

## **HB 7119 — Open Government Sunset Review/Hurricane Loss Projection Methodology**

By Governmental Affairs Policy Committee; and Rep. K. Roberson (CS/SB 1658 by Governmental Oversight and Accountability Committee and Banking and Insurance Committee)

In 1995, the Florida Legislature created the Florida Commission on Hurricane Loss Projection Methodology (commission), under s. 627.0628, F.S., which describes the legislative intent “to encourage the use of the most sophisticated actuarial methods to assure that consumers are charged lawful rates for residential property insurance coverage.” The commission is administratively housed within the State Board of Administration, but independently exercises its powers and duties as specified in the statute. Section 627.0628(3)(a), F.S., specifies that “[t]he commission shall consider any actuarial methods, principles, standards, models, or output ranges that have the potential for improving the accuracy of or reliability of the hurricane loss projections used in residential property insurance rate filings.”

A number of vendors produce highly complex computer models that purport to reflect an average annual expected loss from hurricanes and other perils. Models of this nature are driven by an array of internal assumptions, within a variety of scientific disciplines (e.g., meteorology, structural engineering, actuarial science, statistics, computer science). Although some basic assumptions may be common to more than one model, many of the detailed internal assumptions have been developed only after considerable research by each vendor, which closely guards that information as a trade secret. If all internal information of a model were published, that model could be replicated, and the vendor that produced the model would lose the entirety of its value.

Current law provides a public-records exemption for a trade secret used in designing and constructing a hurricane loss model that is provided by a private company to the Florida Commission on Hurricane Loss Projection Methodology (commission), Office of Insurance Regulation (OIR), or an appointed consumer advocate. Current law also provides a public-meetings exemption for that portion of a meeting of the commission or a rate proceeding on an insurer’s rate filing at which confidential and exempt trade secrets are discussed.

The bill repeals s. 627.0628(3)(f)3., F.S., and thereby saves from repeal the public-records exemption and the public-meetings exemption created in s. 27.0628(3)(f)1., F.S., and s. 627.0628(3)(f)2., F.S., respectively.

This bill also requires a recording to be made of any closed portion of a meeting. The bill expands the existing exemptions to make such recordings exempt from public-records requirements. As such, the bill extends the repeal date from October 2, 2010, to October 2, 2015. It also provides a public necessity statement as required by the State Constitution.

The bill provides that the public-records exemption applies to a “trade secret” as defined in the Uniform Trade Secrets Act. This makes the public-records exemption for trade secrets consistent with other similar exemptions.

If approved by the Governor, these provisions take effect October 1, 2010

*Vote: Senate 37-1; House 113-0*