

SUPPORT PROPERTY INSURANCE MARKET REFORM

Senate Bill 76 by Senator Boyd and HB 305 by Rommel makes needed reforms to a property insurance market that is, by all accounts, in a downward spiral. The combined ratios for Florida Domestic property insurers are above 100% for the third year since 2017. Rate increases in Florida averaged above 25% in 2020. Citizens Property Insurance Company is growing as admitted insurers non-renew policies, and refuse to underwrite homes with older roofs. Citizens is currently at 554,000 policies, and is expected to grow to as many as 650,000 policies before year end. The main driver of these rate increases are lawsuits being manufactured due to three problems in the market. First, roofers are going door to door to examine roofs and filing claims for “hail damaged” roofs that are many years past their useful life. Second, homeowners, lawyers, and public adjusters have three years after a hurricane to file a claim, when non CAT claims must be filed within 2 years. And finally, Florida’s legal fee system is out of step with the rest of the country.

These bills make the following changes to Florida Law:

1. Two-year Claim Filing Deadline. Reduce the statute of limitations to file a claim or a lawsuit after a hurricane from three years down to two years to match the existing two year limitation for non-hurricane related claims.
2. ACV for Roofs. Allow policyholders with older roofs to obtain coverage on an actual cash basis, rather than requiring the base policy to include full replacement cost for roofs. Homeowners that want replacement cost can get it if they maintain their home and replace their old, outdated roof; or they can choose to receive partial payment after a roof becomes ten years old or older, according to a depreciation schedule in the legislation (no less than 70% for a metal roof, or 25% for standard shingle roofs, etc.).
3. Attorney Fee Multiplier. Attorneys in Florida representing a homeowner in a standard claim issue can receive a “multiplier” of their fees, meaning that if they win a case, the judge may award 2, 3 or more times their original fee. Return Florida to the law in 2017 and prior that says an attorney may only get their fee to be multiplied if the case is a “rare and exceptional” cases where evidence shows that competent counsel could not be retained to take the case.

These changes will result in fewer lawsuits, allowing insurers to pay legitimate claims. It should be noted that the Senate legislation also contains detailed procedures requiring claimants intending to sue their property insurer to file a detailed demand, and giving the insurer time to inspect and adjust the claim. There are limits on attorney fees, which essentially reduce or disallow attorney fees if a lawsuit nets an award which is greatly reduced from what the claimant demanded pre-suit.

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