



South Carolina Department of Insurance

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Media Release

July 19, 2013
For Immediate Release

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The South Carolina Department of Insurance Releases Catastrophe Model Evaluation Findings and Schedules Public Hearing

Columbia, SC- The South Carolina Department of Insurance (Department) announced today that a public hearing is scheduled for Wednesday, October 9, 2013 to discuss the use of catastrophe models in the ratemaking process for the property insurance market in South Carolina. The hearing, which will be held at the South Carolina Bar Conference Center in Columbia, will include a presentation regarding the Department's ongoing review of the use of such models. It will also provide the opportunity for other input on the use of catastrophe models in South Carolina. A copy of the Notice of Public Hearing is available on the Department's website, www.doi.sc.gov.

As a part of this review, the Department engaged an expert panel last fall to conduct a study of the catastrophe models used in South Carolina. "The expert panel has submitted a report detailing its evaluation process and preliminary findings," said Ray Farmer, Director of the South Carolina Department of Insurance. "Now that we've completed our internal analysis and have had an opportunity to discuss our takeaways and outstanding questions with the expert panel, we look forward to both their final analysis and to leveraging their work to enhance our review process."

In addition to scheduling a public hearing, the Director has ordered the non-proprietary portions of the report to be posted to the agency's website, www.doi.sc.gov. "This posting, coupled with the upcoming public hearing, will continue our practice to be as transparent as possible and provide good government services for the citizens of South Carolina," stated Director Farmer.

The Department is requesting additional information and clarifications of the individual modeling companies in response to the findings. This information will be utilized by the panel as they finalize their recommendations and findings, which will be reviewed during the October public hearing.

As one of three members of the expert panel, Marty Simons is scheduled to participate on behalf of the panel in the public hearing. "The panel's recommendations are intended to serve as a tool for the South Carolina Department of Insurance as they review the appropriateness of individual catastrophe models and the way in which insurers are utilizing these models in the ratemaking process. We do not comment or offer any opinion on the current regulatory processes. Instead, these recommendations are intended to enhance the review process for future insurance rate filings," Simons noted.

About the Expert Panel:

The Department assembled a panel of experts to review computer simulation models that are designed to produce hurricane insurance loss costs for insuring properties in South Carolina. The panel members were Martin M. Simons (Actuary), Dr. Jennie Evans (Meteorologist) and Dr. Masoud Zadeh (Structural Engineer). Each expert is a member of the Professional Team of the Florida Commission on Hurricane Loss Projection Methodology and has extensive experience in reviewing hurricane loss models. Copies of the panel's credentials are available on the Department's website, www.doi.sc.gov.

For questions regarding the information in this release please contact Ann Roberson at 803-737-6207.

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