7.1.3 is considered acceptable under the 2017 standards.

Best regards,



Brandie Andrews, CEEM
Vice President, Regulatory and Rating Agency Client Services

