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## Bill addressing insurance cost drivers passes the Florida Senate

*Now the Senate must reach an agreement with the Florida House, which has moved forward with a far different property insurance bill.*

By **Jim Saunders** | April 09, 2021 at 12:00 AM

On April 7, the Florida Senate passed a bill that addresses litigation cost drivers in the [property insurance market](#) and helps restore balance to Florida's civil justice system

Supporters of the bill ([SB 76](#)) said lawmakers need to approve it to curb soaring insurance rates for homeowners. They said private insurers are grappling with large financial losses that have led to rate increases and customers shifting to the state-backed Citizens Property Insurance Corp. for coverage.

“This is not easy; I understand that,” Senate Banking and Insurance Chairman Jim Boyd, a Bradenton Republican sponsoring the bill, said. “This is important, and it’s necessary.”

But some Democrats argued that proposed changes in the bill, including allowing insurers to limit amounts paid for roof damage, would hurt consumers and that the measure does not guarantee rates will decrease.

Senate Minority Leader Gary Farmer, D-Lighthouse Point, accused insurers of “cooking their books, plain and simple.” He said Florida went 10 years without a major storm, and insurers were “swimming in profits.”

“This crisis is manufactured,” said Farmer, a plaintiffs attorney who is frequently critical of insurance companies. “It is flat-out manufactured.”

Farmer’s comments drew a sharp response from Boyd, who described them as a “gross mischaracterization” of what is happening in the insurance industry.

“Some of the comments border on slanderous in my view,” said Boyd, an insurance agent.

The debate comes after state regulators last year signed off on dozens of rate increases topping 10%. Also, as the market has tightened, [Citizens Property Insurance](#), which was created as an insurer of last resort, has gained more than 100,000 policies during the past year.

The Senate bill, in part, seeks to address arguments by insurance companies that questionable, if not fraudulent, roof damage claims are driving up costs. The industry and some lawmakers point to [contractors](#) soliciting homeowners to file claims to get new roofs.

The Senate bill would create what is described as a “reimbursement schedule” that would allow insurers to sell policies that would provide reduced payments for repairing or replacing roofs over 10 years old. For example, insurers could reimburse 70% of the costs for metal roofs over 10 years old and 40% of the costs for concrete-tile and clay-tile roofs.

The change would effectively shift more costs to many homeowners when they have roof damage.

Boyd has said customers would be able to buy additional coverage for roof damage and that the proposal takes into account that roofs have life expectancies. But critics contend the change could lead to large, unexpected costs for homeowners who sustain roof damage.

“I think that’s a really dangerous road to go down for consumers to reduce coverage,” Sen. Tina Polsky, D-Boca Raton, said.

The bill also seeks to reduce litigation against insurers, in part by limiting fees paid to attorneys who represent plaintiffs. Bill supporters blame lawsuits for increasing costs, while opponents say homeowners are forced to go to court because insurers don’t properly pay claims.

Florida allows plaintiffs to collect attorney fees when they prevail in cases against insurance companies, with the amounts typically set by a calculation of the number of hours spent on a case and a reasonable hourly rate.

But courts also can approve what are known as “contingency risk multipliers” that increase the fees. Under the Senate bill, however, contingency risk multipliers could only be awarded “in a rare and exceptional circumstance with evidence that competent counsel could not be retained in a reasonable manner.”

The Republican-controlled Senate voted 27-13 to approve the bill, largely along party lines. Sen. Ray Rodrigues, R-Estero, was the only Republican who voted against the bill, while Sen. Lauren Book, D-Plantation, Sen. Randolph Bracy, D-Ocoee, Sen. Jason Pizzo, D-North Miami Beach, and Sen. Linda Stewart, D-Orlando, supported it.

With the legislative session slated to end April 30, the Senate would have to reach an agreement with the House, which has moved forward with a far different property insurance bill (HB 305). For example, the House bill would not allow insurers to provide reduced payments for roof damage.

Sen. Jeff Brandes, R-St. Petersburg, said opponents of the Senate bill “don’t get what is about to happen” with increased insurance rates if the measure doesn’t pass. He also alluded to the difficulty in reaching an agreement with the House.

“We have to do this, and we have to stand strong as this bill comes around. That’s the other big challenge we have to face,” Brandes said.

But Brandes’ comment about opponents not getting “what is about to happen” clearly irked Sen. Victor Torres, D-Kissimmee, and Sen. Perry Thurston, D-Fort Lauderdale. Torres responded to Brandes by citing veterans and seniors he represents who live on fixed incomes.

Thurston said, “I obviously, too, don’t get it.”

“You don’t fix the problem by doing everything and putting all of the burden on the citizens,” he said.

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**Jim Saunders reports for the News Service of Florida.**