

**BEFORE THE STATE OF SOUTH CAROLINA
DEPARTMENT OF INSURANCE**

In the Matter of:

The Use of Catastrophe Models in
Insurance Ratemaking in South Carolina.

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NOTICE OF PUBLIC HEARING

The South Carolina Department of Insurance will hold a public hearing to review the use of hurricane catastrophe models in ratemaking in South Carolina. Notice is hereby given that the public hearing will be held on October 9, 2013 from 10:00 a.m.-1:00 p.m. at the South Carolina Bar Conference Center, 1501 Park Street, Columbia, South Carolina 29201. Limited parking is available.

Catastrophe modeling is a risk management tool that uses computer technology to help insurers, reinsurers, businesses and government agencies better assess the potential losses caused by a catastrophic event such as a hurricane or other natural disaster. Catastrophe modeling combines historical disaster information with current demographic, building, scientific and financial data to determine the potential cost of catastrophes. Catastrophes models utilize the skills of many experts, including meteorologists, seismologists, geologists, structural engineers, mathematicians, actuaries and statisticians. Catastrophe models estimate the predicted losses that would be associated with a particular event or set of events over a period of time.

South Carolina law permits the use of catastrophe models in ratemaking. *See* S.C. Code Ann. Section 38-75-1140 (Supp. 2012). The Department reviews the appropriateness of catastrophe models for hurricane and other wind exposure in South Carolina and requires insurers to identify specifics regarding the model used in a rate filing. Section 38-75-1140 also gives the Department the authority to evaluate catastrophe models used in property rate filings in

South Carolina. Accordingly, the Department engaged a panel of experts last Fall to review certain catastrophe models. The panel submitted a report to the South Carolina Department of Insurance on July 1, 2013. The purpose of the public hearing is to discuss the report and recommendations from the panel and receive input from other experts and interested parties (including consumers) on the use of catastrophe models in insurance property rate filings in South Carolina. The Department will consider the input received at this hearing as a part of the implementation process. A copy of the nonproprietary components of the report may be accessed on the Department's website at www.doi.sc.gov.

Members of the public interested in speaking or presenting at the public hearing must register in advance by sending an email to legmail@doi.sc.gov or sending a letter to the address indicated below. Each presenter shall be limited to ten minutes for verbal comments in order to provide all interested persons an opportunity to speak. In lieu of making a personal appearance, members of the public may submit written comments. Written comments must include the name, address and telephone number of the writer. Anonymous letters, correspondence, presentations, or other documents will not be considered. Written comments must be received by 5:00 p.m., October 9, 2013 to be considered and may be sent to the South Carolina Department of Insurance, Attn: Use of Catastrophe Computer Models in Ratemaking in South Carolina, Post Office Box 100105, Columbia, South Carolina 29202-3105.


Raymond G. Farmer
Director of Insurance

Columbia, South Carolina
July 19, 2013