

Florida Property Insurance Market Update

Michael W. Carlson

President, Personal Insurance Federation of Florida

Florida Hurricane Catastrophe Fund Participating Insurers Workshop

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2026 Legislative Session

This will be the shortest legislative update, ever.

NOTHING BAD HAPPENED!

Thank the Senate and Governor DeSantis

What Could Have Happened?

Transparency in Insurance Matters – SB 230 (Smith) – **Weaken trade secret protections**

- Defining the term “trade secret”; revising the requirements of a notice of trade secret submitted to OIR and DFS; specifying that certain information is not a trade secret and is subject to public disclosure; requiring the office to review all claims of trade secret protection; requiring that fees, commissions, and profit-sharing agreements between insurers and affiliates be filed with the office and made publicly accessible on the department’s website, etc.

Insurers’ Financial Transactions – SB 234 (Smith) – **Restrict insurer financial transactions**

- Requiring certain insurers to annually provide specified information to OIR; requiring the office to contract annually with a specified entity to conduct a review of certain transactions; prohibiting an insurer from engaging in certain transactions with affiliates; prohibiting an insurer from declaring or paying dividends to shareholders or issuing executive bonuses under certain circumstances, etc.

Rate Filings for Property Insurers – SB 30 (Sharief) – **Empower a second regulator**

- Revising the powers of the consumer advocate; specifying that failure to obey certain court orders may be punished as contempt; authorizing a circuit court to order a person to pay certain expenses; prohibiting the OIR from approving certain rate filings, etc.

Mandatory Human Reviews of Insurance Claim Denials – SB 202 (Bradley)/HB 527 (Cassel) – **Eliminate AI claims handling**

- Requiring that insurers' decisions to deny a claim or any portion of a claim be made by qualified human professionals; prohibiting the use of algorithms, artificial intelligence, or machine learning systems as the sole basis for determining whether to adjust or deny a claim; authorizing OIR to conduct market conduct examinations and investigations under certain circumstances, etc.

Rating Factors for Automobile Liability Insurers – SB 224 (Smith) – **Ban use of credit in underwriting**

- Prohibits use of several factors in calculating auto liability rates, including sex, marital status, home ownership, educational level, occupation, zip code, or credit score.

Awards of Attorney Fees in Insurance Claims – HB 1269 (Gottlieb) – **Restore one-way attorney fees**

- Creates a new de facto one-way attorney fee applicable to claims involving admitted insurers and surplus lines insurers. It also permits fees in declaratory judgment actions where an insurer denies coverage or reserves its rights to deny coverage.

Required Reports of the Office of Insurance Regulation – SB 582 (Gaetz) – Make compensation public

- Requiring the office to create specified reports on insurers, licensees, registrants, and their related entities, including the compensation of their executive officers; requiring the office to use a reliable and up-to-date methodology and software to create specified reports and review such methodology and software for accuracy; specifying that certain data are not considered trade secrets and may be used for certain purposes, etc.

Homeowner's Insurance Premium Reductions – HB 775 (Edmonds)/SB 1476 (Bernard) – Force rate reductions

- Requires premium reductions to be applied to homeowners who maintain certain claim-free periods; provides requirements for such premium reductions; provides that homeowners who file major storm claims remain eligible for premium reductions; requires OIR to determine premium reduction schedules for such homeowners;

Insurance Regulation – SB 1240 (Davis) – Limit underwriting

- Making clarifying changes regarding the definition of residential coverage; prohibiting insurers from imposing or enforcing certain policy conditions or requirements; revising the conditions under which liability insurers may deny coverage based on a particular coverage defense; revising the timeframe in which insurers must pay or deny claims, etc.

Arbitration for Disputes with Citizens Property Insurance Corporation – HB 863 (Benarroch)/Compare SB 1716 (Martin)
– **Eliminate successful arbitration program**

- Requires notification of arbitration before Division of Administrative Hearings as option for dispute resolution procedures under Citizens Property Insurance Corporation. SB 1716 repeals the program.

Florida Hurricane Catastrophe Fund – SB 1448 (DiCeglie)/Compare HB 1349 (Cassel) – **Reduce retention, increase LAE payments**

- Revising the definition of the term “retention”; requiring reimbursement contracts to contain a promise by the State Board of Administration to reimburse the insurer for applicable loss adjustment expenses; requiring that, for contracts and rates effective on or after a specified date, the loss adjustment expense included be a specified amount, etc.

Residential Property Insurance – SB 832 (Avila)/HB 767 (Benarroch) – **Create burdensome pie chart**

- Requiring that certain rate filings from residential property insurers include rate transparency reports; requiring the office to establish and maintain a comprehensive resource center on its website; specifying that certain information is not a trade secret and is not subject to certain public records exemptions; prohibiting an insurer from including the value of certain land when establishing a coverage amount or adjusting certain claims, etc. Effective Date: July 1, 2026.

Roofing Requirements for Property Insurance – SB 808 (Simon)/HB 815 (Gottlieb) – **Limit roof underwriting**

- Revising the definition of the term “authorized inspector” to include certain roof consultants and roof observers; prohibiting an insurer from refusing to issue or renew a property insurance policy, rather than a homeowner’s policy, insuring a residential structure that has a roof less than a specified age solely because of the roof’s age; prohibiting an insurer from refusing to issue or renew a property insurance policy under certain circumstances, etc.

Property Insurance Affiliates – HB 1399 (Berfield) – **Overregulate insurer transactions**

- Requires insurers to provide to OIR documentation demonstrating that financial considerations & payments to affiliates are fair & reasonable; requires office to consider certain factors to determine whether such considerations & payments are fair & reasonable; requires compensation arrangements between insurers & affiliates to be structured as fees for service; requires insurers to submit, & office to review, audited financial statements; requires contracts between insurers & affiliates to contain certain provisions; authorizes office to issue orders restricting fund transfers from insurers to affiliates under certain circumstances; requires affiliates to make certain refunds under certain circumstances; provides authority of office over affiliate dividends; requires affiliates to register with office.

2026 Legislative Highlights

- Citizens Commercial Clearinghouse – SB 1028
- Protected Cell Captive Insurance – HB 883
- AI Claims Handling – HB 527
- OIR Agency Bill – HB 1263
- Property Rate Transparency – HB 767

Citizens Commercial Clearinghouse

- SB 1028 – Citizens Property Insurance Corporation (Gruters)
- The bill requires Citizens Property Insurance Corporation (Citizens) to establish a commercial lines clearinghouse program for new and existing policyholders.
- The commercial lines program must include separate clearinghouses for authorized insurers and surplus lines insurers.
- OIR must review and approve the clearinghouse program annually through a final order.
- Citizens must determine eligibility of surplus lines insurers to participate in the clearinghouse for surplus lines insurance and have their determination verified by OIR.
- The bill prohibits Citizens from issuing or renewing commercial residential and commercial nonresidential policies if policyholders receive an offer of comparable coverage from an authorized surplus lines insurer within 15 percent of Citizens' offer.
- SB 1028 passed the House by vote of 88-19 but has not been transmitted to the Governor.

Protected Cell Captive Insurers

- HB 883 – Protected Cell Captive Insurance Companies (Fabricio)
- The bill authorizes protected cell captive insurance companies to operate and be domiciled in Florida.
- A protected cell is a separate account established by a protected cell captive insurance company, which separates the assets and liabilities of a person or entity insured by the protected cell captive insurance company from those of other persons or entities insured by the company.
- The bill also creates a regulatory framework for protected cell captive insurance companies, which addresses the following areas: formation, capital and surplus requirements, separation of assets and liabilities, insolvency, requirements to write insurance business in Florida, legal proceedings against protected cell captive insurance companies, and financial reporting.
- HB 883 was signed into law on May 11 and becomes effective on July 1.

Use of AI in Claims Handling

- HB 527 – Mandatory Human Reviews of Insurance Claims Denials (Cassel)
- The bill prohibits workers' compensation carriers, insurers, and health maintenance organizations from reducing a claim payment, denying a claim, or denying a portion of a claim based solely on the output of an AI system or machine learning system.
- Instead, the bill requires a qualified human professional to make all denial and claim payment reduction decisions after analyzing the claim independently of any AI system or machine learning system.
- The bill also mandates detailed recordkeeping, certain disclosures in denial letters, and updates to claims handling manuals for workers' compensation carriers, insurers, and health maintenance organizations who use AI as part of their claims-handling process.
- HB 527 passed the House by vote of 108-0 but died in Senate Messages.

OIR Agency Bill

- HB 1263 – Office of Insurance Regulation (Chaney)
- The bill would implement the rate transparency report (pie chart) and website.
- It would limit auto and property “use and file” submissions to 1 or 2 per policy period.
- It creates a new data security regime for insurers.
- It creates a new AI governance law.
- It creates new law clarifying OIR’s authority over affiliates.
- It substantially revises the laws governing reciprocals.
- HB 1263 passed the House by vote of 109-0 but died in Senate Messages.

Property Insurance Rate Transparency

- HB 767 – Residential Property Insurance (Benarroch)
- As originally filed, the bill would require property insurers to submit data for a “rate transparency report” that would show consumers how their premium dollars are spent. This language was removed late in Session.
- The bill requires the Office of Insurance Regulation (OIR) to create a resource center on its website to help consumers understand insurance. It must include, among other things, information on the dynamics of the insurance market, the claims process, consumer protection, disaster preparedness, and on the insurance coverage choices available to consumers.
- HB 767 passed the House by vote of 114-0 but died in Senate Messages.

Trial Bar Priorities (Evergreen)

- Restore One-Way Attorney Fees
- Restore PIP Attorney Fees
- Repeal the Motor Vehicle No-Fault Law (PIP)
- Repeal Bad Faith Reforms
- Repeal Accuracy in Damages
- Eliminate Citizens DOAH Arbitration Program

2027 Session Preview

- Attacks on Judicial Reform
- Creation of New Causes of Action
- Artificial Intelligence Governance
- OIR Agency Legislation
 - Pie Chart (*The Pie Chart of Truth and Transparency*)
 - Use and File Limits
 - Data Security
 - AI Governance
 - New Data Calls
 - Affiliate Governance

Property Market Update

Florida's Market is Unique

- Florida is one of the largest and most complex insurance markets in the entire world.
- Consumers have been challenged by high property insurance rates, driven in large part by catastrophe risk, the cost of reinsurance, and a robust litigation environment.
- Property insurance in Florida will never be cheaper than it is in Iowa.
- But there are things that can be done to increase affordability and availability of insurance.

Percent of Nationwide Homeowners' Claims and Suits Opened in Florida

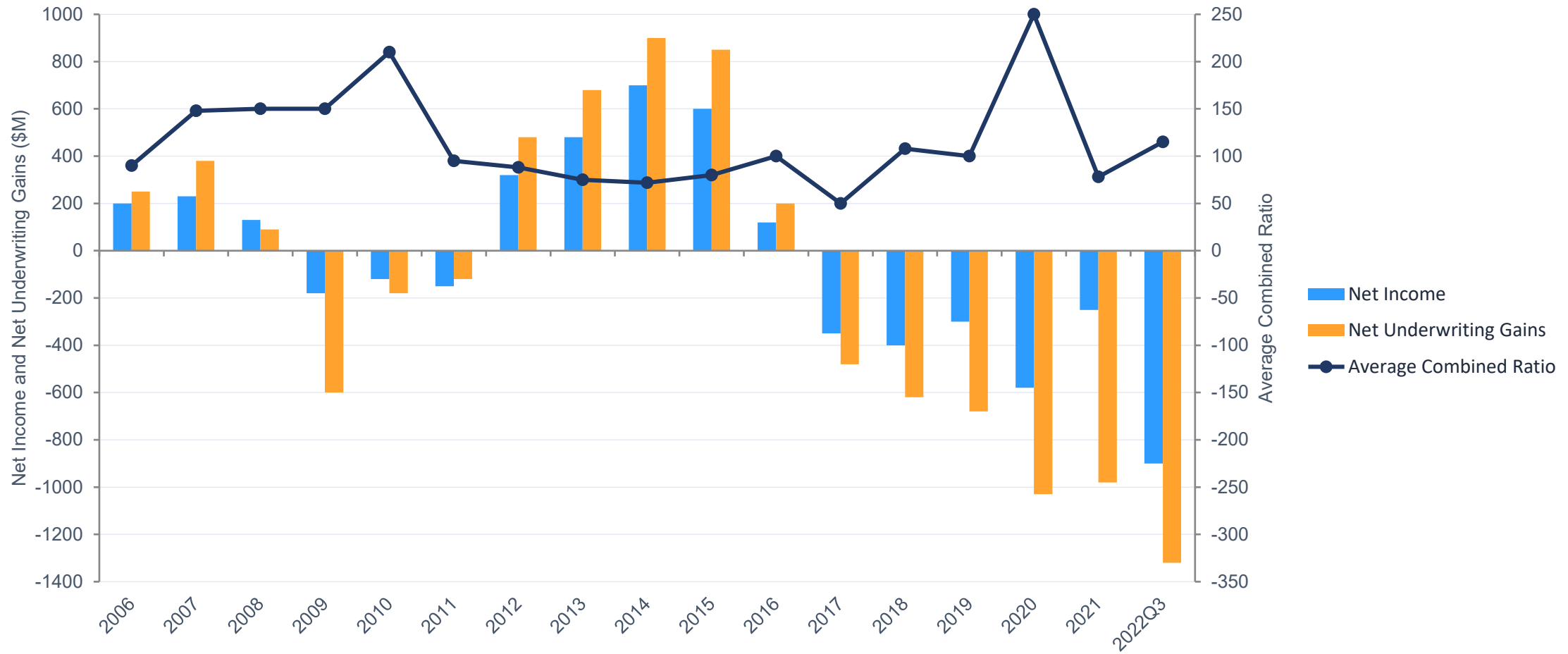
NAIC Market Conduct Annual Statement (MCAS) Data

Year	Percent of Nationwide Homeowners' Claims Opened in Florida	Percent of Nationwide Homeowners' Suits Opened in Florida
2016	7.75%	64.43%
2017	16.46%	68.07%
2018	11.85%	79.91%
2019	8.16%	76.45%
2020	8.81%	79.16%
2021	6.91%	75.98%
2022	14.93%	70.83%
2023	9.73%	71.59%

Florida's Poison Pill: One-Way Attorney Fees

- Section 627.428, enacted over 100 years ago, intended to promote fair claims settlement practices, was turned on its head.
- Lawyers and contractors created novel ways of using the law to profit from property and auto claims.
- Assignment of Benefits (AOB) was a key component and drove dramatic increases in costs related to water remediation, roof claims, PIP claims, and auto glass claims.
- 627.428 + AOB = Lawsuit abuse.
- Lawsuit abuse drives up premium as cost of claims increases.

Florida Property Market on the Ropes

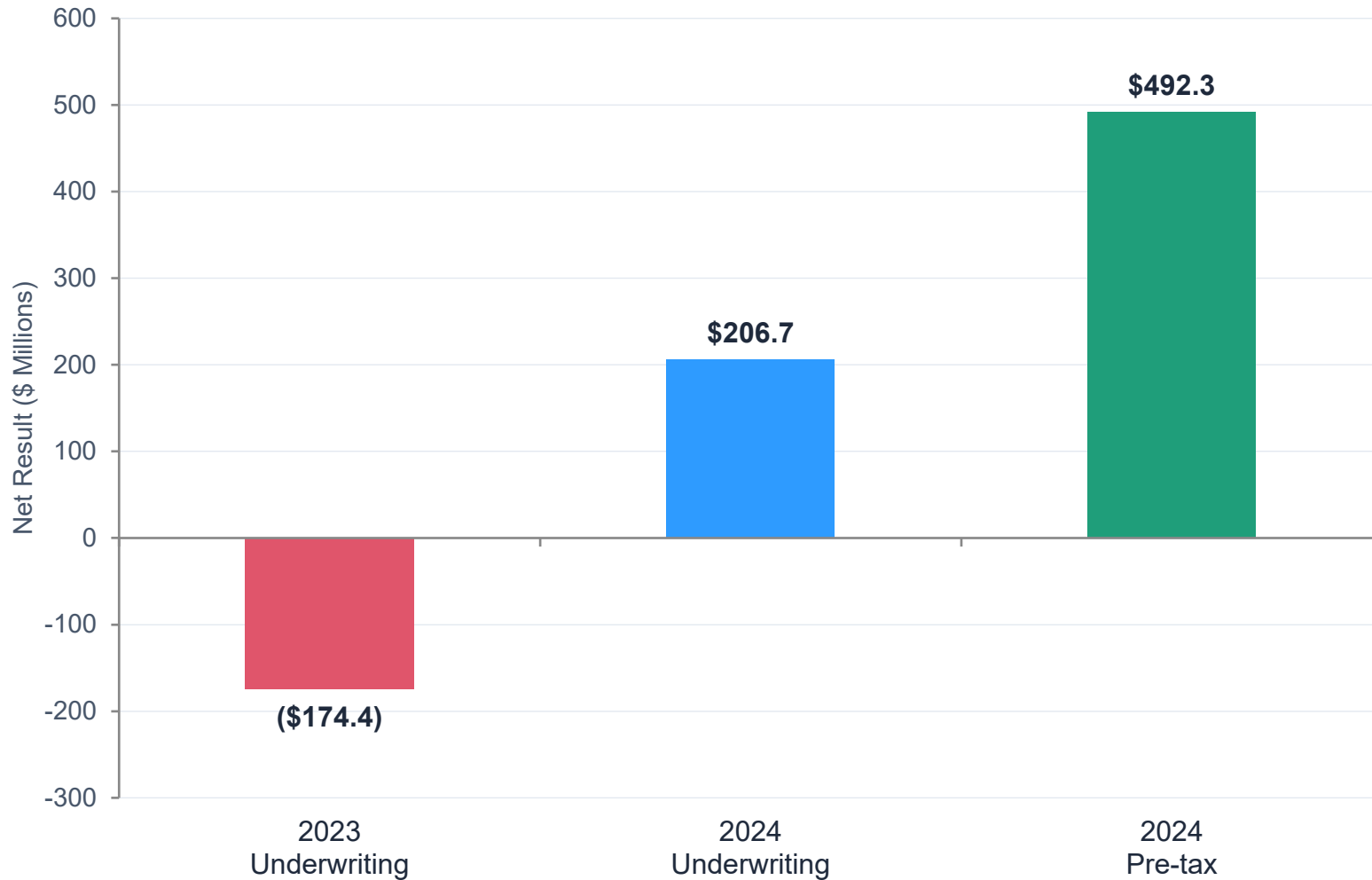


Judicial Reform Revolution

- SB 2A (2022) – Strong Step
 - Bars 627.428 fees for property lawsuits
 - Prohibits AOB
 - Reduces property claims filing period from 2 years to 1 year for new and reopened claims and 18 months for supplemental claims.
- HB 837 (2023) – The Silver Bullet
 - Repeals s. 627.428
 - Corrects evidentiary presentation of medical damages
 - Modifies comparative fault (if you are 51% at fault, you cannot recover)
 - Limits contingency fee multipliers (federal standard)

How Its Going: 2024 Underwriting Turnaround

First underwriting profit after eight consecutive years of losses



+\$381.1M

year-over-year swing in underwriting result

\$492.3M

2024 pre-tax profit

8 years

of prior underwriting losses ended

Market Improvement

- Since 2023, 20 new domestic property writers have entered the market.
- Citizens' policy count has fallen to 293,000 policies in force.
- Reinsurance rates are down and terms more flexible. Howden Re reports ~25% decrease in cat rates for June 1 renewals.
- OIR: 30-day average property rate requests are -1.2%; 180-day average is -2.9%.
- Auto rates have fallen sharply, with consumers also receiving refunds. USAA just announced \$1B premium savings and returns to members.
- For more details, find the Market Pulse at www.piff.net.

Ongoing Risks

- Political Stability
 - We need stable political leadership focused on preserving judicial reforms passed in 2022 and 2023.
 - Reversal will increase rates and lower availability.
- Regulatory Stability
 - We need OIR and DFS to shepherd judicial reforms and to limit regulatory actions that create burdens on capital formation and product innovation.
- Loophole Creation/New Causes of Action
 - Opponents will constantly seek to find loopholes in law and will work to create new sources of claims and litigation revenue.

About PIFF

- Non-profit P&C trade association formed in late 2010.
- **We work to ensure that Floridians have more insurance choices: what insurance to buy, who to buy it from, and how much to pay for it.**
- Core Mission: To promote the common interests of our members by improving conditions in the personal insurance lines of business consistent with the principles of free markets, open competition, underwriting freedom, and limited government.
- National writers: Allstate Insurance Companies, Farmers Insurance, Geico, The Progressive Group of Insurance Companies, and State Farm Insurance Companies.
- \$26B in Florida premium.



Find out more at www.PIFF.net.

Michael.Carlson@PIFF.net