

1 (1) Reports of hurricane loss data and associated
2 exposure data that are specific to a particular insurance
3 company, as reported by an insurer or a licensed rating
4 organization to the office or to a type I center at a state
5 university pursuant to s. 627.06281, are exempt from s.
6 119.07(1) and s. 24(a), Art. I of the State Constitution.

7 (2) For the purposes of this section, the term "loss
8 data and associated exposure data" means the type, age, wind
9 mitigation features, and location of each property insured;
10 the amount and type of coverage written on each of those
11 properties; the amount, date, and type of damage paid for by
12 the insurer on each property; and the amount of any reserves
13 held by an insurer for future payments or expenses on damages
14 associated with the date of occurrence of a hurricane.

15 (3) This section is subject to the Open Government
16 Sunset Review Act of 1995 in accordance with s. 119.15, and
17 shall stand repealed on October 2, 2010, unless reviewed and
18 saved from repeal through reenactment by the Legislature.

19 Section 2. The Legislature finds that it is a public
20 necessity that reports of hurricane loss data and associated
21 exposure data that are specific to a particular insurance
22 company be made exempt from public-records requirements. The
23 Legislature finds that revealing such information could
24 substantially harm insurers in the insurance market and give
25 competitor insurers an unfair economic advantage. Hurricane
26 loss data and associated exposure data of an insurer include
27 the type and location of properties insured by an insurer, the
28 amount of damage incurred by an insured, the amount a property
29 is insured for, and the reserves an insurer has for future
30 losses. This information is of value to an insurer and would
31 provide a competitive advantage if disclosed to another

1 insurer. Information concerning the hurricane losses that are
2 paid by an insurer for specific types and locations of homes
3 is proprietary in nature. Such information could be used by a
4 competitor to solicit business by offering lower prices based
5 on the information gathered. As such, the Legislature finds
6 that the exemption for reports of hurricane loss data and
7 associated exposure data is a public necessity.

8 Section 3. Section 627.0628, Florida Statutes, is
9 amended to read:

10 627.0628 Florida Commission on Hurricane Loss
11 Projection Methodology; public records exemption; public
12 meetings exemption.--

13 (1) LEGISLATIVE FINDINGS AND INTENT.--

14 (a) Reliable projections of hurricane losses are
15 necessary in order to assure that rates for residential
16 property insurance meet the statutory requirement that rates
17 be neither excessive nor inadequate. The ability to
18 accurately project hurricane losses has been enhanced greatly
19 in recent years through the use of computer modeling. It is
20 the public policy of this state to encourage the use of the
21 most sophisticated actuarial methods to assure that consumers
22 are charged lawful rates for residential property insurance
23 coverage.

24 (b) The Legislature recognizes the need for expert
25 evaluation of computer models and other recently developed or
26 improved actuarial methodologies for projecting hurricane
27 losses, in order to resolve conflicts among actuarial
28 professionals, and in order to provide both immediate and
29 continuing improvement in the sophistication of actuarial
30 methods used to set rates charged to consumers.

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1 (c) It is the intent of the Legislature to create the
2 Florida Commission on Hurricane Loss Projection Methodology as
3 a panel of experts to provide the most actuarially
4 sophisticated guidelines and standards for projection of
5 hurricane losses possible, given the current state of
6 actuarial science. It is the further intent of the Legislature
7 that such standards and guidelines must be used by the State
8 Board of Administration in developing reimbursement premium
9 rates for the Florida Hurricane Catastrophe Fund, and may be
10 used by insurers in rate filings under s. 627.062 unless the
11 way in which such standards and guidelines were applied by the
12 insurer was erroneous, as shown by a preponderance of the
13 evidence.

14 (d) It is the intent of the Legislature that such
15 standards and guidelines be employed as soon as possible, and
16 that they be subject to continuing review thereafter.

17 (2) COMMISSION CREATED.--

18 (a) There is created the Florida Commission on
19 Hurricane Loss Projection Methodology, which is assigned to
20 the State Board of Administration. For the purposes of this
21 section, the term "commission" means the Florida Commission on
22 Hurricane Loss Projection Methodology. The commission shall be
23 administratively housed within the State Board of
24 Administration, but it shall independently exercise the powers
25 and duties specified in this section.

26 (b) The commission shall consist of the following 11
27 members:

- 28 1. The insurance consumer advocate.
- 29 2. The senior employee of the State Board of
30 Administration responsible for operations of the Florida
31 Hurricane Catastrophe Fund.

1 3. The Executive Director of the Citizens Property
2 Insurance Corporation.

3 4. The Director of the Division of Emergency
4 Management of the Department of Community Affairs.

5 5. The actuary member of the Florida Hurricane
6 Catastrophe Fund Advisory Council.

7 6. An employee of the office who is an actuary
8 responsible for property insurance rate filings and who is
9 appointed by the director of the office.

10 7. Five members appointed by the Chief Financial
11 Officer, as follows:

12 a. An actuary who is employed full time by a property
13 and casualty insurer which was responsible for at least 1
14 percent of the aggregate statewide direct written premium for
15 homeowner's insurance in the calendar year preceding the
16 member's appointment to the commission.

17 b. An expert in insurance finance who is a full-time
18 member of the faculty of the State University System and who
19 has a background in actuarial science.

20 c. An expert in statistics who is a full-time member
21 of the faculty of the State University System and who has a
22 background in insurance.

23 d. An expert in computer system design who is a
24 full-time member of the faculty of the State University
25 System.

26 e. An expert in meteorology who is a full-time member
27 of the faculty of the State University System and who
28 specializes in hurricanes.

29 (c) Members designated under subparagraphs (b)1.-5.
30 shall serve on the commission as long as they maintain the
31 respective offices designated in subparagraphs (b)1.-5. The

1 member appointed by the director of the office under
2 subparagraph (b)6. shall serve on the commission until the end
3 of the term of office of the director who appointed him or
4 her, unless removed earlier by the director for cause. Members
5 appointed by the Chief Financial Officer under subparagraph
6 (b)7. shall serve on the commission until the end of the term
7 of office of the Chief Financial Officer who appointed them,
8 unless earlier removed by the Chief Financial Officer for
9 cause. Vacancies on the commission shall be filled in the
10 same manner as the original appointment.

11 (d) The State Board of Administration shall annually
12 appoint one of the members of the commission to serve as
13 chair.

14 (e) Members of the commission shall serve without
15 compensation, but shall be reimbursed for per diem and travel
16 expenses pursuant to s. 112.061.

17 (f) The State Board of Administration shall, as a cost
18 of administration of the Florida Hurricane Catastrophe Fund,
19 provide for travel, expenses, and staff support for the
20 commission.

21 (g) There shall be no liability on the part of, and no
22 cause of action of any nature shall arise against, any member
23 of the commission, any member of the State Board of
24 Administration, or any employee of the State Board of
25 Administration for any action taken in the performance of
26 their duties under this section. In addition, the commission
27 may, in writing, waive any potential cause of action for
28 negligence of a consultant, contractor, or contract employee
29 engaged to assist the commission.

30 (3) ADOPTION AND EFFECT OF STANDARDS AND GUIDELINES.--
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1 (a) The commission shall consider any actuarial
2 methods, principles, standards, models, or output ranges that
3 have the potential for improving the accuracy of or
4 reliability of the hurricane loss projections used in
5 residential property insurance rate filings. The commission
6 shall, from time to time, adopt findings as to the accuracy or
7 reliability of particular methods, principles, standards,
8 models, or output ranges.

9 (b) In establishing reimbursement premiums for the
10 Florida Hurricane Catastrophe Fund, the State Board of
11 Administration must, to the extent feasible, employ actuarial
12 methods, principles, standards, models, or output ranges found
13 by the commission to be accurate or reliable.

14 (c) With respect to a rate filing under s. 627.062, an
15 insurer may employ actuarial methods, principles, standards,
16 models, or output ranges found by the commission to be
17 accurate or reliable to determine hurricane loss factors for
18 use in a rate filing under s. 627.062, which findings and
19 factors are admissible and relevant in consideration of a rate
20 filing by the office or in any arbitration or administrative
21 or judicial review.

22 (d) The commission shall adopt revisions to previously
23 adopted actuarial methods, principles, standards, models, or
24 output ranges at least annually.

25 (e)1. A trade secret, as defined in s. 812.081, that
26 is used in designing and constructing a hurricane loss model
27 and that is provided pursuant to this section, by a private
28 company, to the commission, office, or consumer advocate
29 appointed pursuant to s. 627.0613, is confidential and exempt
30 from s. 119.07(1) and s. 24(a), Art. I of the State
31 Constitution.

1 2. That portion of a meeting of the commission or of a
2 rate proceeding on an insurer's rate filing at which a trade
3 secret made confidential and exempt by this paragraph is
4 discussed is exempt from s. 286.011 and s. 24(b), Art. I of
5 the State Constitution.

6 3. This paragraph is subject to the Open Government
7 Sunset Review Act of 1995 in accordance with s. 119.15, and
8 shall stand repealed on October 2, 2010, unless reviewed and
9 saved from repeal through reenactment by the Legislature.

10 Section 4. The Legislature finds that it is a public
11 necessity that a trade secret, as defined in section 812.081,
12 Florida Statutes, which is used in designing and constructing
13 a hurricane loss model and which is provided pursuant to law,
14 by a private company, to the Florida Commission on Hurricane
15 Loss Projection Methodology, the Office of Insurance
16 Regulation, or an appointed consumer advocate be made
17 confidential and exempt from public-records requirements and
18 be made exempt from public meetings requirements. Disclosing
19 trade secrets would negatively impact the business interests
20 of a private company that has invested substantial economic
21 resources in developing the model, and competitor companies
22 would gain an unfair competitive advantage if provided access
23 to such information. Reliable projections of hurricane losses
24 are necessary in order to ensure that rates for residential
25 property insurance meet the statutory requirement that rates
26 be neither excessive nor inadequate. This goal is served by
27 enabling the Florida Commission on Hurricane Loss Projection
28 Methodology, the Office of Insurance Regulation, and the
29 consumer advocate appointed pursuant to section 627.0613,
30 Florida Statutes, to have access to all aspects of hurricane
31 loss models, and encouraging private companies to submit such

1 models to the commission, office, and consumer advocate for
2 review without concern that trade secrets will be disclosed.
3 In addition, the Legislature finds that it is a public
4 necessity to protect trade secrets discussed during meetings
5 or rate proceedings, because release of such information via a
6 public meeting or proceeding would defeat the purpose of the
7 public-records exemption and would allow competitors and other
8 persons to attend those meetings and discover the protected
9 trade secrets.

10 Section 5. This act shall take effect on the same date
11 that CS for CS for SB 1488 or substantially similar
12 legislation takes effect, if such legislation is adopted in
13 the same legislative session or an extension thereof and
14 becomes law.

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16 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
17 COMMITTEE SUBSTITUTE FOR
18 CS/SB 1478

19 Provides a definition for "loss data and associated exposure
20 data."

21 Removes references to two stated exceptions to the exemption
22 because they were unnecessary.
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