



July 24, 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 7.0.0

Dear Mr. Yager,

AIR released an updated software platform, Touchstone 7.0.0, containing the 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 7.0.0 contains software updates described below. It also contains the same U.S. Hurricane Model submitted, however, we have incremented the U.S. Hurricane Model version number in the 3rd digit based on our version requirements and changes to model components that do not impact U.S. or Florida loss costs or probable maximum loss levels (PMLs).

AIR would like to submit the AIR Hurricane Model for the United States Version 17.0.1 as Implemented in Touchstone 7.0.0 under Report of Activities, Section VI.G as an Interim Software Update.

Updates to Model Components

The U.S. Hurricane Model stochastic catalog is bundled in Touchstone with other Atlantic Basin wind catalogs (Caribbean, Central America and Mexico) so that users can run a single analysis to produce a total risk perspective. Additionally, when a stochastic analysis is run, the total industry losses associated with each stochastic event are displayed in the User Interface (UI) for reference. We found that analyses using the bundled Atlantic basin catalog displayed incorrect industry losses for the Caribbean, Central America and Mexico models. The U.S. Hurricane Model industry losses displayed in the UI were correct. We updated the code used to generate the Caribbean, Central American and Mexican industry losses. We also included two additional events to the Select Historical Event Set provided in Touchstone 7.0.0. The Select Historical Event Set is an additional tool included in the software but unrelated to the stochastic catalogs.

Updates to Software Components

As is customary, AIR also made updates to non-U.S. models in Touchstone and improved the software's user functionality and usability. These changes are unrelated to and do not impact Florida loss costs or PMLs.

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, 7.0.0, 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 7.0.0 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 7.0.0 is considered acceptable under the 2017 standards.

Best regards,



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

