

PRINCIPLES

1. The mission of the Florida Commission on Hurricane Loss Projection Methodology is to assess the effectiveness of various methodologies which have the potential for improving the accuracy of projecting insured Florida losses and probable maximum loss levels resulting from hurricanes and floods and to adopt findings regarding the accuracy or reliability of these methodologies for use in residential rate filings (hurricane loss projections), personal lines residential rate filings (flood loss projections), and probable maximum loss calculations. *History-New 9/21/95, rev. 11/30/95, rev. 9/15/09, rev. 10/13/15*
2. The Commission shall recognize that a modeling organization may develop either a hurricane model, a flood model, or both. As a result, the Commission's adoption of standards and the review of each respective model shall be independent and separate of the other type of model. The acceptability or failure of one type of model shall not have an immediate impact on the acceptability or failure of another type of model from the same modeling organization. Although the review process is similar in context for all types of models, the Commission shall recognize the unique process applicable to a hurricane model review and the unique process applicable to a flood model review. Only one type of model shall be submitted at a time by a modeling organization for review for that type of model (hurricane or flood) except as provided for in the Acceptability Process of its most recent *Hurricane Standards Report of Activities* or *Flood Standards Report of Activities*. *History-New 6/16/17*
3. The Commission shall consider the costs and benefits associated with its review process, including costs and benefits to the State and its citizens, to the insurance industry, and to the modeling organizations. *History-New 8/18/06*
4. The general focus of the Commission shall be on those areas of modeling which produce the most variation in output results and have the most promise of improving the science of modeling. *History-New 8/18/06*
5. The Commission shall pursue and promote research opportunities from time to time when issues need resolution and such research would advance the science of modeling. *History-New 8/18/06*
6. All models or methods shall be theoretically sound. *History-New 9/21/95, rev. 8/18/06*
7. The Commission's review process shall be active and designed to test model output for reasonableness and to test model assumptions. *History-New 8/18/06*
8. Models or methods shall not be biased in a way that overstates or understates results. *History-New 9/21/95, rev. 8/18/06*
9. All sensitive components of models or methods shall be identified. *History-New 9/21/95, rev. 8/18/06*

10. The trade secret aspects of models or methods being reviewed by the Commission shall be protected. *History-New 11/30/95, rev. 5/20/96, rev. 9/14/05, rev. 8/18/06*
11. Commission members shall have sufficient information concerning model assumptions and factors used in model development, whether trade secret or not, to make a finding about a model's acceptability. *History-New 8/18/06*
12. The Commission's review process of models or methods shall not restrict competition in the catastrophe modeling industry or thwart innovation in that industry. *History-New 11/30/95, rev. 5/20/96, rev. 8/18/06*
13. The Commission shall consider how advances in science or technology shall be incorporated in its revision of standards, and, where and when appropriate, develop new standards or revise existing standards to reflect these advances. *History-New 8/18/06, rev. 9/16/09*
14. The Commission shall consider how statutory changes shall be incorporated in its revision of standards, and, where and when appropriate, develop new standards or revise existing standards to reflect these statutory changes. *History-New 8/18/06, rev. 9/16/09*
15. The Commission's review of models or methods for acceptability shall give priority to new standards and standards that have been modified. *History-New 8/18/06, rev. 9/16/09*
16. The output of models or methods shall be reasonable and the modeling organization shall demonstrate its reasonableness. *History-New 9/21/95, rev. 8/22/03, rev. 8/18/06*
17. All adoptions of findings and any other formal action taken by the Commission shall be made at a publicly-noticed meeting, by motion followed by a formal member by member roll call vote, all of which shall be transcribed by a court reporter, such transcription to be made a part of the official record of the proceedings of the Commission. The Commission shall not record a transcript for the portion of a Commission meeting where trade secrets used in the design and construction of the hurricane loss model or flood loss model are discussed. No official action or decision shall be made in a closed meeting. *History-New 11/30/95, rev. 8/22/03, rev. 9/14/05, rev. 8/18/06, rev. 9/15/09, rev. 10/13/15*
18. All findings adopted by the Commission are subject to revision at the discretion of the Commission. *History-New 11/30/95*
19. No model or method shall be determined to be acceptable by the Commission until it has been evaluated by the Commission in accordance with the process and procedures which the Commission considers appropriate for that model or method. *History-New 11/30/95, rev. 5/20/96, rev. 8/18/06*
20. The Commission's determination of acceptability of a specific model or method does not constitute determination of acceptability of other versions or variations of that model or method; however, the Commission shall attempt to accommodate routine updating of acceptable models or methods. *History-New 11/30/95, rev. 5/20/96, rev. 8/18/06*

- 21.** The Commission shall consider the educational needs of its members and from time to time implement educational programs that further Commission members' understanding of the science of modeling. *History-New 8/18/06*