

Home insurance rates keep climbing, along with lawsuits. Will it ever end?

By [Ron Hurtibise](#)

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Homeowner insurance rates in Florida keep increasing — as do one of their major cost drivers: lawsuits against insurers. (Mike Stocker / South Florida Sun Sentinel)

It's likely you received another rude surprise when you opened your latest home insurance bill this year.

Rates for most Florida homeowners are continuing to rise despite [reforms enacted last spring](#) by the state legislature that were intended to curtail abusive lawsuits by third-party repair contractors and their attorneys.

Instead of decreasing, the number of lawsuits filed against insurance companies so far in 2019 has increased 16.8% over the same period in 2018, according to an analysis of lawsuit notices in the state's [Legal Service of Process](#) database. This year's total to date — 260,810 — is more than double the 126,011 filed in 2015, the analysis shows.

Rising litigation, along with costs from recent hurricanes and increases in the cost of reinsurance — or insurance that insurers must buy to ensure they can pay claims after major disasters — could prevent homeowners' insurance costs from stabilizing anytime soon, the state's insurance industry leaders are warning.

Car experts reveal which cars teeter on the edge of glory, many just one change away from making the leap from good to great. Click to see which models made the list.

Through the first half of 2019, state insurance regulators approved rate hikes for 29 companies and were reviewing hikes requested by 27 more, according to Barry Gilway, president and CEO of state-owned Citizens Property Insurance Corp., Florida's so-called insurer of last resort.

Increases have already been approved by some of the state's largest private insurers such as Heritage Property & Casualty (statewide average 13.4%); Florida Peninsula (Elite, 7%; Preferred, 8.2%); Castle Key (4.1%); Omega (9.5%); and Tower Hill Select (4.8%).

Still under review are requests by Southern Fidelity (8.6%); Anchor (8.8%), Edison (22.4%); and Capitol Preferred (15.3%).

A handful of companies have sought small increases, no increases, or even decreases. State Farm Florida received approval in April for a 14.4% average decrease for nearly 300,000 policyholders.

Citizens was required to lower its requested hike under terms of the reforms enacted by the legislature, and did — from a statewide average of 8.5% to 2.6%. But while rates were decreased for Miami-Dade customers, they were hiked 9.6% in Broward County and 4% in Palm Beach County.

Homeowners in Broward will, on average, see their premiums increase from \$3,057 to \$3,351 after the new rates take effect Dec. 1. Palm Beach County customers' rates will rise from \$2,901 to \$3,016.

While Florida's insurance market remains financially sound, the continued increase in lawsuits is among several factors creating financial pressure, Gilway told Citizens' board of governors in September.

Claims from hurricanes Irma and Michael have also hurt, contributing to combined net operating losses among Florida-based private-market insurers of \$244 million in 2017 and \$254 million in 2018, Gilway said. So far this year, the companies have reported net losses of \$48 million.

Many of the lawsuits filed this year stem from [disputed claims over Irma](#), which caused an estimated \$11 billion in insured losses in the state, and Michael, which has so far generated about \$7.2 billion in insured losses.

Even though the reforms that took effect on July 1 made it tougher for repair contractors to file suit on behalf of policyholders, suits could still be filed under the old rules if based on pre-July 1 claims assignments.

But Gilway warned that the plaintiffs attorneys responsible for steep increases in such lawsuits over the past decade are creating "all kinds of schemes" to sidestep the reforms, such as suing on behalf of policyholders themselves rather than the third-party contractors targeted by the reforms.

The number of newly filed lawsuits have increased each month since July 1 compared to the same month in 2018, before the reforms took effect. For example, 23,739 suits were filed against insurers in September, up from 20,708 in September 2018.

While contractors and attorneys in South Florida have long been blamed for the increases, the litigation is increasing at a higher rate in Orange, Duval, Volusia, Lee, Pinellas and other urban counties, the state's data shows.

Ultimately, Gilway said, the insurance industry will have to come up with a solution to address the continued growth of lawsuits.

But he didn't identify a solution. Asked this week if Gilway had one, a Citizens spokesman said the CEO wasn't prepared to suggest new legislation and was still waiting to see if this year's reforms succeed.

Leaders of the Florida Justice Association, a trade group for plaintiffs attorneys, did not immediately respond to a request for comment about the continued increase in lawsuits. Typically, the organization [blames insurers](#) for the high litigation rates, saying if insurers would simply pay claims fairly and in a timely manner, lawsuits would not be necessary.

Meanwhile, Heritage Insurance CFO Kirk Lusk, discussing "claims abuses" during its most recent investor teleconference, said Heritage's remaining customers can look forward to higher rates like this year's 13.4% increase if they're unlucky enough to live in Florida.

"I just don't see [abuses] really ever going away, particularly in the tricounty, Orange and Osceola or two other big ones," he said. "We just got to hit it with rate [hikes], which we're doing."



Ron Hurtibise

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Ron Hurtibise is a business reporter for the South Florida Sun Sentinel. A Florida resident since 1977, he covers property and health insurance, tourism, the automotive industry, and consumer topics. He is a Florida State University graduate and a former investigative reporter at the Daytona Beach News-Journal. You can call him at 954-356-4071.