



ATTORNEY GENERAL OF TEXAS
GREG ABBOTT

September 15, 2005

Ms. Cynthia Villarreal-Reyna
Section Chief
Legal and Compliance Division
Texas Department of Insurance
P.O. Box 149104
Austin, Texas 78714-9104

OR2005-08430

Dear Ms. Villarreal-Reyna:

You ask whether certain information is subject to required public disclosure under the Public Information Act (the "Act"), chapter 552 of the Government Code. Your request was assigned ID# 232279.

The Texas Department of Insurance (the "department") received two requests for the underwriting guidelines of the following companies: State Farm County Mutual and State Farm Lloyds (collectively, "State Farm"); Allstate Texas Lloyds and Allstate County Mutual (collectively, "Allstate"); Farmers Texas County Mutual Insurance Company, Farmers Insurance Exchange; Texas Farmers Insurance Company; and Fire Insurance Exchange. We understand that the requested underwriting guidelines of Farmers Texas County Mutual Insurance Company do not exist.¹ You state that the responsive information relating to State Farm and Allstate is the subject of prior open records rulings issued by this office. You claim that a portion of the submitted information is excepted from disclosure pursuant to section 552.137 of the Government Code. Although you take no position regarding the remaining submitted information, you contend that it may contain proprietary information that is subject to exception under the Act. Accordingly, you state, and provide documentation showing, that you notified the interested third party, Farmers Insurance

¹We note that the Act does not require a governmental body to disclose information that did not exist at the time the request was received. *Econ. Opportunities Dev. Corp. v. Bustamante*, 562 S.W.2d 266 (Tex. Civ. App.—San Antonio 1978, writ dismissed); Open Records Decision No. 452 at 3 (1986).

Group("Farmers"), of the department's receipt of the request for information and of Farmers' right to submit arguments to this office as to why the requested information should not be released to the requestor. *See* Gov't Code § 552.305(d); *see also* Open Records Decision No. 542 (1990) (statutory predecessor to section 552.305 permits governmental body to rely on interested third party to raise and explain applicability of exception in the Act in certain circumstances). We have received correspondence from Farmers. We have considered the submitted arguments and reviewed the submitted information.

Initially, we address your claim that some of the information responsive to this request is the identical information that was the subject of two previous open records rulings. In Open Records Letter Nos. 2004-3497 (2004) and 2005-02757 (2005), we concluded that State Farm and Allstate could withhold their homeowners underwriting guidelines pursuant to section 552.110 of the Government Code. You represent that the relevant facts and circumstances have not changed since the issuance of Open Records Letter Nos. 2004-3497 and 2005-02757. We therefore determine the department may rely on those rulings as previous determinations with respect to the requested information that is the subject of those rulings.² *See* Gov't Code § 552.301(f); Open Records Decision No. 673 (2001).

Section 552.137 of the Government Code excepts from disclosure "an e-mail address of a member of the public that is provided for the purpose of communicating electronically with a governmental body" unless the member of the public consents to its release or the e-mail address is of a type specifically excluded by subsection (c). *See* Gov't Code § 552.137(a)-(c). The e-mail address you have marked is not of a type specifically excluded by section 552.137(c). In addition, you inform us that the department has not received consent for the release of this e-mail address. Therefore, the department must withhold the e-mail address you have marked under section 552.137.³

Farmers asserts that the submitted underwriting guidelines of its member companies, Farmers Insurance Exchange, Texas Farmers Insurance Company, and Fire Insurance Exchange, are excepted from disclosure under section 552.110 of the Government Code. Section 552.110(a) excepts from disclosure "[a] trade secret obtained from a person and privileged or confidential by statute or judicial decision." Gov't Code § 552.110(a). The

²The four criteria for this type of "previous determination" are 1) the records or information at issue are precisely the same records or information that were previously submitted to this office pursuant to section 552.301(e)(1)(D) of the Government Code; 2) the governmental body which received the request for the records or information is the same governmental body that previously requested and received a ruling from the attorney general; 3) the attorney general's prior ruling concluded that the precise records or information are or are not excepted from disclosure under the Act; and 4) the law, facts, and circumstances on which the prior attorney general ruling was based have not changed since the issuance of the ruling. *See* Open Records Decision No. 673 (2001).

³As we are able to make this determination, we need not address Farmers' claim against disclosure for this information.

Texas Supreme Court has adopted the definition of trade secret from section 757 of the Restatement of Torts. *Hyde Corp. v. Huffines*, 314 S.W.2d 763 (Tex. 1958); *see also* Open Records Decision No. 552 at 2 (1990). Section 757 provides that a trade secret is

any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it. It may be a formula for a chemical compound, a process of manufacturing, treating or preserving materials, a pattern for a machine or other device, or a list of customers. It differs from other secret information in a business . . . in that it is not simply information as to single or ephemeral events in the conduct of the business. . . . A trade secret is a process or device for continuous use in the operation of the business. . . . [It may] relate to the sale of goods or to other operations in the business, such as a code for determining discounts, rebates or other concessions in a price list or catalogue, or a list of specialized customers, or a method of bookkeeping or other office management.

RESTATEMENT OF TORTS § 757 cmt. b (1939); *see also Huffines*, 314 S.W.2d at 776. In determining whether particular information constitutes a trade secret, this office considers the Restatement's definition of trade secret as well as the Restatement's list of six trade secret factors.⁴ RESTATEMENT OF TORTS § 757 cmt. b (1939). This office has held that if a governmental body takes no position with regard to the application of the trade secret branch of section 552.110 to requested information, we must accept a private person's claim for exception as valid under that branch if that person establishes a *prima facie* case for exception and no argument is submitted that rebuts the claim as a matter of law. Open Records Decision No. 552 at 5-6 (1990). However, we cannot conclude that section 552.110(a) applies unless it has been shown that the information meets the definition of a trade secret and the necessary factors have been demonstrated to establish a trade secret claim. *See* Open Records Decision No. 402 (1983).

Having considered the arguments of Farmers and reviewed the information at issue, we find that the submitted underwriting guidelines of Farmers Insurance Exchange, Texas Farmers Insurance Company, and Fire Insurance Exchange constitute trade secrets for purposes of section 552.110(a). We therefore determine that Farmers has made *prima facie* cases under section 552.110(a) for that information, and we have received no arguments to rebut its

⁴The following are the six factors that the Restatement gives as indicia of whether information constitutes a trade secret: (1) the extent to which the information is known outside of [the company]; (2) the extent to which it is known by employees and others involved in [the company's] business; (3) the extent of measures taken by [the company] to guard the secrecy of the information; (4) the value of the information to [the company] and [its] competitors; (5) the amount of effort or money expended by [the company] in developing the information; (6) the ease or difficulty with which the information could be properly acquired or duplicated by others. RESTATEMENT OF TORTS § 757 cmt. b (1939); *see also* Open Records Decision Nos. 319 at 2 (1982), 306 at 2 (1982), 255 at 2 (1980).

claims. Accordingly, the department must withhold the submitted underwriting guidelines of Farmers Insurance Exchange, Texas Farmers Insurance Company, and Fire Insurance Exchange pursuant to section 552.110(a) of the Government Code.

In summary, the department may continue to rely on our decisions in Open Records Letter Nos. 2004-3497 and 2005-02757 with respect to the requested information that is the subject of those rulings. The department must withhold the e-mail address you have marked under section 552.137 of the Government Code. The department must withhold the underwriting guidelines of Farmers Insurance Exchange, Texas Farmers Insurance Company, and Fire Insurance Exchange pursuant to section 552.110(a) of the Government Code. The remaining submitted information must be released to the requestor.

This letter ruling is limited to the particular records at issue in this request and limited to the facts as presented to us; therefore, this ruling must not be relied upon as a previous determination regarding any other records or any other circumstances.

This ruling triggers important deadlines regarding the rights and responsibilities of the governmental body and of the requestor. For example, governmental bodies are prohibited from asking the attorney general to reconsider this ruling. Gov't Code § 552.301(f). If the governmental body wants to challenge this ruling, the governmental body must appeal by filing suit in Travis County within 30 calendar days. *Id.* § 552.324(b). In order to get the full benefit of such an appeal, the governmental body must file suit within 10 calendar days. *Id.* § 552.353(b)(3), (c). If the governmental body does not appeal this ruling and the governmental body does not comply with it, then both the requestor and the attorney general have the right to file suit against the governmental body to enforce this ruling. *Id.* § 552.321(a).

If this ruling requires the governmental body to release all or part of the requested information, the governmental body is responsible for taking the next step. Based on the statute, the attorney general expects that, upon receiving this ruling, the governmental body will either release the public records promptly pursuant to section 552.221(a) of the Government Code or file a lawsuit challenging this ruling pursuant to section 552.324 of the Government Code. If the governmental body fails to do one of these things, then the requestor should report that failure to the attorney general's Open Government Hotline, toll free, at (877) 673-6839. The requestor may also file a complaint with the district or county attorney. *Id.* § 552.3215(e).

If this ruling requires or permits the governmental body to withhold all or some of the requested information, the requestor can appeal that decision by suing the governmental body. *Id.* § 552.321(a); *Tex. Dep't of Pub. Safety v. Gilbreath*, 842 S.W.2d 408, 411 (Tex. App.—Austin 1992, no writ).

Please remember that under the Act the release of information triggers certain procedures for costs and charges to the requestor. If records are released in compliance with this ruling, be sure that all charges for the information are at or below the legal amounts. Questions or complaints about over-charging must be directed to Hadassah Schloss at the Texas Building and Procurement Commission at (512) 475-2497.

If the governmental body, the requestor, or any other person has questions or comments about this ruling, they may contact our office. We note that a third party may challenge this ruling by filing suit seeking to withhold information from a requestor. Gov't Code § 552.325. Although there is no statutory deadline for contacting us, the attorney general prefers to receive any comments within 10 calendar days of the date of this ruling.

Sincerely,



Caroline E. Cho
Assistant Attorney General
Open Records Division

CEC/sdk

Ref: ID# 232279

Enc. Submitted documents

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