



The Evolution of Cat Modeling

2009 RMS Client Conference ▪ May 5-8 ▪ Colorado Springs ▪ Colorado

Analysis of the My Safe Florida Home Program

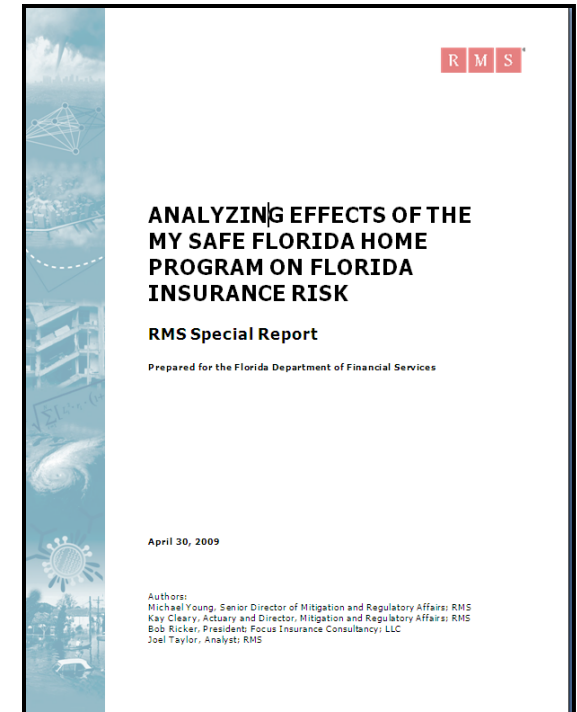
Michael Young, Senior Director of Mitigation

June 24, 2009



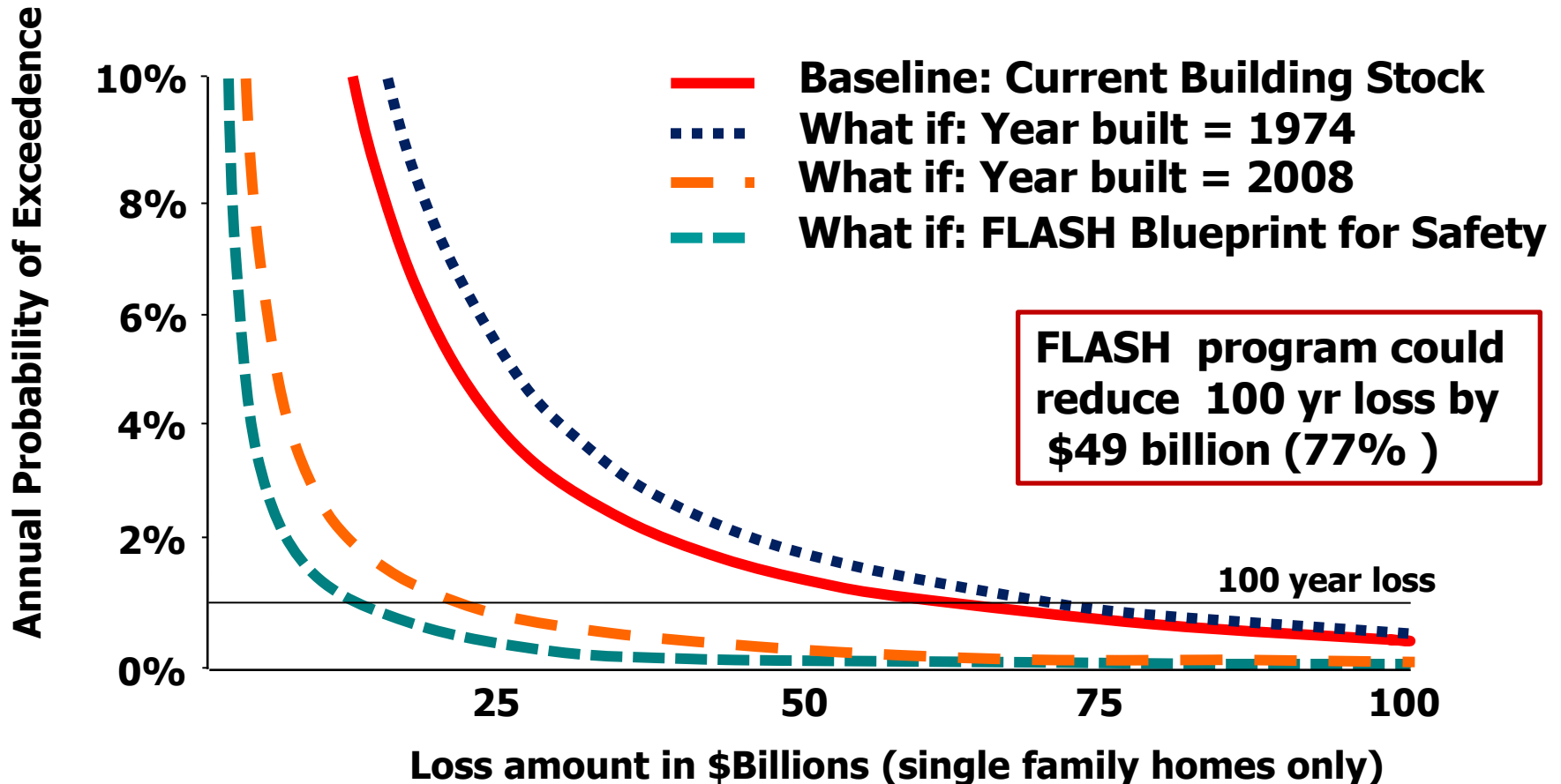
My Safe Florida Program (MSFH) Analysis – Special Report

- Examination of how state's liability changes with mitigation investment
- Two Conclusions:
 1. Focused application of mitigation techniques can maximize benefits
 - Save \$2.75 per dollar invested
 2. Systematically Collect and Use Detailed Attributes for Rate-making



How Much Can Mitigation Help?

- This chart shows a Sensitivity analysis on the entire Florida building stock to show what would happen if all the buildings were new, and if all the buildings were mitigated.



“My Safe Florida Home” Program (MSFH)

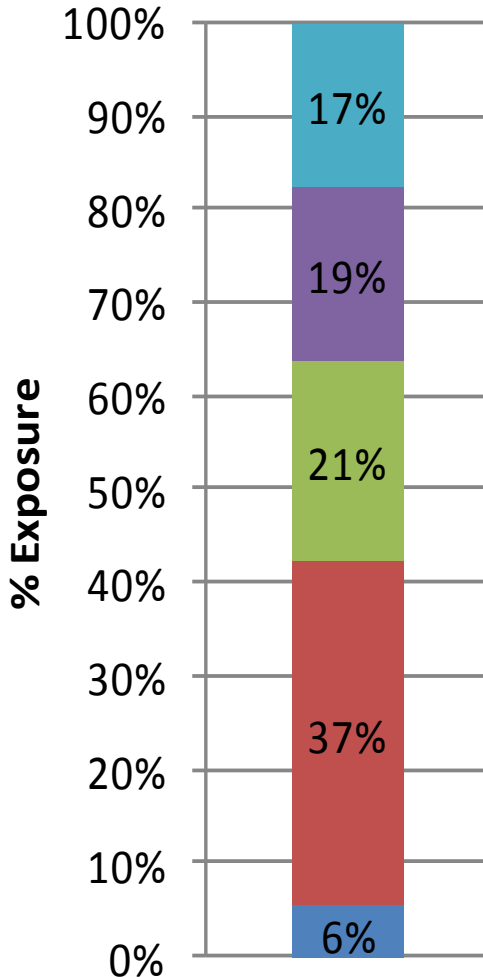
- Florida Department of Financial Services 2006-2008
- Goals:
 - Help Floridians better protect their property
 - Help Floridians save money on insurance premiums
- Program Details:
 - Provide free home inspections to 400,000 Floridians
 - Provide matching grants up to \$5,000 to 35,000 Floridians

Scope	Num Bldgs	Value (\$)
All FL	4.88 M	\$ 2,012 B
MSFH	400,000	\$ 212 B
% of State	8.2%	10.5%

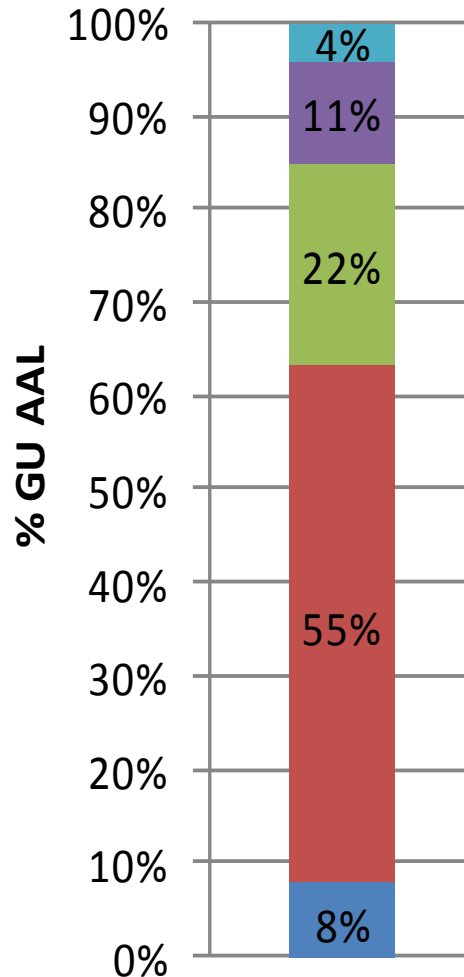
- Field Inspection attributes:
 - Sqft
 - Roof deck nailing
 - Roof anchors
 - Roof cover types
 - Roof age
 - SWR
 - Opening protection

MSFH Slices – Impact on Florida 100 yr PML

% Exposure



% AAL



Δ 100yr PML

\$ 0.16

\$ 0.61

\$ 1.26

\$ 2.75

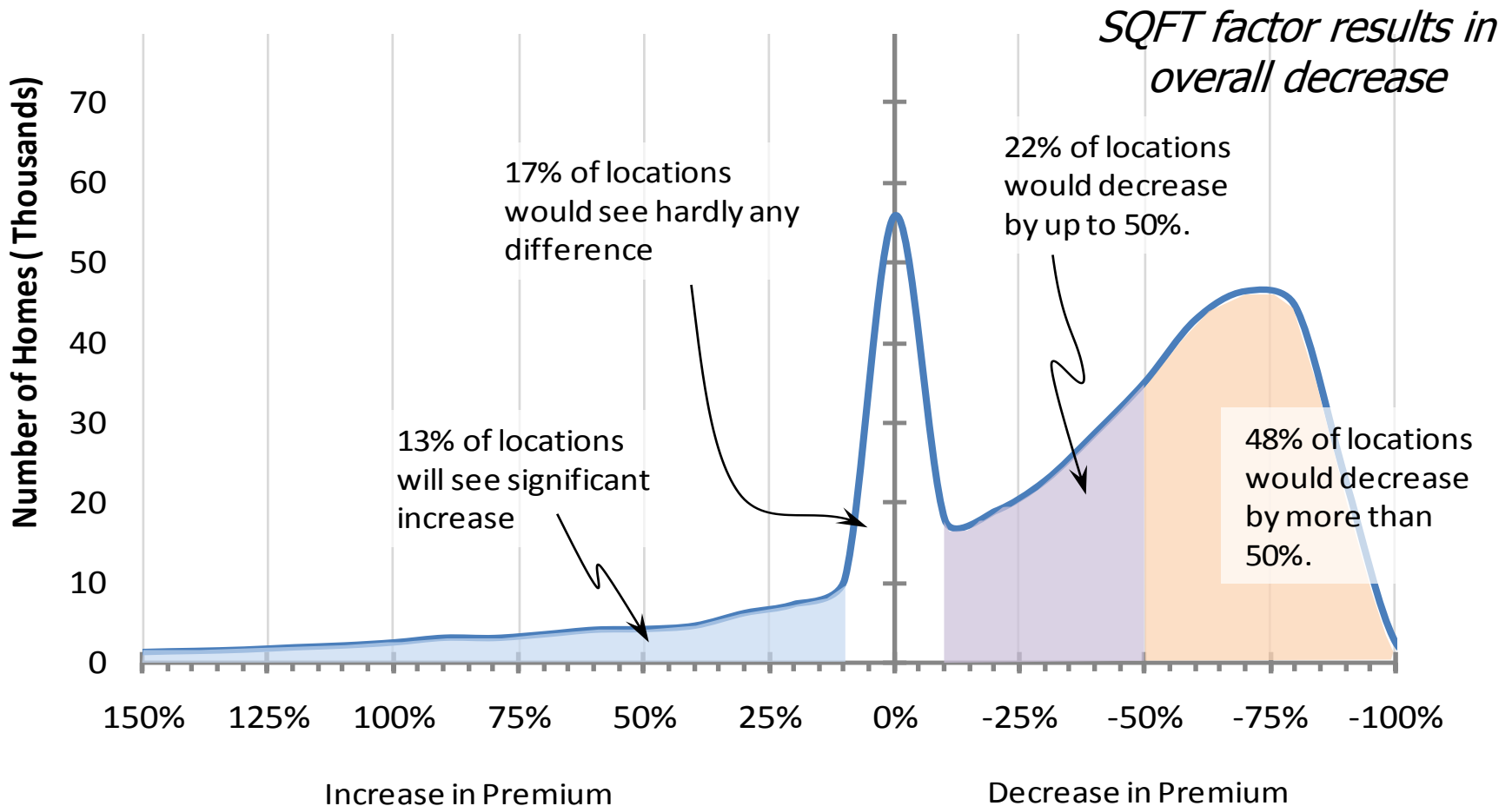
\$ 1.50

- Bottom 25% of Locs
- Third 25% of Locs
- Second 25% of Locs
- Top 25% of Locs
- Grant Locs

Reduction in 100 yr PML Savings per Grant Dollar

Comparison of Hypothetical Rates in MSFH

■ Difference between Primary Attributes vs. Detailed Attributes



Note: This analysis assumes base rates are actuarially sound to start with.

% Change in Gross Loss Cost