

**Comments provided by committee member Michael Aranda  
February 21, 2007**

First, I want to take the opportunity to formally commend the staff from the Department of Financial Services for the exemplary job they've done servicing the Windstorm Mitigation Study Committee (WC).

As a matter of practicality, I think it is important for the WC to examine not only the concept of hardening the existing housing stock, but also how new construction should be treated with regard to windstorm insurance discounts. It is my hope that the committee will reserve ample time to explore the actual process of how a consumer can take advantage of the discounts including but not limited to, education, completion of forms, and how questions can be answered. I can tell you from experience that this can be a cumbersome and confusing process, even if appropriate hardening measures have been completed. Often times, consumers will have questions about the process, or technicalities, and help should be available.

A major flaw with the mitigation discounts is that insurance companies are handcuffed by their rate filings. In almost all cases, insurance companies make their rate filings, which include their mitigation discount formulas based on the parameters that have been set by OIR. While this information is a good start, it does not take into account many new construction techniques that go above and beyond what is required by the building code. So in essence, OIR is preventing the industry from providing discounts commensurate with the strength of a home by requiring rigid definitions of the type of hardening that is eligible for a discount. In order to accommodate new construction techniques, it is important to incorporate more thorough questions with regard to the construction method, and to allow a flexible review for hardening that will meet an equivalent or stronger standard. The key here is to encourage consumers to harden their homes by allowing for discounts that reflect the strength of their home.

Section 40 of HB1 from the special session requires the Financial Services Commission (FSC) to adopt a uniform grading scale to grade the ability of a home to withstand extreme weather. This grading scale is required to be consistent with the scale required under Florida law. This committee should debate and make recommendations to the FSC on factors that should be included in that grading scale. I believe that the legislature did intend for this committee to explore issues of this nature when they issued the charge to evaluate and recommend "any other solutions and programs it considers appropriate."

With regard to the actual forms the insurance companies will use in underwriting to determine the discounts, I believe it is important to have a standard form that is as simple as possible. However it is important to use a form that will ask enough questions to distinguish homes that are built with new and stronger methods of technology. I would ask that the committee examine the forms that have been proposed by OIR, and explore other questions that might be added.

Also, the committee should discuss and make recommendations to OIR and the legislature with regard to the timing of when a new form should be implemented. According to rule 69O-170.017, insurance companies are required to make a new rate filing by March 1, 2007, utilizing a standard from for mitigation discounts that was created by OIR. While I agree with the idea of moving to the standardized form, the section for new construction is insufficient. The only two questions for new construction deal with the shape of the roof, and the type of opening protection. Our committee has heard presentations from multiple experts that have explained the benefits of stronger construction methods, some of which have even provided visual examples of the difference under pressure. I am not advocating that we require stronger construction standards, however it is important to reward homeowners who have utilized stronger methods that greatly diminish the risk of loss from an act of god.

While most of the focus of this committee has been on residential hardening, I would respectfully request that we reserve some time to discuss how commercial property owners who mitigate their windstorm risk might benefit from a similar discount. Commercial property owners are struggling under high insurance rates, and I believe it to be of critical importance to Florida's economy that we recognize the problem and make appropriate recommendations to DFS and the legislature. There is no reason that hardened commercial buildings should not receive the same treatment as residential.

Again, I thank you for your consideration of these topics and I look forward to the work ahead with my fellow committee members.

Sincerely,

Michael F. Aranda

### **Shape and Composition**

#### **Single Family**

Concrete Roof Deck  
Gable Wood Frame  
Solid Concrete Gable  
Solid Concrete Hip

#### **Multifamily/Condo**

Bar Joist  
Built Up  
Wood Joist  
Concrete Deck with Trusses on Top (non-mansard)  
Concrete Deck with Trusses on Top (mansard)

### **Roof Overhang**

2 foot

Greater than 2 foot  
Less than 2 foot

**Overhang Composition**

Stucco  
Aluminum or similar  
Wood  
Solid Concrete

**Roof Attachment**

Toe Nails  
Clips  
Single Wraps  
Double Wraps  
Solid Composition

**Safe Trees**

**SWR**

**Roof Covering Material**

**Other**

There has to be a way for consumers to have an inspection done and claim their hardening methods are equivalent or harder than the methods set forth in the filings. If a licensed FL contractor verifies that the mitigation measures are equivalent or harder, insurance companies should be required to accommodate a mitigation discount commensurate with the strength of the home. There should be a process for an insurance company to request an inspection of the home if they disagree with the contractor.