

2009 FHCf Premium Calculation Examples

In order to calculate your company's 2009 Mandatory FHCf premium, you will need the 2009 FHCf Rates and the Addendum to the 2009 FHCf Ratemaking Formula Report. Below are some examples.

Example #1

Type of Business	Residential		BCEG Code	5
Construction	Frame		Florida Building Code Indicator	Meets
Deductible	\$2,000		Structure Opening Protection	Basic Shutters
FHCf Rating Region	1		Roof Shape	Hip
Total Exposure	\$1,000,000		Roof-Deck Attachment	Unknown
Year Built	2001		Coverage Option	90%

Based on the above information the *FHCf Base Rate* from the rate tables = 0.0897

Premium prior to FHCf Mitigation Adjustment = (Base Rate) x (Total Exposure / \$1,000)

$$(0.0897) \times (\$1,000,000 / \$1,000) = \boxed{\$89.70}$$

Use the Addendum to the 2009 FHCf Ratemaking Formula Report to determine the Final FHCf Premium Adjusted for Mitigation. The steps are illustrated below.

- Preliminary Relativity* = (year built relativity) x (roof deck attachment relativity) x (roof shape relativity) x (opening protection relativity)

$$(0.7047) \times (1.0000) \times (0.8408) \times (0.9447) = 0.5597$$

- Capped Relativity* = 1.1 if the preliminary relativity exceeds 1.1; or 0.9 if the preliminary relativity is less than 0.9; or the preliminary relativity in all other cases

Preliminary Relativity of 0.5597 is less than 0.9 therefore Capped Relativity = 0.9

- Actual Relativity* = the smaller of the capped relativity and (1 - BCEG credit) if the BCEG credit exceeds 0%; or the capped relativity if the BCEG credit equals 0%

- BCEG credit = 8%
- Capped Relativity of 0.9 is less than (1 - BCEG credit) of 0.92 therefore Actual Relativity = 0.9

- Final Rate* = (base rate) x (actual relativity) x (on balance relativity)

$$(0.0897) \times (0.9) \times (0.9995) = 0.0807$$

- Final FHCf Premium Adjusted for Mitigation* = (Final Rate) x (Total Exposure / \$1,000)

$$(0.0807) \times (\$1,000,000 / \$1,000) = \boxed{\$80.70}$$

Example #2

Type of Business	Residential	BCEG Code	10
Construction	Masonry Veneer	Florida Building Code Indicator	Does Not Meet
Deductible	2%	Structure Opening Protection	Hurricane Shutters
FHCF Rating Region	12	Roof Shape	Gable
Total Exposure	\$500,000	Roof-Deck Attachment	Other
Year Built	1990	Coverage Option	90%

Based on the above information the *FHCF Base Rate* from the rate tables = 0.7998

Premium prior to FHCF Mitigation Adjustment = (Base Rate) x (Total Exposure / \$1,000)

$$(0.7998) \times (\$500,000 / \$1,000) = \boxed{\$399.90}$$

Use the Addendum to the 2009 FHCF Ratemaking Formula Report to determine the Final FHCF Premium Adjusted for Mitigation. The steps are illustrated below.

1. *Preliminary Relativity* = (year built relativity) x (roof deck attachment relativity) x (roof shape relativity) x (opening protection relativity)

$$(1.1594) \times (1.0000) \times (1.0753) \times (0.8217) = 1.0244$$

2. *Capped Relativity* = 1.1 if the preliminary relativity exceeds 1.1; or 0.9 if the preliminary relativity is less than 0.9; or the preliminary relativity in all other cases

Preliminary Relativity of 1.0244 is less than 1.1 and greater than 0.9 therefore Capped Relativity = 1.0244

3. *Actual Relativity* = the smaller of the capped relativity and (1 - BCEG credit) if the BCEG credit exceeds 0%; or the capped relativity if the BCEG credit equals 0%

BCEG credit = 0% therefore Actual Relativity = 1.0244

4. *Final Rate* = (base rate) x (actual relativity) x (on balance relativity)

$$(0.7998) \times (1.0244) \times (0.9995) = 0.8189$$

5. *Final FHCF Premium Adjusted for Mitigation* = (Final Rate) x (Total Exposure / \$1,000)

$$(0.8189) \times (\$500,000 / \$1,000) = \boxed{\$409.45}$$

Example #3

Type of Business	Tenants		BCEG Code	1
Construction	Masonry		Florida Building Code Indicator	Unknown
Deductible	\$500		Structure Opening Protection	Unknown
FHCF Rating Region	20		Roof Shape	Unknown
Total Exposure	\$100,000		Roof-Deck Attachment	Unknown
Year Built	Unknown		Coverage Option	90%

Based on the above information the *FHCF Base Rate* from the rate tables = 0.9534

Premium prior to FHCF Mitigation Adjustment = (Base Rate) x (Total Exposure / \$1,000)

$$(0.9534) \times (\$100,000 / \$1,000) = \boxed{\$95.34}$$

Use the Addendum to the 2009 FHCF Ratemaking Formula Report to determine the Final FHCF Premium Adjusted for Mitigation. The steps are illustrated below.

1. *Preliminary Relativity* = (year built relativity) x (roof deck attachment relativity) x (roof shape relativity) x (opening protection relativity)

$$(1.0402) \times (1.0000) \times (1.0279) \times (1.0431) = 1.1153$$

2. *Capped Relativity* = 1.1 if the preliminary relativity exceeds 1.1; or 0.9 if the preliminary relativity is less than 0.9; or the preliminary relativity in all other cases

Preliminary Relativity of 1.1153 is greater than 1.1 therefore Capped Relativity = 1.1

3. *Actual Relativity* = the smaller of the capped relativity and (1 - BCEG credit) if the BCEG credit exceeds 0%; or the capped relativity if the BCEG credit equals 0%

- BCEG credit = 12%
- (1 - BCEG credit) of 0.88 is less than the Capped Relativity of 1.1 therefore Actual Relativity = 0.88

4. *Final Rate* = (base rate) x (actual relativity) x (on balance relativity)

$$(0.9534) \times (0.88) \times (0.9768) = 0.8195$$

5. *Final FHCF Premium Adjusted for Mitigation* = (Final Rate) x (Total Exposure / \$1,000)

$$(0.8195) \times (\$100,000 / \$1,000) = \boxed{\$81.95}$$