



educational institutions, and nonprofit organizations to support programs intended to improve hurricane preparedness, reduce potential losses in the event of a hurricane, provide research into means to reduce such losses, educate or inform the public as to means to reduce hurricane losses, assist the public in determining appropriateness of particular upgrades to structures or in the financing of such upgrades, or to protect local infrastructure from potential damage from a hurricane.<sup>2</sup>

The Legislature satisfies this condition by annually funding the Hurricane Loss Mitigation Program administered by the Florida Division of Emergency Management outlined in s. 215.559, F.S.

**Hurricane Loss Mitigation Program**

The Legislature passed the Bill Williams Residential Safety and Preparedness Act, creating the Hurricane Loss Mitigation Program (Mitigation Program) in 1999. Located in s. 215.559, F.S., the Mitigation Program receives an annual appropriation of \$10 million from the FHCF which is submitted to the Division of Emergency Management (division) within the Executive Office of the Governor for administration of purposes specified in the section.

Of the \$10 million dollars that are allocated by the Legislature, \$7 million must be used to improve wind resistance of residences and mobile homes, through loans, subsidies, grants, demonstration projects and direct assistance, educate individuals on Florida Building Code cooperative programs, and provide other efforts to prevent or reduce losses or the cost of rebuilding after a disaster (referred to as the Residential Construction Mitigation Program).<sup>3</sup> The remaining \$3 million must be used to retrofit existing facilities used as public hurricane shelters (referred to as the Shelter Retrofit Program).<sup>4</sup>

Under the requirements of the Mitigation Program, the division must provide a full report along with an accounting and evaluation of activities conducted under this section to the Speaker of the House of Representatives, the President of the Senate, and the Majority and Minority Leaders of the House of Representatives and the Senate on January 1 of each year.

According to the 2011 Florida Hurricane Loss Mitigation Program Annual Report, the following amounts were awarded for the 2010-11 fiscal year:

<b>Amount Awarded: State Fiscal Year 2010-2011</b>	
Shelter Retrofit Program	\$3,000,000.00
Residential Construction Program Retrofits	\$821,296.00
Mitigation Planning	\$318,719.00
Public Outreach and Training	\$297,972.00
Manufactured Homes (tie-down retrofit)	\$2,800,000.00
Hurricane Mitigation Research (FIU)	\$700,000.00
<b>TOTAL AWARD AMOUNT</b>	<b>\$7,937,987.00</b>

<sup>2</sup> Section 215.555(7)(c), F.S.

<sup>3</sup> Section 215.559(1)(a), F.S.

<sup>4</sup> Section 215.559(1)(b), F.S.

The Mitigation Program is set to be repealed on June 30, 2021.

#### Residential Construction Mitigation Program

Section 215.559(1)(a), F.S., requires that \$7 million of the \$10 million appropriated under the Mitigation Program must be used to improve wind resistance and prevent or reduce losses after a disaster. These directives comprise the Residential Construction Mitigation Program (RCMP), and the \$7 million is allocated as follows:

- 40 percent, or \$2.8 million is used to inspect and improve tie-downs for mobile homes, through grants under the Manufactured Housing and Mobile Home Mitigation Enhancement Program at Tallahassee Community College;<sup>5</sup>
- 10 percent, or \$700,000 is directed to the Florida International University center that is dedicated to hurricane research;<sup>6</sup> and
- 50 percent, or \$3.5 million is directed to programs developed by the division with the advice from the statutorily created advisory council in s. 215.559(4), F.S., to help prevent or reduce losses or to reduce the cost of rebuilding after a disaster.<sup>7</sup>

#### *Mobile Home Tie-Down Enhancement Program*

Section 215.559(2), F.S., sets forth the provisions for the Manufactured Housing and Mobile Home Mitigation and Enhancement Program, known as the Mobile Home Tie-Down Enhancement Program (Tie-Down Program). Tallahassee Community College is the entity statutorily authorized to administer the Tie-Down Program. This program is designed to demonstrate, test and raise awareness of new techniques to enhance manufactured home wind resistance.

The Tie-Down Program provides free tie-down retrofit services to eligible owners of manufactured homes.<sup>8</sup> It is not the intention of the Tie-Down Program to bring existing manufactured homes up to code, but instead to make a mobile home as wind resistant as funding, physical characteristics and condition of premises permit.<sup>9</sup> To qualify for participation in the Tie-Down Program, a manufactured home must:

- Be located within the boundaries of a mobile home community, in which 60% of the homes in the community have committed to participate in program;
- Have been built and installed prior to September 1999; and
- Be at least 15 inches from the ground to the sidewall of the home.<sup>10</sup>

During the 2010-11 fiscal year, the Tie-Down Program provided tie-downs and retrofitted over 1,995 manufactured homes in 16 mobile home communities within 8 Florida counties.<sup>11</sup> Since its inception in 2000, 22,265 manufactured homes have benefited from the free services provided

<sup>5</sup> Section 215.559(2), F.S.

<sup>6</sup> Section 215.559(3), F.S.

<sup>7</sup> Florida Division of Emergency Management. Hurricane Loss Mitigation Program. 2011 Annual Report. (on file with the Senate Military Affairs, Space, and Domestic Security Committee).

<sup>8</sup> A tie-down system is designed to secure a manufactured home to the ground.

<sup>9</sup> Tallahassee Community College. *Tie Down Program Information Sheet*. (On file with Senate Military Affairs, Space, and Domestic Security Committee).

<sup>10</sup> *Id.*

<sup>11</sup> Tallahassee Community College. *Mobile Home Tie Down Program: 2010-2011 Annual Report*. (on file with Senate Military Affairs, Space, and Domestic Security Committee).

through the Tie-Down Program.<sup>12,13</sup>

*Florida International University Hurricane Research Program*

Of the moneys allocated to the division for administration of the RCMP, 10 percent, or \$700,000, is annually allocated to Florida International University to conduct research on the following issues:

- Elimination of state and local barriers to upgrading existing mobile homes and communities;
- Recycling of existing older mobile homes; and
- Hurricane loss reduction devices and techniques for site-built residences.<sup>14</sup>

*RCMP Competitive Funding Projects*

Fifty-percent of the RCMP funds, or \$3.5 million, are to be used to help prevent or reduce losses or to reduce the cost of rebuilding after a disaster. To meet these directives, the division, with the assistance from the advisory council established in s. 215.559(4), F.S., annually develops a framework of grant projects which are awarded for a one-year performance period. During the 2010-11 fiscal year, 17 RCMP projects were recommended for funding, which spanned the following three subject categories: residential mitigation retrofit projects; public outreach; and mitigation planning.

Shelter Retrofit Program

Section 215.559(1)(b), F.S., requires that \$3 million of the \$10 million appropriated under the Mitigation Program must be used to retrofit existing facilities used as public hurricane shelters. This is referred to as the Shelter Retrofit Program. A major component in the division's strategy to reduce the state's shelter deficit is to provide funding for cost-effective retrofit or other mitigation measures on existing buildings that can provide additional shelter capacity.

The division must annually prepare a Shelter Retrofit Report for the Governor and Legislature which provides the division's list of facilities recommended to be retrofitted using local, state, and federal funds. The report prioritizes facilities with specific projects and cost estimates which, when funded, will improve relative safety and reduce the emergency shelter space deficit of the state. The shelter retrofit projects are identified through a survey program implemented by the division, and are only recommended when the retrofit can create spaces that meet American Red Cross' *Standards for Hurricane Evacuation Shelter Selection* (ARC 4496, January 2002).

Advisory Council

Section 215.559(4), F.S., establishes an advisory council to provide project recommendations, selection criteria and guiding principles to administer the Mitigation Program. Membership of the advisory council consists of the following:

- A representative designated by the Chief Financial Officer;
- A representative designated by the Florida Home Builders Association;
- A representative designated by the Florida Insurance Council;

<sup>12</sup> This number does not include Tie-Down Program participants for fiscal year 2000-01, as Tallahassee Community College did not administer the program during that fiscal year.

<sup>13</sup> E-mail correspondence with TCC Tie Down Program Administrator. February 3, 2012 (on file with Senate Military Affairs, Space, and Domestic Security Committee).

<sup>14</sup> Division of Emergency Management. *Residential Construction Mitigation Program website*. Available at: <http://www.floridadisaster.org/mitigation/rcmp/index.htm>.

- A representative designated by the Federation of Manufactured Home Owners;
- A representative designated by the Florida Association of Counties;
- A representative designated by the Florida Manufactured Housing Association; and
- A representative designated by the Florida Building Commission.

### **My Safe Florida Home Program**

In 2006, the Legislature created the Florida Comprehensive Hurricane Damage Mitigation Program and appropriated \$250 million to provide financial incentives and assistance for residential property owners in Florida to retrofit their properties, making them less vulnerable to hurricane damage and helping decrease the cost of residential property insurance. Subsequently renamed the My Safe Florida Home (MSFH) program, it was created to help Floridians identify and make improvements to strengthen their homes against hurricanes through free hurricane mitigation inspections and grant funds.<sup>15</sup>

The MSFH program began operation on August 15, 2006 and was administered by the Department of Financial Services (DFS). The MSFH program is no longer operative as all funds originally appropriated to the program were exhausted and no additional funding was appropriated. The program was created with the intention to:

- Provide free home inspections for at least 400,000 site-built single-family, residential properties; and
- Provide grants to at least 35,000 applicants before June 30, 2009.

These two measures provided the heart of the program and were established to go hand in hand. The purpose of the inspections was to identify weaknesses in residential structures that would make them especially vulnerable in a hurricane. The purpose of the grants was to assist the owners of such structures in “mitigating” those weaknesses.

Throughout the life of the MSFH program, 401,372 homes were inspected and 40,258 homeowners received hurricane mitigation grants, in which the average grant amount per homeowner was approximately \$3,320.<sup>16</sup>

### **Florida Public Hurricane Loss Projection Model<sup>17</sup>**

After Hurricane Andrew in 1992, insurance companies began to use privately developed catastrophe loss models to estimate expected losses. Catastrophe models are complex computer simulations that property insurers worldwide use to project potential losses from natural catastrophes, such as hurricanes, earthquakes, and tornados.<sup>18</sup>

The 2000 Legislature authorized the creation of a public hurricane loss projection model (public

<sup>15</sup> The My Safe Florida Home program is established in s. 215.5586, F.S.

<sup>16</sup> Department of Financial Services. *My Safe Florida Home 2009 Annual Report*. Available at: <http://www.mysafefloridahome.com/education.asp>.

<sup>17</sup> Summary information on the Florida Public Hurricane Loss Projection Model obtained from Office of Program Policy Analysis and Government Accountability. Report No. 11-25: *Steps Could Be Taken to Reduce the Public Hurricane Loss Projection Model's Reliance on State Funding* (December 2011). Available at: <http://www.oppaga.state.fl.us/MonitorDocs/Reports/pdf/1125rpt.pdf>.

<sup>18</sup> There are 4 private companies in Florida that have been approved to offer hurricane loss projection models. These include: AIR Worldwide, Applied Research Associates, EQECAT, and Risk Management Solutions.

model) in which the Office of Insurance Regulation (OIR) contracted with Florida International University (FIU) to develop in 2001. In March 2006 the public model was activated and in August 2007 it was found acceptable by the Florida Commission on Hurricane Loss Projection Methodology.<sup>19</sup>

The public model was built to assess hurricane risk and predict annual expected insured residential losses in Florida for an insurance company, zip code, county, or for the entire state. OIR uses the public model as an independent tool to facilitate its review of the reasonableness of the rates proposed in company filings. Without the public model, OIR's basis for rate determinations would be each insurer's own selected private model and corresponding loss data.

OIR holds the copyright for the public model, which means that it has exclusive rights to the model but can authorize others to use it. FIU is the lead institution for developing and operating the public model, but it collaborates with several other public and private Florida universities (including Florida State University, the Florida Institute of Technology, the University of Florida, and the University of Miami) and the U.S. National Oceanic and Atmospheric Administration. In addition to OIR, users of the public model include Citizens Property Insurance Corporation, the Florida Hurricane Catastrophe Fund, and some private insurers.<sup>20</sup>

Since 2000, the Legislature has provided approximately \$11 million to OIR for the creation, operation, and maintenance of the public model.

### **III. Effect of Proposed Changes:**

The bill amends s. 215.559, F.S., to revise provisions relating to the Florida Hurricane Loss Mitigation Program (Mitigation Program). Specifically, the bill removes the current provisions discussed above which outline how the Division of Emergency Management must use the \$10 million annually appropriated from the Florida Hurricane Catastrophe Fund.

The bill replaces the current provisions outlining the program and provides that the purpose of the Mitigation Program is to:

- Provide funding and supervision for the public hurricane loss projection model;
- Supervise and fund the My Safe Florida Home Program;
- Establish a statewide program for inspection standards and data collection related to hurricane loss;
- Further the science of hurricane mitigation by working with all types of businesses, scientists, and academics in order to further the availability and measure the effectiveness of new ways to mitigate hurricane damage to homes;
- Be a state resource on the assessment of the potential expected cost of hurricane damage and the results of mitigation; and
- Provide regulatory oversight to the Office of Insurance Regulation on the applicability and use of wind mitigation discounts for homeowners' insurance.

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<sup>19</sup> The Florida Commission on Hurricane Loss Projection Methodology is an independent body of experts created by the Legislature in 1995 for the purpose of developing standards and reviewing hurricane loss models used in the development of residential property insurance rates and the calculation of probable maximum loss levels.

<sup>20</sup> Property insurers contract with FIU to use the model and pay the university for these services.

Additionally, the bill establishes an advisory council to provide advice and assistance regarding the administration of the Mitigation Program. Membership of the council consists of:

- The Director of the Office of Insurance Regulation, or his or her designee;
- The Insurance Consumer Advocate, or his or designee;
- Two representatives of homeowners' insurance companies; one of whom represents small companies and is to be appointed by the President of the Senate and one of whom represents large companies and is to be appointed by the Speaker of the House of Representatives.
- Two scientists, one of whom has experience and training in the sciences related to wind or the building code and is to be appointed by the President of the Senate, and one of whom has a background in engineering and is to be appointed by the Speaker of the House of Representatives.
- Two legislators, one appointed by the President of the Senate, and one appointed by the Speaker of the House of Representatives;
- One representative of the reinsurance industry, who is appointed jointly by the President of the Senate and the Speaker of the House of Representatives; and
- One scientist who has a background in modeling appointed by the Division of Emergency Management.

The bill provides an effective date of July 1, 2012.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

#### **V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The bill removes from the current law the Mobile Home Tie-Down Program. As a result, an owner of a manufactured home that was built before September 1999 would no longer be eligible for free tie-down retrofit services to help protect the manufactured home from high winds during a catastrophic event such as a hurricane.

The bill provides for the funding and supervision of the My Safe Florida Home Program. This program would allow residential property owners in Florida to receive financial incentives and assistance to retrofit their properties, making them less vulnerable to hurricane damage and helping decrease the cost of residential property insurance.

**C. Government Sector Impact:**

The bill does not change the total amount of funds that are to be annually appropriated from the Florida Hurricane Catastrophe Fund (\$10 million) to the Hurricane Loss Mitigation Program (Mitigation Program). However, the bill redirects the allocation of such funds to support revised priorities for the Mitigation Program.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Additional Information:**

**A. Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.