

Florida governor signs property insurance bill during Sarasota stop

SARASOTA, Fla. - [Florida](#)'s insurance commissioner said Friday he is seeing "positive signs" in the market as Gov. [Ron DeSantis](#) signed a property-insurance package passed by lawmakers in April.

The measure (SB 76) is intended to curb roof-damage claims and lawsuits, while allowing larger rate increases for [customers](#) of the state-backed Citizens Property Insurance Corp. Lawmakers passed the bill as private insurers have raised rates and shed policies, with many homeowners turning to Citizens for coverage.

At a bill-signing event Friday in [Sarasota](#), Insurance Commissioner David Altmaier said he has seen changes from private insurers since lawmakers passed the measure, which will take effect July 1.

"Carriers have brought in additional private market capital to re-bolster their balance sheets. We have seen positive news from the reinsurance markets with respect to the direction that reinsurance rates are going, which is a critical component of our marketplace," Altmaier said. "And we're seeing private carriers pick up additional policies around the state as carriers reoptimize their portfolios as we head into a very critical hurricane season."

Senate sponsor Jim Boyd, R-Bradenton, said it will take time for the bill's changes to "filter through the system," and lawmakers will determine if additional "tweaks" are needed to improve the market. Boyd and other backers of the measure have pointed to problems with litigation costs and questionable, if not fraudulent, claims for such things as roof damage.

"I think we've gotten at the cost drivers here, the unscrupulous contractors, the unlicensed contractors," Boyd, an insurance agent, said. "We've got significant penalties and responsibilities for them that will get at the costs. And then some of the claims reporting and some other areas (in the bill) that I think will definitely make a difference, and it will drive costs down."

DeSantis, who had announced Tuesday he would sign the bill, said the changes are going to "make a big difference."

But the bill drew criticism during the legislative session, in part, because it would allow larger rate increases for Citizens customers. While it was created as an insurer of last resort, Citizens is a major insurer of homes in areas such as heavily populated Southeast Florida.

"There is no sugar-coating this," Sen. Annette Taddeo, D-Miami, said before the bill passed. "It literally is going to raise the rates."

Altmaier's Office of Insurance Regulation recently approved consent orders to allow three companies --- Gulfstream Property and Casualty, Universal Insurance Company of North America, and Southern Fidelity Insurance Company --- to cancel or not renew more than 53,000 homeowner policies.

Altmaier said Friday that less than 1,000 of the impacted homeowners have so far gone into Citizens.

"Which we view as a positive statistic, because that indicates that the private insurance market is interested in writing business and interested in growing," Altmaier said.

But Citizens officials have repeatedly said they expect a continued surge in policies this year. As of April 30, Citizens had 589,041 policies, up from 453,911 a year earlier. Citizens President and CEO Barry Gilway said the policy count could reach 750,000 by the end of the year.

"On a straight-line basis, we're looking at 750,000 policies, assuming the current rate of about 5,000 net new customers per week," Gilway said during a Citizens board meeting in May.

State leaders have long sought to push policies out Citizens into the private market, in part because of financial risks.

Logan McFaddin of the American Property Casualty Insurance Association said changes in the new law "address some of the challenges" behind higher insurance costs.

"APCIA is hopeful that the reforms in SB 76 to reduce excessive attorney fee awards will help alleviate some key pressure points in the property insurance market," McFaddin said in a statement. "Homeowners across the state are facing a steep rise in insurance costs as property insurers face billions in recent losses from natural disasters and out-of-control litigation costs. Lawsuit abuse is a significant cost driver in Florida's property insurance market."

Among the changes in the new law:

--- Allowing larger annual rate increases for customers of Citizens. Such increases currently are capped at 10 percent, but that limit would be gradually raised to 15 percent.

--- Preventing contractors from soliciting homeowners to file insurance claims, including offering incentives to homeowners. That part of the bill is intended to curb roof-damage claims. It also seeks to prevent public insurance adjusters from offering incentives to inspect for roof damage.

--- Taking steps to try to limit fees of attorneys who represent homeowners in lawsuits against insurers. That involves using a formula that would look at how much money is awarded in court judgments and how much money was offered by insurers to settle claims before the lawsuits.

--- Reducing from three years to two years the time to file claims, with an additional year for supplemental claims.

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