PROPERTY INSURANCE STABILITY REPORT

January 1, 2025

FLORIDA OFFICE OF
Insurance
Regulation

Michael Yaworsky
Insurance Commissioner

Purpose and Scope

On May 26, 2022, Governor Ron DeSantis signed Senate Bill 2-D (SB 2-D) into law, creating the Insurer Stability Unit. The makeup and requirements of the Insurer Stability Unit were later amended by Senate Bill 2-A (SB 2-A), which was signed by the Governor on December 16, 2022. The bills made important reforms designed to stabilize Florida's property insurance market. Pursuant to section 627.7154, Florida Statutes, the Florida Office of Insurance Regulation (OIR) shall:

On January 1 and July 1 of each year, provide a report on the status of the homeowners' and condominium unit owners' insurance market to the Governor, the President of the Senate, the Speaker of the House of Representatives, the Minority Leader of the Senate, the Minority Leader of the House of Representatives, and the chairs of the legislative committees with jurisdiction over matters of insurance showing:

1. *Litigation practices and outcomes of insurance companies.*
2. *Percentage of homeowners and condominium unit owners who obtain insurance in the voluntary market.*
3. *Percentage of homeowners and condominium unit owners who obtain insurance from the Citizens Property Insurance Corporation.*
4. *Profitability of the homeowners' and condominium unit owners' lines of insurance in this state, including a comparison with similar lines of insurance in other hurricane-prone states and with the national average.*
5. *Average premiums charged for homeowners' and condominium unit owners' insurance in each of the 67 counties in this state.*
6. *Results of the latest annual catastrophe stress tests of all domestic insurers and insurers that are commercially domiciled in this state.*
7. *The availability of reinsurance in the personal lines insurance market.*
8. *The number of property and casualty insurance carriers referred to the insurer stability unit for enhanced monitoring, including the reason for the referral.*
9. *The number of referrals to the insurer stability unit which were deemed appropriate for enhanced monitoring, including the reason for the monitoring.*
10. *The name of any insurer against which delinquency proceedings were instituted, including the grounds for rehabilitation pursuant to s. 631.051 and the date that each insurer was deemed impaired of capital or surplus, as the terms impairment of capital and impairment of surplus are defined in s. 631.011, or insolvent, as the term insolvency is defined in s. 631.011; a concise statement of the circumstances that led to the insurer's delinquency; and a summary of the actions taken by the insurer and the office to avoid delinquency.*
11. *The name of any insurer that is the subject of a market conduct examination that found the insurer exhibited a pattern or practice of one or more willful unfair insurance trade practice violations with regard to its use of appraisal, including, but not limited to, compelling insureds to participate in appraisal under a property insurance policy in*

order to secure full payment or settlement of claims, and a summary of the findings of such market conduct examination.

12. Recommendations for improvements to the regulation of the homeowners' and condominium unit owners' insurance market and an indication of whether such improvements require any change to existing laws or rules.

13. Identification of any trends that may warrant attention in the future.

Organization of the Report

The primary data used to construct this report is obtained from the National Association of Insurance Commissioners (NAIC) InsData financial database, the Quarterly and Supplemental Reporting System – Next Generation (QUASRng), the Florida Department of Financial Services (DFS), internal reviews of company data, annual data calls with insurers, the Catastrophe Stress Tests, the internal OIR system data, and OIR legislative reports. Legislative changes which may have impacted data points are indicated within the report.

Prior OIR updates are available here.

Insurer Litigation Practices

Litigation practices and outcomes of insurance companies.

One of the primary challenges for Florida's property market has been the frequency and severity of litigated claims. In 2019, Florida passed legislation curbing excessive litigation associated with the use of Assignment of Benefits (AOBs). In 2021, the Florida Legislature passed SB 76 which restructures litigation rules for disputed insurance claims. In 2022, SB 2-D and SB 2-A provided further litigation reforms by limiting the assignment of attorney's fees to third parties in property insurance cases, and disincentivizing frivolous claims. In 2023, the Florida Legislature passed HB 837, which provides that a contingency fee multiplier for an attorney fee award is appropriate only in a rare and exceptional circumstance, and repeals Florida's one-way attorney fee statutes, with certain exceptions. OIR uses several data points to track insurer litigation practices in the market. Those data points are listed below.

NAIC MCAS Data

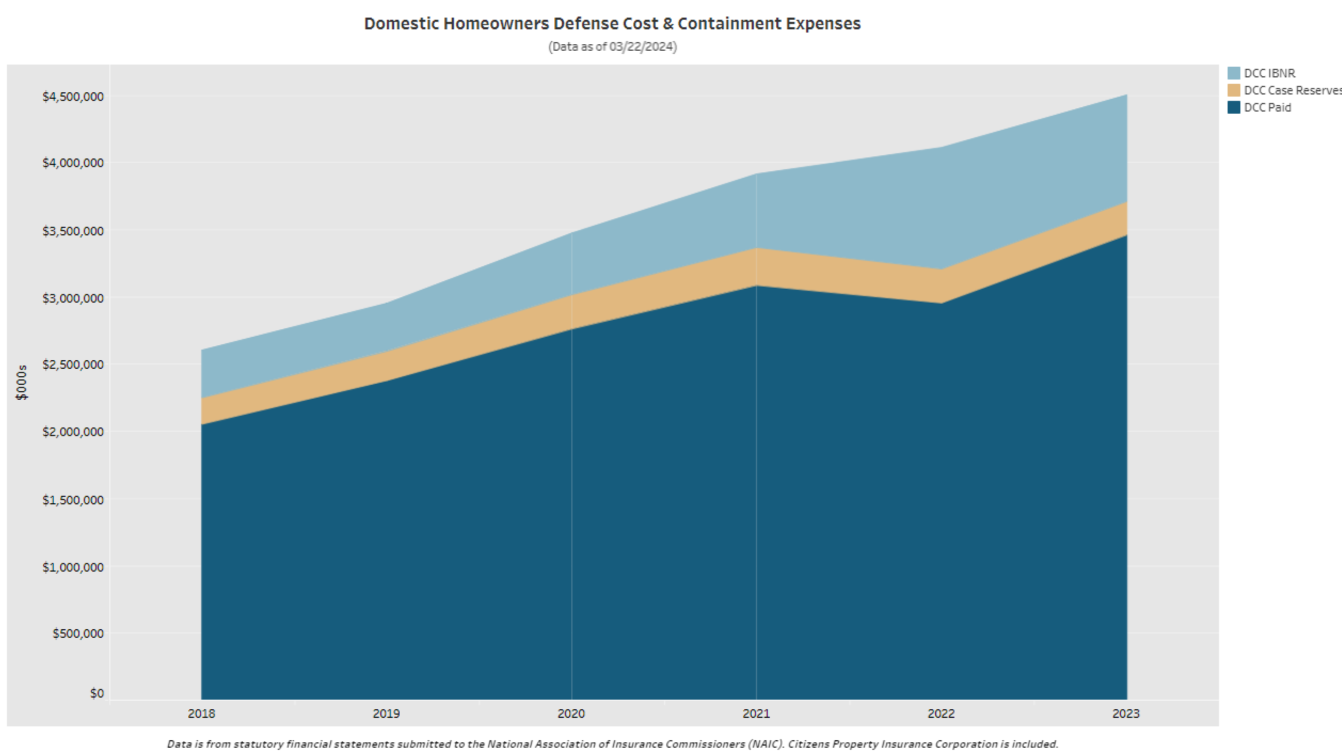
The NAIC Market Conduct Annual Statement (MCAS) is a regulatory tool developed in 2002 by state insurance regulators to collect information from insurers on a uniform basis to identify concerns regarding claims and underwriting. Homeowners' insurance companies report data via MCAS using uniform definitions and reporting requirements across all states. The MCAS data below contains the percentage of nationwide homeowners' claims and suits opened in Florida. 2024 MCAS Data will be available in the third quarter of 2025.

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%	76.00%
2022	14.93%	70.83%
2023	9.73%	71.46%

Domestic Homeowners Defense Cost & Containment Expenses

OIR tracks defense cost and containment expenses (DCC) through the NAIC annual financial statement data.

In 2023, insurers paid approximately $3,461,222,000 in direct domestic homeowners' DCC expenses. The DCC includes defense, litigation, and medical cost containment expenses, whether internal or external. It includes attorney fees owed due to the duty to defend. Data for 2024 will be available in March 2025.

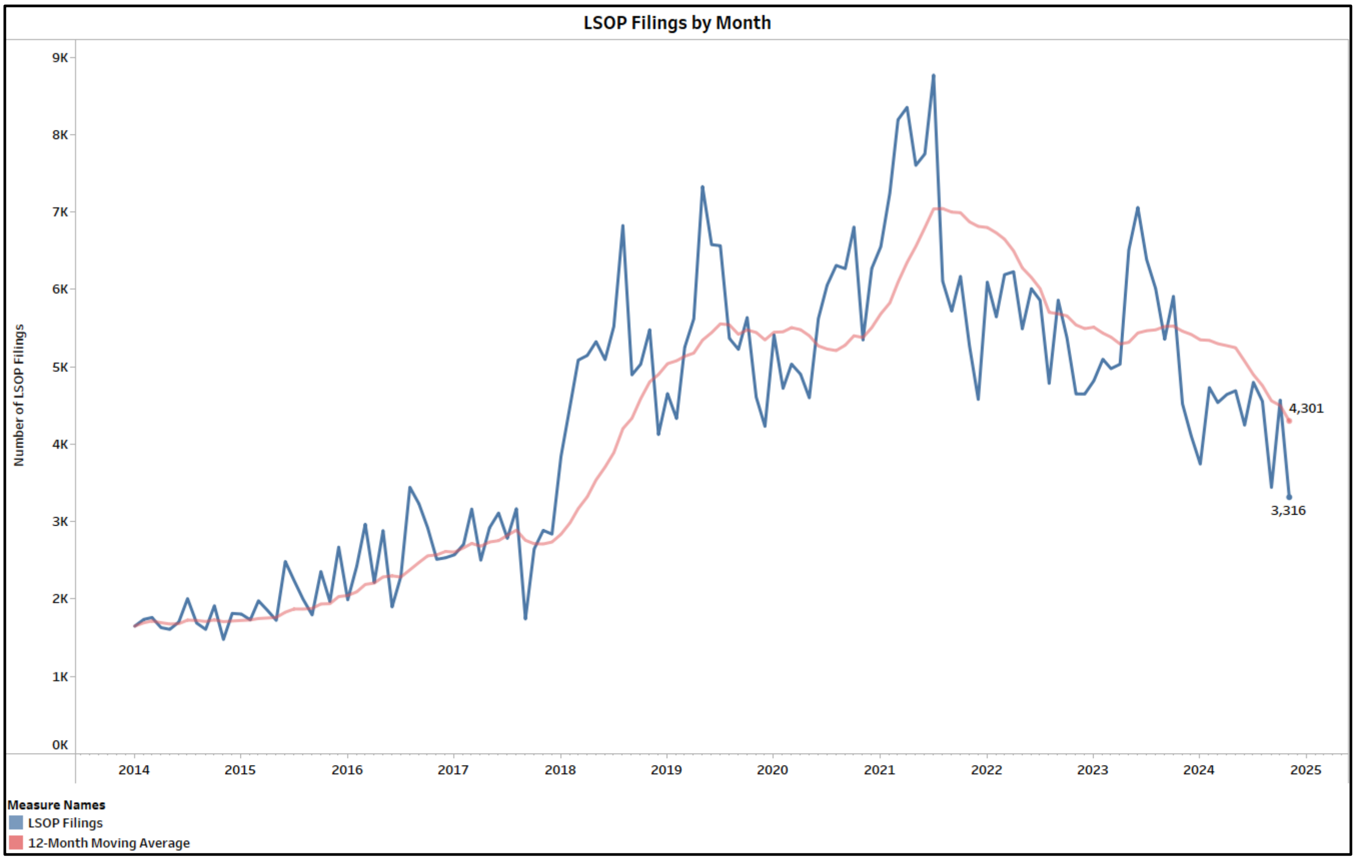


DFS Legal Service of Process

Pursuant to section 48.151(3), Florida Statutes (2021), all authorized insurers (insurance companies) registered to do business in the state of Florida are required to designate the Chief Financial Officer of Florida as their statutory Registered Agent for service of process.

Using data from the DFS Legal Service of Process database, OIR matched lawsuits against known property insurers using key terms.

Personal Residential Legal Service of Process (LSOP) filings

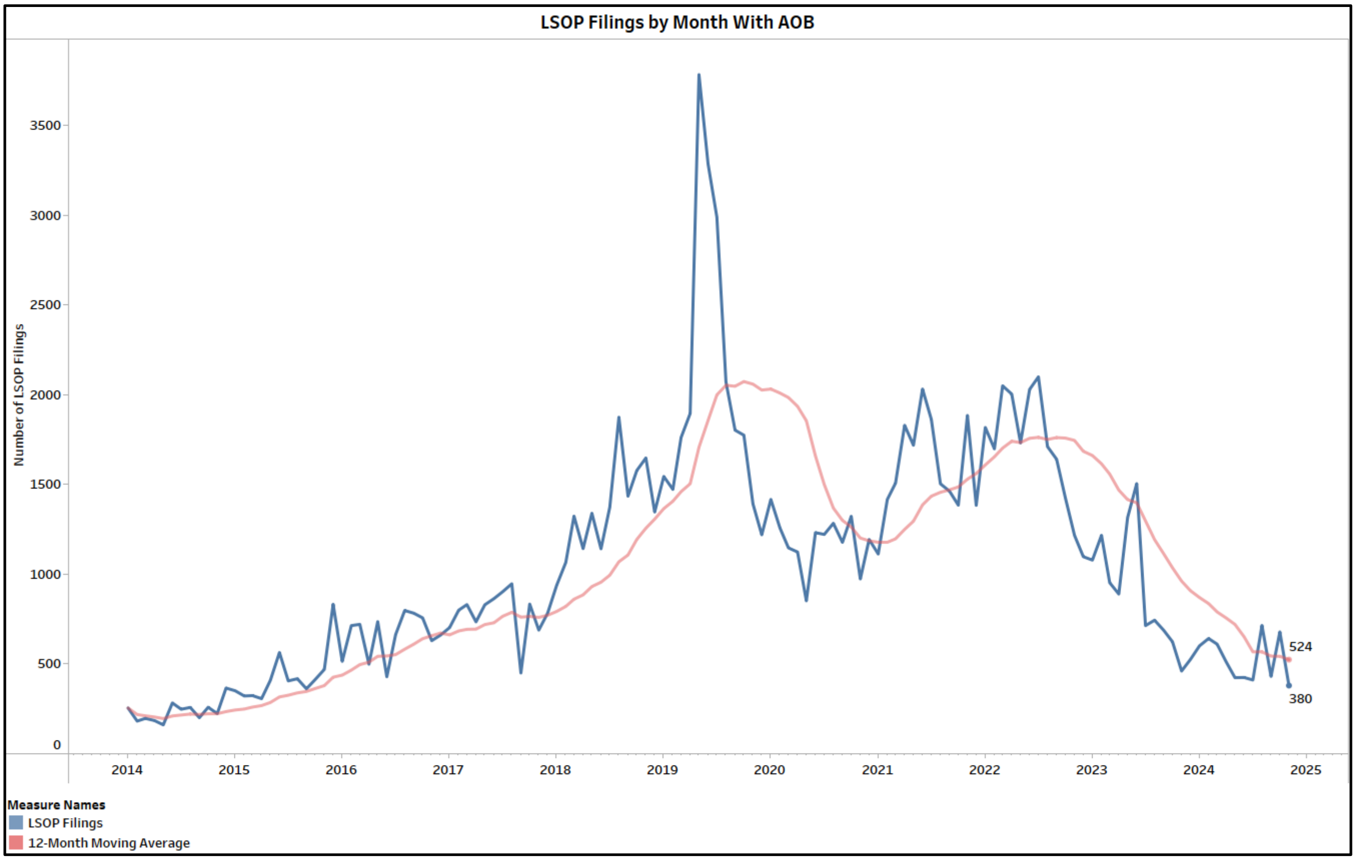


The total number of Personal Residential Legal Service of Process filings is identified in blue with the 12-month average is identified in red, as of November 30, 2024.[1]

[1] Data collected from https://apps.fldfs.com/lsopreports/reports/report.aspx. Data as of December 16, 2024.

DFS Legal Service of Process Cont.

Personal Residential Legal Service of Process filings that contained AOBs



The total number of Personal Residential Legal Service of Process filings that contained AOBs is identified in blue with the 12-month moving average identified in red, as of November 30, 2024.[2]

[2] Data collected from https://apps.fldfs.com/lsopreports/reports/report.aspx. Data as of December 16, 2024.

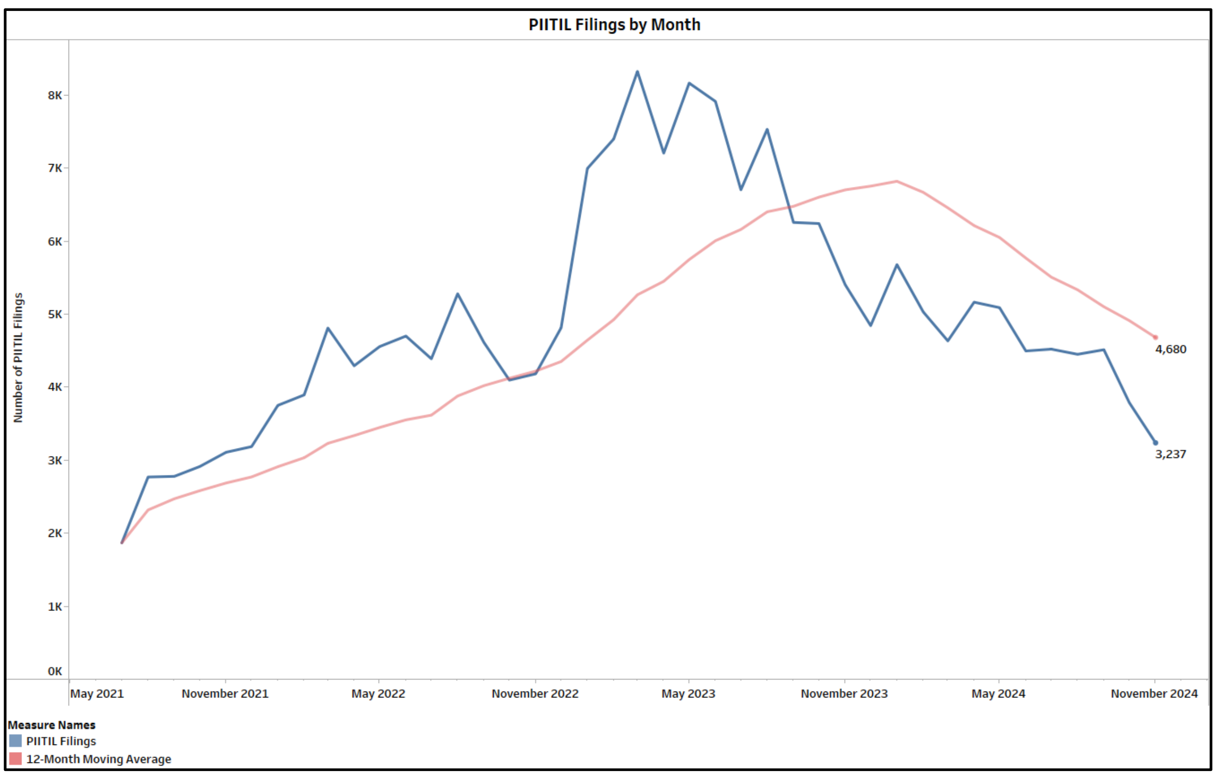
DFS Notice of Intent to Litigate

Following the passage of SB 76, when a party reaches the point of filing legal actions against an insurer related to a property insurance policy, they must first submit notice of their intent to initiate litigation pursuant to the process prescribed in section 627.70152, Florida Statutes. OIR has closely tracked the number of notices of intent to litigate within the DFS database since it was implemented in 2021.

SB 2-D provided that a defendant insurer may obtain attorney fees and costs associated with securing a dismissal without prejudice for the plaintiff's failure to provide the required Notice of Intent to Initiate Litigation at least 10 days before filing a suit against a property insurer and clarifies the requirement to provide a Notice of Intent to Initiate Litigation before filing suit.

HB 837, passed in March 2023, modified Florida's "bad faith" framework, provided that a contingency fee multiplier for an attorney fee award is appropriate only in a rare and exceptional circumstance, essentially adopting the federal standard, and repealed Florida's one-way attorney fee statutes, except for declaratory relief to determine insurance coverage after an insurer has made a total coverage denial of a claim.

Property Insurance Intent to Initiate Litigation filings



The total number of property insurance intent to initiate litigation filings is identified in blue with the 12-month moving average identified in red, as of November 30, 2024.[3]

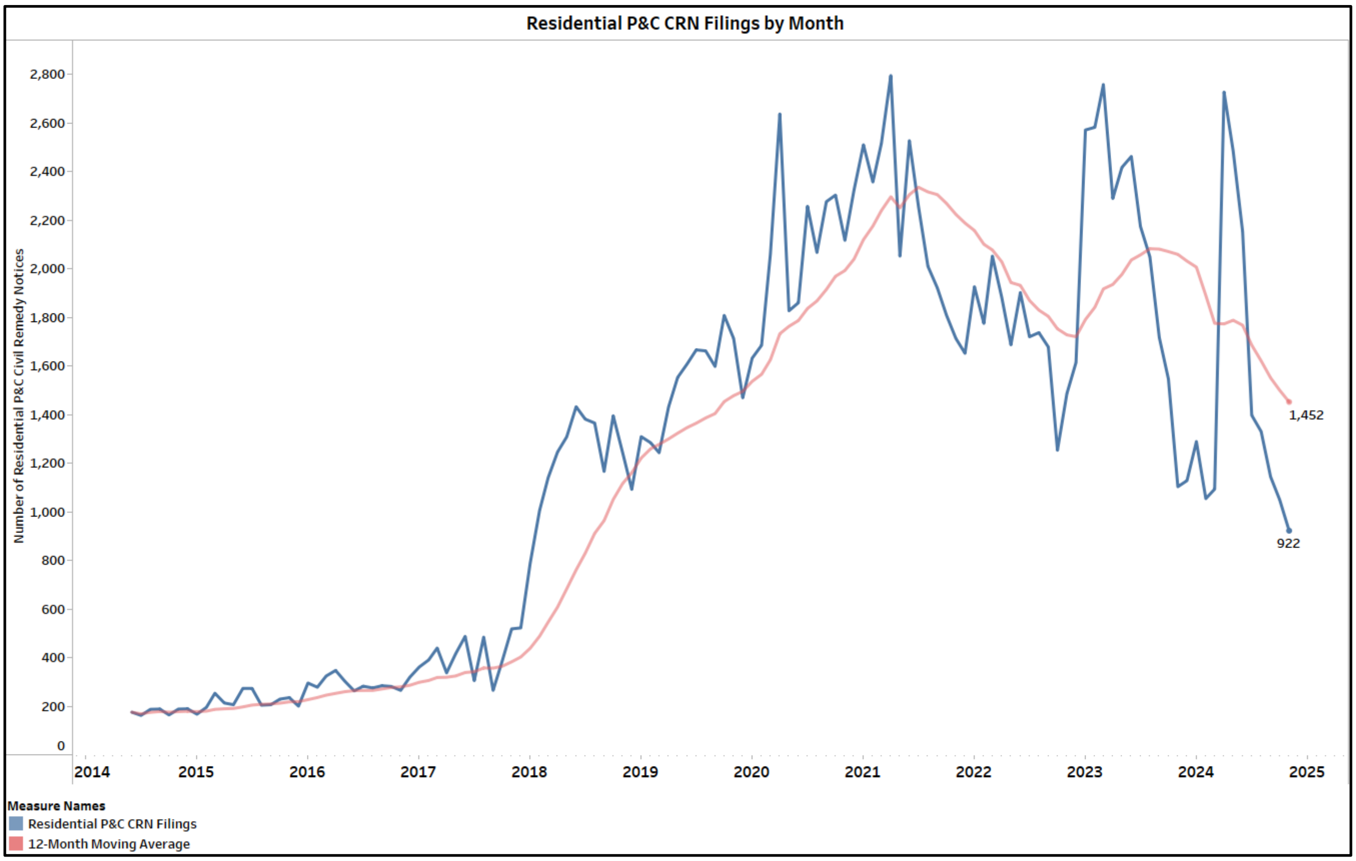
[3] Data collected from https://piitil.myfloridacfo.gov/. Data as of December 16, 2024.

DFS Civil Remedy Notices

The Civil Remedy Notice is intended for use by parties who are beginning the process of filing suit against an insurer, when a party feels they have been damaged by specific acts of the insurer. The Notice is intended to meet a portion of legal requirements set forth in section 624.155, Florida Statutes, which requires a party to file Notice with the DFS via the online Civil Remedy filing system at least 60 days prior to bringing an action against the insurer.

Using data from the DFS Civil Remedy Notice database, OIR tracks the number notices filed on personal residential insurers.

Personal Residential Civil Remedy Notice of Insurer Violations filed



The total number of Personal Residential Civil Remedy Notice of Insurer Violations filed is identified in blue with the 12-month moving average identified in red, as of November 30, 2024[4].

[4] Data collected from https://apps.fldfs.com/civilremedy/. Data as of December 16, 2024.

Property Claims and Litigation Data Call

Pursuant to section 624.424(11), F.S., each authorized insurer or insurer group issuing personal lines or commercial lines residential property insurance policies in Florida is required to annually file a supplemental report on an individual and group basis for closed claims with OIR.

The Florida Property Claims and Litigation Report (PCLR) was designed to assist OIR and other stakeholders with identifying and understanding the life cycle of a claim and claims trends. The data reported captures information about closed claims during calendar year 2023.

The 2024 PCLR data call is specific to Florida and tracks the entire life cycle of a claim. Collecting data related to the life cycle of a claim assists in detecting and resolving any emerging issues in the claims experience process. The PCLR data call is the first data collection across the country to require detailed closed claims experience from companies in this format. To ensure the integrity of the data, OIR identified irregularities and required insurers to resubmit corrected filings throughout the review process.

OIR issued an Informational Memorandum OIR-22-01M, to all personal and commercial residential property insurers authorized to provide guidance regarding new reporting requirements. In January 2024, OIR issued the property claims and litigation data call notice to each insurer or insurer group required to submit data[5]. OIR issued a $3,000 fine to one insurer for failing to timely file the required 2023 PCLR data.

The data call was noticed to 629 companies and 187 companies submitted data filings[6]. OIR received data for a total of 658,512 unique[7] claims closed during calendar year 2023[8]. An overview of the claims data reported is outlined below[9].

- Total number of reported claims closed in 2023: **658,512**[10]
  - Total number of litigated claims: **64,351**
  - Total number of non-litigated claims: **541,211**
  - Non-catastrophe claims reduced **(-7.26%)** from 2022 to 2023**.**
- Total cost of indemnity paid for claims closed in 2023: **$15.3 billion**

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[5] OIR developed Form OIR-B1-2222, Florida Property Claims Litigation Data Call Reporting Form, for companies to use when submitting PCLR data. The reporting template contains five main categories to capture information on closed claims within the reporting calendar year: Main Claim Information, Vendor Information, Attorney Information, Public Adjuster Information, and Supplemental Information.

[6] OIR issued the PCLR data call to all required insurers authorized to do business in the state. A company can be authorized to do business, but have no policies in force, and therefore no data to submit. A "no data" filing allows OIR to track which companies have responded, but do not have data.

[7] Unique claim counts do not include duplicate claim IDs.

[8] Claims closed in 2023 may not have been originally reported in the same calendar year.

[9] Individual claims data is trade secret and confidential pursuant to sections 624.4212 and 624.4213, Florida Statutes. Note: Many Hurricane Ian claims were reported in the 2023 closed claims report.

[10] Due to the unreported status of certain litigations, the total may not align with the sum of litigated and non-litigated claims.

- Total loss adjustment expenses (LAE) paid for claims closed in 2023: **$1.9 billion**
  - Average LAE paid across all perils for litigated claims: **$10,543**
  - Average LAE paid across all perils for non-litigated claims: **$2,011**

The life of a claim begins when a claim is reported by the policyholder to the insurer. The time it takes for an insurer to close a claim varies depending on many factors, including whether or not a claim is litigated. Across all perils, the average number of days for a claim to be reported to an insurer by the policyholder is 57 days. Across all perils, the average number of days for insurers to close a claim is 77 days[11].

Claims Closed During Calendar Year 2023

Peril	Closed Claims	Litigated	Non-Litigated	Unknown
Accidental Discharge; Overflow of Water; Steam	89,641	12.55%	76.96%	10.48%
All Other Perils	96,111	6.46%	83.38%	10.16%
Falling Object	3,370	7.33%	87.95%	4.72%
Fire or Lightning	13,964	2.54%	82.98%	14.48%
Hurricane	249,294	7.40%	88.33%	4.27%
Other Water	69,797	13.25%	81.25%	5.50%
Sinkhole	277	16.01%	74.02%	9.96%
Windstorm or Hailstorm (other than Hurricane)	136,058	13.42%	71.89%	14.69%

Litigated and Non-Litigated Closed Claims Comparison				
Region of Florida	**Policies in Force**	**Litigated Claims**	**Non-Litigated Claims**	**Percentage of Litigated Claims within Region**
Palm Beach, Broward and Miami-Dade Counties	1,660,339	27,960	75,231	25.94%

[11] Prior to December 16, 2022, a claim must be paid or denied within 90 days after receipt of the claim. The passage of SB 2-A amended the 90-day requirement to 60 days.

Seminole, Orange, Lake and Osceola Counties	769,047	8,602	62,313	10.95%
All Other Counties	5,023,074	27,789	403,667	5.85%
Statewide	7,452,460	64,351	541,211	9.73%

Combined View of Indemnity and LAE Paid for Litigated Claims					
		Avg. Indemnity		Avg. LAE	
Peril	**Days to Close**	**Litigated**	**Non-Litigated**	**Litigated**	**Non-Litigated**
Accidental Discharge; Overflow of Water; Steam	**<61 Days**	$22,084	$8,490	$10,170	$1,055
	61 – 180 Days	$27,409	$17,803	$11,854	$1,831
	181 – 365 Days	$38,241	$34,797	$10,702	$2,714
	>365 Days	$51,335	$48,140	$17,765	$5,932
All Other Perils	**<61 Days**	$27,771	$5,813	$5,629	$907
	61 – 180 Days	$34,034	$18,016	$6,579	$2,599
	181 – 365 Days	$42,479	$42,068	$9,343	$3,627
	>365 Days	$58,279	$63,632	$16,038	$9,776
Falling Object	**<61 Days**	$21,738	$3,572	$12,546	$793
	61 – 180 Days	$18,964	$13,043	$14,447	$1,945
	181 – 365 Days	$28,532	$31,488	$12,474	$2,214
	>365 Days	$63,826	$33,317	$23,595	$3,180
Fire or Lightning	**<61 Days**	$63,966	$27,619	$18,810	$1,170
	61 – 180 Days	$121,368	$86,460	$11,496	$2,996
	181 – 365 Days	$131,552	$166,172	$14,149	$5,407
	>365 Days	$226,604	$265,301	$28,408	$9,811
Hurricane	**<61 Days**	$52,975	$23,291	$10,670	$2,156
	61 – 180 Days	$52,017	$34,986	$12,725	$3,127

	181 – 365 Days	$66,600	$55,788	$12,892	$4,638
	>365 Days	$90,376	$114,898	$21,470	$8,514
Other Water	**<61 Days**	$25,509	$9,173	$8,888	$1,314
	61 – 180 Days	$30,387	$20,207	$9,139	$2,713
	181 – 365 Days	$34,936	$33,607	$7,955	$3,419
	>365 Days	$45,209	$60,814	$14,515	$5,485
Sinkhole	**<61 Days**	$76,300	$2,139	$22,615	$2,665
	61 – 180 Days	$95,079	$8,713	$28,491	$8,024
	181 – 365 Days	$121,524	$150,818	$19,652	$12,253
	>365 Days	$101,496	$241,847	$30,924	$31,855
Windstorm or Hailstorm (other than Hurricane)	**<61 Days**	$33,953	$14,164	$7,996	$947
	61 – 180 Days	$36,196	$24,604	$9,962	$2,365
	181 – 365 Days	$41,790	$43,878	$9,206	$3,023
	>365 Days	$52,858	$40,898	$13,825	$7,647

As OIR continues to collect and analyze this data through the annual data call and will utilize it over time to understand and improve Florida's insurance markets.

Homeowners and Condominium Unit Owners Policies in the Voluntary Market

Percentage of homeowners and condominium unit owners who obtain insurance in the voluntary market. Percentage of homeowners and condominium unit owners who obtain insurance from the Citizens Property Insurance Corporation.

Through OIR's QUASRng, insurers report the number of homeowners and condominium unit owner policies issued in the voluntary market, including the number of homeowners and condominium unit policies from Citizens Property Insurance Corporation (Citizens). For the purposes of this report, the voluntary market includes all homeowners' insurers writing homeowners' and condominium unit owners policies in Florida, not including Citizens or surplus lines. Additional information for the surplus lines market is available through the Florida Surplus Lines Service Office at www.fslso.com.

Homeowner Policies

For Homeowners policies[12] (excluding tenants and condominium), the market share for voluntary insurers was 83.20 percent and the market share for Citizens was 16.80 percent, as of September 30, 2024.[13] These total market share figures represent Homeowners Multi-Peril

[12] These figures exclude surplus lines policies.
[13] QUASRng data as of September 30, 2024, was submitted to OIR on November 15, 2024.

policies and Homeowners Wind Only policies combined. The tables below show the market share for each type of policy.

Homeowners Multi-Peril	# Policies – Q3 2024	% Policies – Q3 2024
Voluntary Market	3,427,108	83.29%
Citizens	687,502	16.71%
Total	**4,114,610**	**100%**

Homeowners Wind Only	# Policies – Q3 2024	% Policies – Q3 2024
Voluntary Market	14,702	20.21%
Citizens	58,059	79.79%
Total	**72,761**	**100%**

Condominium Unit Owner Policies

For Condominium Unit Owner policies[14], the market share for voluntary insurers was 89.46 percent and the market share for Citizens was 10.54 percent as of September 30, 2024. These total market share figures represent Condominium Unit Owners Multi-Peril policies and Condominium Unit Owners Wind Only policies combined. The tables below show the market share for each type of policy.

Condominium Unit Owners Multi-Peril	# Policies – Q3 2024	% Policies – Q3 2024
Voluntary Market	843,402	91.23%
Citizens	81,064	8.77%
Total	**924,466**	**100%**

Condominium Unit Owners Wind Only	# Policies – Q3 2024	% Policies – Q3 2024
Voluntary Market	4,005	17.61%
Citizens	18,741	82.39%
Total	**22,746**	**100%**

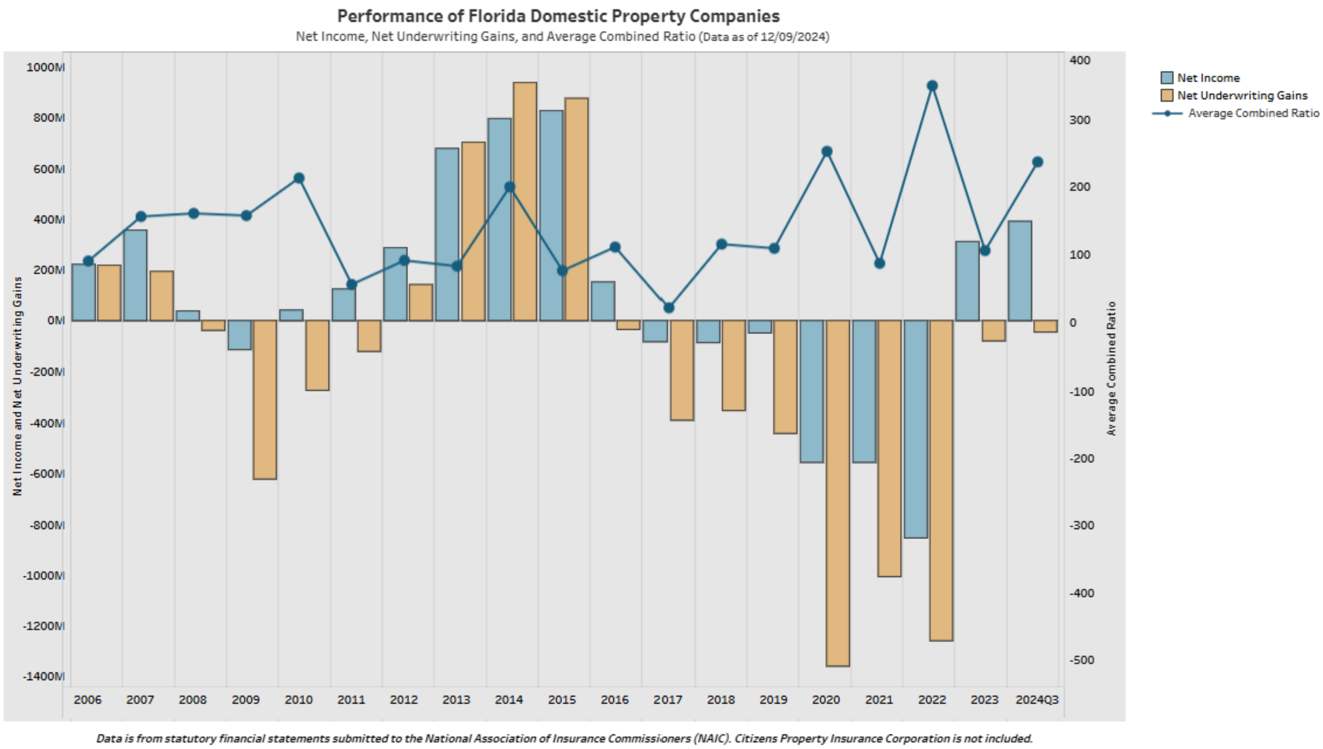
[14] These figures exclude surplus lines policies.

Profitability

Profitability of the homeowners' and condominium unit owners' lines of insurance in the state, including a comparison with similar lines of insurance in other hurricane-prone states and with the national average.

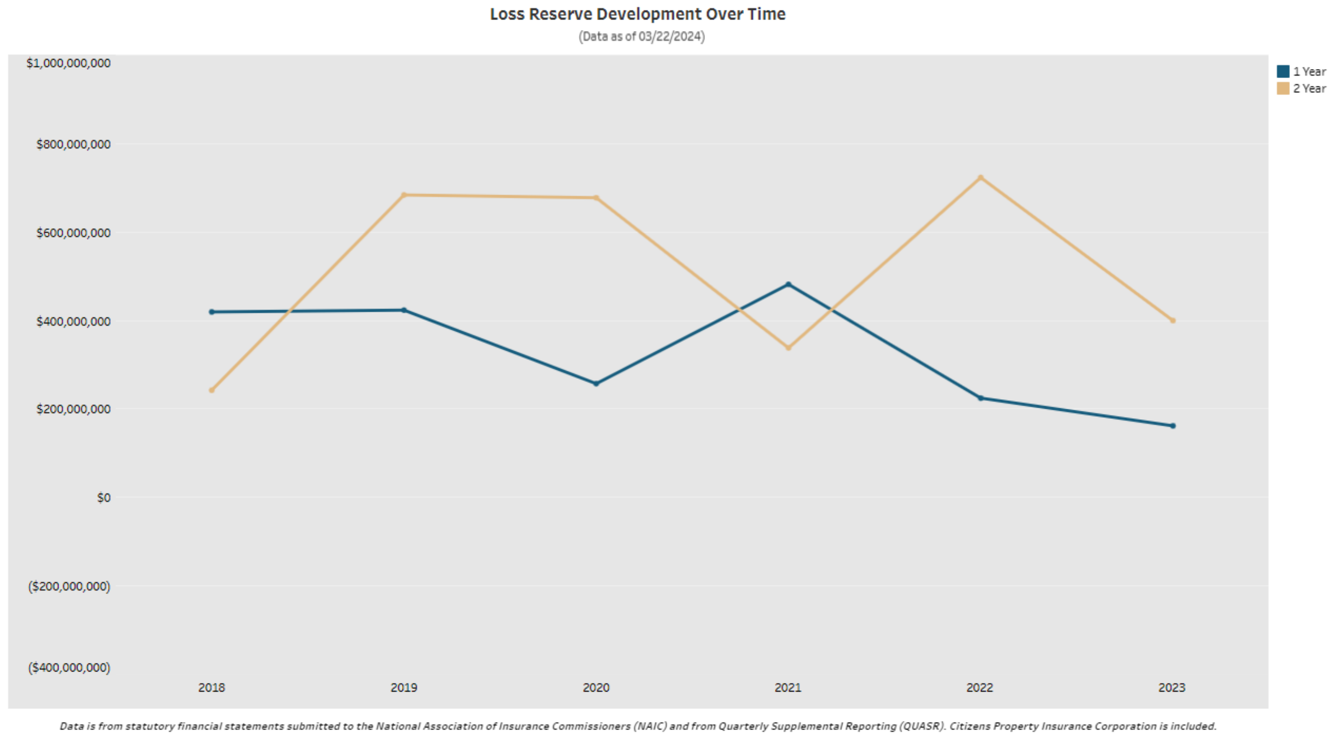
OIR tracks the performance of Florida's domestic property insurers, including net underwriting gains, net income, and average combined ratio.

Performance of Florida Domestic Property Companies



The orange bar depicts the domestic industry's underwriting gain or loss. Underwriting gains or losses represent how much an insurance company has either made or lost from its operations. The blue bar indicates the domestic industry's net income.

Loss Reserve Development Over Time



The chart depicts loss reserve development for Florida domestic insurers. The blue line shows the one-year loss reserve development, and the orange line shows the two-year loss reserve development.

Upon the filing of a claim, or an anticipated claim, insurers establish a loss reserve, which is the amount the insurer believes that claim will ultimately cost. At periodic points in time, an insurer goes back and evaluates how much those claims actually cost and uses that information to inform reserves going forward. If claims cost less than projected, reserve redundancies exist. If claims cost more than projected, reserves are said to have developed adversely.

If an insurer's claims being paid out are more than what the company has reserved, then the amount originally determined to be set aside is deficient. If market trends, including but not limited to unexpected catastrophe losses, litigation, or social inflation, result in increased claims payments of more than what was originally reserved, the actuary may recommend increasing the company's reserves for future claims payments.

To quantify, when carriers looked back one year later on their claims in 2023, claims were approximately $161 million more than estimated after one year, and $399 million at the two-year mark. These numbers reflect the degree of uncertainty which exists in the property insurance market, which in turn impacts reinsurance capacity and reinsurance rates for insurers.

The insurance industry is inherently uncertain; for this reason, it is not expected that the established loss reserve will always exactly equal the ultimate cost of claims. The greater the uncertainty that exists on future claims, the more reinsurers will tend to hedge their willingness to offer capacity, and the capacity that is available will cost more as a result.

The National Association of Insurance Commissioners (NAIC) 2022 Profitability Report is available here which provides a state-by-state comparison of each line of business.

Premiums

Average premiums charged for homeowners' and condominium unit owners' insurance in each of the 67 counties in this state.

Through QUASRng, OIR collects information on policies in force by county and the total amount of premium collected. To determine the average premium by county for this report, OIR calculated the total premium divided by the policies in force with wind coverage by county. Actual charged premium will vary based upon company, insured value, deductibles, and the policy terms.

The average premiums charged for homeowners' and condominium unit owners' insurance is listed in the following chart. The following information represents data reported in QUASRng as of September 30, 2024. Cells labeled "N/A" indicate no policies in force.

Average Premiums Charged for Homeowners and Condominium Unit Owners		
County	**Homeowners**	**Condominium Unit Owners**
Alachua	$2,451	$1,053
Baker	$2,313	N/A
Bay	$3,401	$1,468
Bradford	$2,674	$919
Brevard	$3,471	$1,464
Broward	$6,290	$2,015
Calhoun	$3,164	$2,089
Charlotte	$3,212	$1,377
Citrus	$2,441	$1,126
Clay	$2,492	$956
Collier	$5,604	$2,284
Columbia	$2,533	$923
Desoto	$6,168	$1,060
Dixie	$3,391	$1,167
Duval	$2,924	$1,065
Escambia	$2,728	$1,867
Flagler	$3,685	$1,341
Franklin	$2,528	$1,683
Gadsden	$5,464	$1,360
Gilchrist	$2,686	$1,418
Glades	$2,482	$1,073
Gulf	$3,446	$1,679
Hamilton	$3,949	N/A
Hardee	$2,737	N/A
Hendry	$3,397	$1,459

Hernando	$3,107	$1,098
Highlands	$2,330	$1,092
Hillsborough	$2,653	$1,330
Holmes	$3,376	N/A
Indian River	$2,931	$2,097
Jackson	$4,523	N/A
Jefferson	$2,807	N/A
Lafayette	$2,727	N/A
Lake	$3,104	$1,103
Lee	$2,519	$1,489
Leon	$3,696	$873
Levy	$2,472	$1,659
Liberty	$2,767	N/A
Madison	$2,931	N/A
Manatee	$2,809	$1,386
Marion	$3,121	$1,084
Martin	$2,213	$1,805
Miami-Dade	$6,045	N/A
Monroe	$9,058	$4,758
Nassau	$2,968	$1,861
Okaloosa	$3,803	$1,782
Okeechobee	$3,693	$1,452
Orange	$3,427	$1,256
Osceola	$2,796	$1,249
Palm Beach	$6,614	$2,503
Pasco	$2,691	$998
Pinellas	$3,882	$1,390
Polk	$2,697	$1,148
Putnam	$2,611	$991
Santa Rosa	$3,499	$1,892
Sarasota	$3,590	$1,830
Seminole	$3,373	$1,188
St. Johns	$2,850	$1,372
St. Lucie	$3,469	$1,570
Sumter	$2,064	$1,082
Suwannee	$2,831	$623
Taylor	$2,748	$1,154
Union	$2,656	N/A
Volusia	$2,815	$1,210
Wakulla	$2,360	$1,248
Walton	$5,376	$2,054
Washington	$2,998	N/A

Annual Reinsurance Data Call and Catastrophe Stress Test

Results of the latest annual catastrophe stress tests of all domestic insurers and insurers that are commercially domiciled in this state.

OIR conducts the Annual Reinsurance Data Call (ARDC) and Catastrophe Stress Test (CST) pursuant to section 624.316, Florida Statutes, to evaluate the reinsurance programs that companies have in place to respond to catastrophic events that may occur during the Atlantic hurricane season. OIR requires domestic property insurers, commercially domiciled insurers, and other selected companies to model their losses for the CST assuming a historical event or series of events occur. Through the CST, insurers are required to model a historical storm scenario, or a series of historical storm scenarios, and apply their purchased reinsurance program to the associated modeled loss.

The results of the CST are used by OIR to estimate the insurer's surplus amounts after the simulated event and assist in determining if each insurer would continue to meet its minimum surplus requirement after each storm scenario.

2024 CST

For 2024, OIR chose scenarios which included three storms each to reflect weather expert predictions of an active, above-normal 2024 Atlantic hurricane season. For the 2024 hurricane season, the 2024 CST storm scenarios were:

- **Scenario 1** - 1945 Homestead Hurricane, then 2004 Hurricane Charley, then 2004 Hurricane Frances
- **Scenario 2** - 1921 Tampa Bay Hurricane, then 2017 Hurricane Irma, then 2018 Hurricane Michael
- **Scenario 3** - 1928 Lake Okeechobee Hurricane, then 2005 Hurricane Wilma, then 2016 Hurricane Hermine

Based on the results of the CST scenarios, seven insurers were projected to fall below the minimum surplus requirement:

- One insurer conducted the CST using projected exposure data. Since the CST was conducted, the insurer's exposure has reduced approximately 24% from its projected exposure, and the insurer anticipates further reduction.
- One insurer reports surplus above the minimum requirement as of September 30, 2024; the insurer's reinsurance placement adequately supported the insurer following an active 2024 hurricane season, and the insurer's parent company commits to infusing additional capital into the company as necessary.
- One insurer's holding company has capital resources available if needed, and 2024 hurricane season losses remain well within the insurer's reinsurance program.

- One insurer is owned by a parent company that maintains an adequate amount of capital and the insurer's reinsurance program was not significantly impacted by the 2024 hurricane season.
- One insurer has the ability to seek additional capital contributions from its parent company and reports an ample amount of reinsurance coverage remaining following the 2024 hurricane season.
- One insurer's parent is willing to loan funding if needed and the insurer's exposure decreased 86% since 2023.
- One insurer's 2024 reinsurance program covers a significant portion of the insurer's losses and as of September 30, 2024, the company reported surplus in excess of the minimum required.

Scenario 1: 1945 Homestead Hurricane, then 2004 Hurricane Charley, then 2004 Hurricane Frances

Based on modeling information provided by insurers, Scenario 1 would have caused approximately $39.4 billion in insured losses during the 2024 Atlantic Hurricane Season. After recognizing the impact of reinsurance, net losses to insurers are projected to be reduced to approximately $20.2 billion.

Scenario 2: 1921 Tampa Bay Hurricane, then 2017 Hurricane Irma, then 2018 Hurricane Michael

Based on modeling information provided by insurers, Scenario 2 would have caused approximately $41.9 billion in insured losses during the 2024 Atlantic Hurricane Season. After recognizing the impact of reinsurance, net losses to insurers are projected to be reduced to approximately $23.2 billion.

Scenario 3: 1928 Lake Okeechobee Hurricane, then 2005 Hurricane Wilma, then 2016 Hurricane Hermine

Based on modeling information provided by insurers, Scenario 3 would have caused approximately $87.7 billion in insured losses during the 2024 Atlantic Hurricane Season. After recognizing the impact of reinsurance, net losses to insurers are projected to be reduced to approximately $32.2 billion.

Reinsurance

The availability of reinsurance in the personal lines insurance market.

Florida is the most catastrophe-prone region in the United States with 8,436 miles of shoreline. To spread that catastrophic risk outside of Florida's borders, insurers turn to the global reinsurance market. Florida's domestic property insurance industry is especially reliant on reinsurance to finance the payment of catastrophe losses and is sensitive to hardening reinsurance market conditions. When the supply of reinsurance is readily available and affordable, the capacity of domestic property insurers to write and retain business is enhanced, and the premium impact to consumers is modest.

OIR conducts the ARDC to assess insurers' financial viability in covering catastrophic losses with respect to their catastrophic reinsurance programs. The ARDC consists of four stages:

- Stage 1 – Collect estimate of what insurers plan to purchase for reinsurance.
- Stage 2 – Collect the actual amount of reinsurance purchased by insurers.
- Stage 3 – Collect information on participating reinsurers and reinsurance contracts placed.
- Stage 4 – Collect data reporting the impact of storms on insurers' reinsurance contracts.

Based on ARDC findings, the year over year risk-adjusted change in reinsurance cost has decreased:

- In preparation for the 2024 reinsurance season, OIR met with London, Bermuda, and New York based reinsurers to provide an update on the state of the market, highlighting positive data points.
- In **2024**, companies reported the risk-adjusted change in reinsurance cost from **2023** decreased on average by **-1.70%.** From 2022 to 2023, the risk-adjusted change in reinsurance cost increased on average by 27.03%.
- The 2024 ARDC signifies reinsurance remains costly; however, it is indicative of price stabilization and increased confidence in Florida's reinsurance market after a four-year run of increased pricing.
- Florida Hurricane Catastrophe Fund rates, approved by the Florida Cabinet in June 2024, decreased for participating insurers by a statewide average of **-8.25%**. These rate decreases are, in part, based on modeled loss cost indications, even while exposure grows.

Property Insurer Stability Unit Referrals

The number of property and casualty insurance carriers referred to the insurer stability unit for enhanced monitoring, including the reason for the referral. The number of referrals to the insurer stability unit which were deemed appropriate for enhanced monitoring, including the reason for the monitoring.

In 2022, in accordance with section 627.7154, Florida Statutes, the Property Insurer Stability Unit (Stability Unit) was created within the OIR to aid in the detection and prevention of insurer insolvencies in the homeowners' and condominium unit owners' insurance market. The Stability Unit, a collaboration among multiple business units throughout the OIR, provides enhanced monitoring whenever OIR identifies significant concerns about an insurer's solvency, rates, proposed contracts, underwriting rules, market practices, claims handling, consumer complaints, litigation practices and outcomes, and any other issue related to compliance with the insurance code.

In accordance with section 627.7154(4), Florida Statutes, any of the following events trigger a referral to the stability unit:

- Consumer complaints related to homeowners' insurance or condominium unit owners' insurance under s. 624.307(10), F.S., if the complaints, in the aggregate, suggest a trend within the marketplace and are not an isolated incident.
- There is reason to believe that an insurer who is authorized to sell homeowners' or condominium unit owners' insurance in this state has engaged in an unfair trade practice under part IX of chapter 626.
- A market conduct examination determines that an insurer has exhibited a pattern or practice of willful violations of an unfair insurance trade practice related to claims-handling which caused harm to policyholders, as prohibited by s. 626.9541(1)(i), F.S.
- An insurer authorized to sell homeowners' or condominium unit owners' insurance in this state requests a rate increase that exceeds 15 percent, in accordance with s. 627.0629(6), F.S.
- An insurer authorized to sell homeowners' or condominium unit owners' insurance in this state violates the ratio of actual or projected annual written premiums required by s. 624.4095(4)(a), F.S.
- An insurer authorized to sell homeowners' or condominium unit owners' insurance in this state files a notice pursuant to s. 624.4305, F.S., advising the office that it intends to nonrenew more than 10,000 residential property insurance policies in this state within a 12-month period.
- A quarterly or annual financial statement required by ss. 624.424 and 627.915, F.S. demonstrates that an insurer authorized to sell homeowners' or condominium unit owners' insurance in this state is in an unsound condition, as defined in s. 624.80(2), F.S.; has exceeded its powers in a manner as described in s. 624.80(3), F.S.; is impaired, as defined in s. 631.011(12) or (13), F.S.; or is insolvent, as defined in s. 631.011, F.S.
- An insurer authorized to sell homeowners' or condominium unit owners' insurance in this state files a quarterly or annual financial statement required by ss. 624.424 and 627.915, F.S., which is misleading or contains material errors.

- An insurer authorized to sell homeowners' or condominium unit owners' insurance in this state fails to timely file a quarterly or annual financial statement required by ss. 624.424 and 627.915, F.S.
- An insurer authorized to sell homeowners' or condominium unit owners' insurance in this state files a risk-based capital report that triggers a company action level event, regulatory action level event, authorized control level event, or mandatory control level event, as those terms are defined in s. 624.4085, F.S.
- An insurer selling homeowners' or condominium unit owners' insurance in this state that is subject to the own-risk solvency assessment requirement of s. 628.8015, F.S., and fails to timely file the own-risk solvency assessment.
- A reinsurance agreement creates a substantial risk of insolvency for an insurer authorized to sell homeowners' or condominium unit owners' insurance in this state, pursuant to s. 624.610(13), F.S.
- An insurer authorized to sell homeowners' or condominium unit owners' insurance in this state is party to a reinsurance agreement that does not create a meaningful transfer of risk of loss to the reinsurer, pursuant to s. 624.610(14), F.S.
- Citizens Property Insurance Corporation is required to absorb policies from an insurer that participated in the corporation's depopulation program authorized by s. 627.3511, F.S., within 3 years after the insurer takes policies out of the corporation.

The stability unit's supervisors review all referrals triggered by the statutory provisions to determine whether enhanced scrutiny of the insurer is appropriate.

Insurers Referred for Enhanced Monitoring

OIR closely monitors the financial condition and operating results of insurers. Many, if not all, of the articulated reasons for referral to the stability unit were already causes for OIR to initiate enhanced monitoring of an insurer.

OIR continues to review insurers previously subject to enhanced monitoring and make appropriate referrals to the Stability Unit for any insurer which triggers one of the listed events in section 627.7154(4), Florida Statutes. As a result, there were 12 insurers referred to the stability unit for enhanced monitoring from July 1, 2024, through December 11, 2024.

The reasons for the referrals appear in the list below:

- 13 referrals for violating the ratio of actual or projected annual written premiums (s. 627.7154(4)(e), F.S.)
- 1 referral for failure to timely file a quarterly or annual financial statement (s. 627.7154(4)(i), F.S.)

The number of referrals exceeds the number of insurers referred because some insurers were referred multiple times for the same or different reasons. Some referrals were for companies already subject to enhanced monitoring under the Stability Unit.

Regarding referrals for violating the ratio of actual or projected annual written premiums pursuant to s. 627.7154(4)(e), F.S.; s. 624.4095, F.S., states that if a company exceeds the writing ratios in that section, "the office shall suspend the insurer's certificate of authority or establish by order maximum gross or net annual premiums to be written by the insurer consistent with maintaining the ratios specified herein unless the insurer demonstrates to the office's satisfaction that exceeding the ratios of this section does not endanger the financial condition of the insurer or endanger the interests of the insurer's policyholders." It should be noted that many of the referrals were either for exceeding the actual or projected gross writing ratio limitation or for exceeding the projected net writing ratio limitation. When a company exceeds the actual or projected gross writing ratio limitation, the Office reviews mitigating factors such as intercompany pooling arrangements and other reinsurance utilized by the company. When a company exceeds the actual or projected net writing ratio limitation, the Office reviews the company's actual net writing ratio and considers other mitigating factors.

Insurers Deemed Appropriate for Enhanced Monitoring

Of the 12 insurers referred to the stability unit from July 1, 2024, through December 11, 2024, none were new referrals deemed appropriate for enhanced monitoring. Referrals received were either for companies not deemed appropriate for enhanced monitoring or for companies which are already subject to enhanced monitoring under the Stability Unit.

In total, 20 companies are subject to enhanced monitoring as of the date of this report.

Companies Referred for the Initiation of Delinquency Proceedings

The name of any insurer against which delinquency proceedings were instituted, including the grounds for rehabilitation pursuant to s. 631.051 and the date that each insurer was deemed impaired of capital or surplus, as the terms impairment of capital and impairment of surplus are defined in s. 631.011, or insolvent, as the term insolvency is defined in s. 631.011; a concise statement of the circumstances that led to the insurer's delinquency; and a summary of the actions taken by the insurer and the office to avoid delinquency.

OIR closely and consistently monitors the financial condition and operational results of insurers doing business in Florida, including domestic property insurers. When a company is referred for delinquency proceedings, OIR and the Florida Department of Financial Services (DFS) work closely with companies to ensure consumer coverage is maintained through the transition of policies to another insurer.

Since July 1, 2024, no property and casualty insurers were referred to DFS for the purpose of initiating delinquency proceedings.

Market Conduct Examination Findings

The name of any insurer that is the subject of a market conduct examination that found the insurer exhibited a pattern or practice of one or more willful unfair insurance trade practice violations with regard to its use of appraisal, including, but not limited to, compelling insureds to participate in appraisal under a property insurance policy in order to secure full payment or settlement of claims, and a summary of the findings of such market conduct examination.

The provisions of this section were added as a result of SB 2-A, effective December 16, 2022. As of the date of this report, no insurers have been the subject of a market conduct examination that resulted in a finding as described above.

Following the passage of historic legislative reform, OIR has greater ability to enforce regulatory authority and has taken actions to increase market regulation compliance, including initiating more than 50 market conduct investigations following Hurricane Ian to evaluate aspects of the claims handling process. OIR publishes an Insurer Compliance Report on a quarterly basis to provide ongoing updates on OIR's market regulation efforts. Those reports are found here.

Recommendations and Trends

Recommendations for improvements to the regulation of the homeowners' and condominium unit owners' insurance market and an indication of whether such improvements require any change to existing laws or rules and the identification of any trends that may warrant attention in the future.

In February 2021, at the request of the Florida House Commerce Committee, OIR compiled a report identifying primary cost drivers for property insurance rates in Florida, trends in the property market and legislative recommendations. The Florida House Commerce Committee report an the supplemental letter are available here.

Under the leadership of Governor Ron DeSantis, the Florida Cabinet, and the Florida Legislature, many of these legislative recommendations were implemented through SB 76 (2019), SB 2-D (2022), SB 2-A (2022), HB 837 (2023), SB 7052 (2023), and HB 1611 (2024).

OIR continues to see overall market stabilization following the historic legislative reforms of 2022 and 2023 that enhanced protections for consumers, strengthened Citizens Property Insurance Corporation, and encouraged investment by insurers and reinsurers by providing clarity to the market and the risk they underwrite.

Rate filings for 2024 show a slight downward trend for the first time in years, indicating stabilization of the property insurance market. 32 companies have filed a zero percent increase and at least 17 companies have filed a rate decrease to take effect in 2024.

The 2023 reinsurance market responded positively to these reforms. Early signs from the 2024 reinsurance purchasing season show further positive indications. Reinsurance is a direct and significant cost to consumers and relief in this area is a significant sign that the reforms are working.

After years of consecutive underwriting losses, the insurers saw overall stability with many companies reporting a net profit in 2023, and as of Q3 2024, Florida domestic insurers collectively reported positive net income. Ten new companies have been approved to write homeowners policies in Florida since the reforms, and an additional company was acquired to expand its footprint in the state. Insurers continue to take policies out of Citizens, and approximately 428,650 policies have been assumed from Citizens from January to November 2024. The results of the December 2024 assumption are not yet available.

While OIR is optimistic about the impact of these reforms and the positive developments in the market, the Office renews its commitment to see the impacts of the reforms fully realized. The market must continue to organically recover, without fear of any major legislative or regulatory disruptions, in order to maximize the benefits of the reforms to Florida's policyholders. OIR will continue to monitor trends and impacts from SB 76, SB 2D, SB 2A, HB 837, and SB 7052 and propose additional recommendations for future Property Insurance Stability Unit reports.

OIR will continue to expand and promote transparency for consumers while also maintaining a competitive marketplace where insurers are interested in and able to confidently grow. OIR conducts market research across all lines of business and continues to expand its relationships with universities throughout the state to explore innovative ways to improve market outcomes and inform policy decisions. OIR will continue to build upon its regulatory leading data collection and analysis efforts. HB 1611 (2024) expanded the property market data collected by OIR to provide more regular and granular market data to the office. As illustrated in this report, Florida's property market is a reflection of multiple data points in order to provide more complete context on the consumer experience. OIR will continue to analyze market trends with existing data collection methods and seek additional resources where gaps are identified, such as fortification and home hardening efforts made to Florida properties as a result of the wind mitigation verification inspection form.

www.FLOIR.com

J. Edwin Larson Building
200 E. Gaines Street
Tallahassee, Florida 32399
Phone: (850) 413-3140