



December 10, 2013

Lori Medders, 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 Atlantic Tropical Cyclone Model Version 14.0.1 as Implemented in Touchstone Version 1.5.2

Dear Dr. Medders:

The AIR Atlantic Tropical Cyclone Model v14.0.1 as implemented in our CLASIC/2 v14.1.0 software was certified by the Florida Commission on Hurricane Loss Projection Methodology (Commission) on June 19, 2013. Additionally, the AIR Atlantic Tropical Cyclone Model v14.0.1 as implemented in Touchstone v1.5.0 and Touchstone v1.5.1 were both found to be functionally equivalent to CLASIC/2 v14.1.0 and found acceptable by the Commission on September 24, 2013. AIR would like to request that the Commission consider reviewing the acceptability of the AIR Atlantic Tropical Cyclone Model v14.0.1 as implemented in Touchstone 1.5.2 under the 2011 Report of Activities, Section VI.G.

The interim software release of Touchstone 1.5.2 on November 7, 2013 did not include any enhancements that would impact the Atlantic Tropical Cyclone Model v14.0.1. Specifically, the following items were address in Touchstone v1.5.2:

- Application performance improvements.
- Enhancements to Loss Grouping functionality. A Loss Group analysis enables you to combine two or more sets of loss results from different analyses into a single loss view, or group.
- Additional support CEDE 1.0 conversion to CEDE 2.0 process for specific reinsurance policy terms. CEDE 1.0 is the AIR detailed (location level) exposure database for use with CLASIC/2, while CEDE 2.0 is the AIR detailed exposure database for use with Touchstone.
- Updates to import functionality to support exposures which are in RMS data format (EDM).
- Support for Company Loss File (CLF) Export for standalone analysis with the Excess of Losses (XOL) treaties. A CLF contains detailed loss analysis results, exported from Touchstone, for use in CATRADER®. CATRADER is AIR's software tool for analyzing reinsurance contracts and insurance-linked securities.

In accordance with the Report of Activities, Section VI.G., we have prepared the following forms for the Commission's review:

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BOSTON, MA 02116-5134  
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- Form A-1 (Zero Deductible Personal Residential Loss Costs by ZIP Code)
- Form A-4 (Output Ranges)
- Form A-8 (Probable Maximum Loss for Florida)
- Form S-5 (Average Annual Statewide Loss Costs – Historical versus Model)

The forms have been provided for the current model and the updated/revised version of the model, and a percentage change comparison demonstrates no change.

AIR would like to request that the same consideration be given to Touchstone 1.5.2 as has been given to other past interim software releases. We ask that the Commission confirm that the Atlantic Tropical Cyclone model v14.0.1 as implemented in Touchstone 1.5.2 is considered as accepted under the 2011 Standards and functionally equivalent to the Atlantic Tropical Cyclone model v14.0.1 as implemented in CLASIC/2 v14.1.0.

Best regards,

A handwritten signature in blue ink, appearing to read "Brandie Andrews", with a long horizontal flourish extending to the right.

Brandie Andrews, CCM  
Senior Manager