

## The 2009 Florida Statutes

### **627.0628 Florida Commission on Hurricane Loss Projection Methodology; public records exemption; public meetings exemption.--**

#### (1) LEGISLATIVE FINDINGS AND INTENT.--

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

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

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

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

(e) The Legislature finds that the authority to take final agency action with respect to insurance ratemaking is vested in the Office of Insurance Regulation and the Financial Services Commission, and that the processes, standards, and guidelines of the Florida Commission on Hurricane Loss Projection Methodology do not constitute final agency action or statements of general applicability that implement, interpret, or prescribe law or policy; accordingly, chapter 120 does not apply to the processes, standards, and guidelines of the Florida Commission on Hurricane Loss Projection Methodology.

#### (2) COMMISSION CREATED.--

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

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

1. The insurance consumer advocate.
  2. The senior employee of the State Board of Administration responsible for operations of the Florida Hurricane Catastrophe Fund.
  3. The Executive Director of the Citizens Property Insurance Corporation.
  4. The Director of the Division of Emergency Management of the Department of Community Affairs.
  5. The actuary member of the Florida Hurricane Catastrophe Fund Advisory Council.
  6. An employee of the office who is an actuary responsible for property insurance rate filings and who is appointed by the director of the office.
  7. Five members appointed by the Chief Financial Officer, as follows:
    - a. An actuary who is employed full time by a property and casualty insurer which was responsible for at least 1 percent of the aggregate statewide direct written premium for homeowner's insurance in the calendar year preceding the member's appointment to the commission.
    - b. An expert in insurance finance who is a full-time member of the faculty of the State University System and who has a background in actuarial science.
    - c. An expert in statistics who is a full-time member of the faculty of the State University System and who has a background in insurance.
    - d. An expert in computer system design who is a full-time member of the faculty of the State University System.
    - e. An expert in meteorology who is a full-time member of the faculty of the State University System and who specializes in hurricanes.
- (c) Members designated under subparagraphs (b)1.-5. shall serve on the commission as long as they maintain the respective offices designated in subparagraphs (b)1.-5. The member appointed by the director of the office under subparagraph (b)6. shall serve on the commission until the end of the term of office of the director who appointed him or her, unless removed earlier by the director for cause. Members appointed by the Chief Financial Officer under subparagraph (b)7. shall serve on the commission until the end of the term of office of the Chief Financial Officer who appointed them, unless earlier removed by the Chief Financial Officer for cause. Vacancies on the commission shall be filled in the same manner as the original appointment.
- (d) The State Board of Administration shall annually appoint one of the members of the commission to serve as chair.
- (e) Members of the commission shall serve without compensation, but shall be reimbursed for per diem and travel expenses pursuant to s. [112.061](#).

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

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

(3) ADOPTION AND EFFECT OF STANDARDS AND GUIDELINES.--

(a) The 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. The commission shall, from time to time, adopt findings as to the accuracy or reliability of particular methods, principles, standards, models, or output ranges.

(b) The commission shall consider any actuarial methods, principles, standards, or models that have the potential for improving the accuracy of or reliability of projecting probable maximum loss levels. The commission shall adopt findings as to the accuracy or reliability of particular methods, principles, standards, or models related to probable maximum loss calculations.

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

(d) With respect to a rate filing under s. [627.062](#), an insurer shall employ and may not modify or adjust actuarial methods, principles, standards, models, or output ranges found by the commission to be accurate or reliable in determining hurricane loss factors for use in a rate filing under s. [627.062](#). An insurer shall employ and may not modify or adjust models found by the commission to be accurate or reliable in determining probable maximum loss levels pursuant to paragraph (b) with respect to a rate filing under s. [627.062](#) made more than 60 days after the commission has made such findings.

(e) The commission shall adopt revisions to previously adopted actuarial methods, principles, standards, models, or output ranges every odd year.

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

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

3. This paragraph is subject to the Open Government Sunset Review Act in accordance with s. [119.15](#), and shall stand repealed on October 2, 2010, unless reviewed and saved from repeal through reenactment by the Legislature.

(4) REVIEW OF DISCOUNTS, CREDITS, OTHER RATE DIFFERENTIALS, AND REDUCTIONS IN DEDUCTIBLES RELATING TO WINDSTORM MITIGATION.--The commission shall hold public meetings for the purpose of receiving testimony and data regarding the implementation of windstorm mitigation discounts, credits, other rate differentials, and appropriate reductions in deductibles pursuant to s. [627.0629](#). After reviewing the testimony and data as well as any other information the commission deems appropriate, the commission shall present a report by February 1, 2010, to the Governor, the Cabinet, the President of the Senate, and the Speaker of the House of Representatives, including recommendations on improving the process of assessing, determining, and applying windstorm mitigation discounts, credits, other rate differentials, and appropriate reductions in deductibles pursuant to s. [627.0629](#).

**History.**--s. 6, ch. 95-276; s. 6, ch. 96-194; s. 3, ch. 97-55; s. 4, ch. 2000-333; s. 1066, ch. 2003-261; s. 79, ch. 2004-390; s. 4, ch. 2005-111; s. 3, ch. 2005-264; s. 12, ch. 2006-12; s. 145, ch. 2008-4; s. 11, ch. 2008-66; s. 83, ch. 2009-21; s. 10, ch. 2009-70; s. 16, ch. 2009-87.