



INFORMATIONAL MEMORANDUM

OIR-03-006M

ISSUED

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Office of Insurance Regulation

Kevin M. McCarty

Director

All Property and Casualty Insurers Authorized to Write Commercial-Residential Property Insurance in the State of Florida

Implementation of Revision to Section 627.0629(1), F.S. Concerning Commercial-Residential Property Insurance Rate Filings, Effective June 1, 2002

Residential Buildings with Five or More Units

The purpose of this memorandum is to assist insurers with the filing requirements for this referenced statutory revision. The Office of Insurance Regulation (Office) has analyzed the study, Development of Loss Relativities for Wind Resistive Features for Residential Buildings with Five or More Units ("STUDY") commissioned by the Florida Department of Community Affairs (DCA), and created suggested sets of credits for new and existing construction. These suggested credits are available on the Office's website and are intended to facilitate filing preparation and review as well as simplify administration and application of such credits.

For existing Group I buildings, the Office's analysis combined Table 3-1 from the STUDY with Table 6-4 from the an earlier study, also commissioned by the DCA, entitled Development of Loss Relativities for Wind Resistive Features of Residential Structures. The suggested credits combined the credits for the following fixtures/techniques:

- 1 Roof Deck Attachment D and Roof Deck Attachment C.
- 2 Hurricane Opening Protection for All Openings and Windows Only.
- 3 Braced Gable Roof Shape and Unbraced Gable Roof Shape.

For existing Group II buildings, the Office's analysis used Table 3-3 from the STUDY for Terrain B and Table 3-4 from the above-referenced study for Terrain C.

For existing Group III buildings, the Office's analysis used Table 3-5 from the STUDY for Terrain B and Table 3-6 from the above-referenced study for Terrain C.

For new Group I buildings, the Office's analysis combined Tables 4-1 and 4-4 from the STUDY. The suggested credits combined the credits for the following fixtures/techniques:

- 1 Terrain B and Terrain C – Wind Speed ≥ 120 , Wind Borne Debris Region.
- 2 High Velocity Hurricane Zone and Terrain C.
- 3 Gust Wind Speed of Location ≥ 120

- 4 Gust Wind Speed of Design ≥ 120
- 5 Enclosed and Partially Enclosed Structures.

For [new Group II buildings](#), the Department's analysis combined Tables 4-2 and 4-5 from the STUDY. The suggested credits combined the credits for the following fixtures/techniques:

- 1 Terrain B and Terrain C – Wind Speed ≥ 120 , Wind Borne Debris Region.
- 2 High Velocity Hurricane Zone and Terrain C.
- 3 Gust Wind Speed of Location ≥ 120
- 4 Gust Wind speed of Design ≥ 120
- 5 Enclosed and Partially Enclosed Structures.
- 6 Wood Deck and Metal Deck.

For [new Group III buildings](#), the Department's analysis combined Tables 4-3 and 4-6 from the STUDY. The suggested credits combined the credits for the following fixtures/techniques:

- 1 Terrain B and Terrain C – Wind Speed ≥ 120 , Wind Borne Debris Region.
- 2 High Velocity Hurricane Zone and Terrain C.
- 3 Gust Wind Speed of Location ≥ 120
- 4 Gust Wind speed of Design ≥ 120
- 5 Enclosed and Partially Enclosed Structures.

For purposes of determining credits, all of the relativities were divided by the existing construction weakest building relativity for Terrain B and C, (the Terrain C relativity was used for the High Velocity Hurricane Zone). Credits determined from this process were tempered by 50%. An examination of the resultant credits indicated that the differences between the credits for certain fixtures/techniques were minimal. In these cases, the credits were combined. Tempering of credits was applied in view of the large rate changes which might otherwise be induced, the approximations needed to produce practical results (such as the specifications of the buildings used for modeling and the number of rating factors used), and the potential for differences in results using different hurricane models. As filers become able to accurately measure the effects of implementation, this tempering should be eliminated.

The suggested sets of credits contemplate the elimination of insurers' current windstorm protective devices (i.e. shutter) credits. Insureds who currently qualify for a windstorm protective devices credit should still qualify for an Opening Protection credit.

Insurers should continue to give Building Code Effectiveness Grading Schedule (BCEGS) credits to those insureds that qualify for such credits. The Office suggests tempering these credits by 25% to eliminate any overlap between these credits and the suggested windstorm loss reduction credits.

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