



Florida's Fight for Policyholders

Jimmy Patronis **FLORIDA CFO**

It started three years ago. Homeowners across Florida opened their property insurance renewals, and our collective jaws hit the floor. Surging inflation, soaring interest rates and other consequences of federal mismanagement had triggered an avalanche of price increases extending to nearly every facet of American life, including insurance.

Coupled with out-of-control litigation costs, widespread fraud, and insurance companies that must remain solvent to do business, rate hikes became a norm of life. Florida's litigation crisis alone accounted for 79% of the nation's homeowners' insurance lawsuits while making up only 9% of the nation's homeowners claims. That means about 8 out of every 10 claims in Florida

had an attorney attached to it.

It all amounted to a financial haymaker with homeowners and businesses in danger of being knocked out.

We knew some of the major forces driving insurance premiums were federal in nature. But there was plenty we could do at the state level to lessen the burden, so we fought for policyholders.

Two special sessions called lawmakers and experts from every corner of our state back to Tallahassee to craft historic insurance reforms. We had to fix our man-made problems. So, we produced legislation to chase off bad actors, closed loopholes in law that allowed for legalized insurance fraud, limited frivolous lawsuits, and boosted competition by creating conditions for insurers to enter our market.

I can tell you firsthand that the changes were monumental — and it took guts by the Governor and Legislature to do the right thing. The goal was to lower premiums, and at best it would take time for any changes to filter through the market and effect the consumer's bottom line. As Chief Financial Officer, I knew it could take time for Florida's market to heal.

Since January 2024, I'm happy to report that capital and competition are flowing back into the Sunshine State: nine new insurance carriers have entered; 12 carriers have dropped rates; and another 24 carriers have filed for no rate increases at all. Also, thanks to our reforms, Citizens Property Insurance Corporation, which is Florida's insurer of last resort, has shed 760,000 policies — an 800% increase in policies leaving Citizens. Instead of taxpayers backing those high-risk homeowners' policies, they

have gone back into the private marketplace where they belong. This is yet another sign that Florida's insurance market has become much more competitive, and that's driving down rates.

Access to reinsurance — or insurance for insurance companies — has also improved, which is great because nearly 40 percent of an average policy premium goes to reinsurance. When those costs are reduced, the impact is enormous. Overall, the industry took notice that Florida was serious about creating solutions, and it responded in kind.

We also took a direct approach to helping policyholders. A major success has been the My Safe Florida Home program, which lowers insurance costs by helping Floridians strengthen their homes against storms and hurricanes. The program has been wildly popular, as it facilitates free inspections and grants for homeowners to make wind mitigation upgrades — making families safer while helping them save money. Wind mitigation accounts for 10-40% of premium costs in Florida, and the program has helped tens of thousands of homeowners save an average of \$1,000 on their insurance.

Hurricanes are a fact of life in our state, so we also passed a sales tax exemption on hurricane home-hardening supplies. This has proved to be another successful way for putting money back into the pockets of hardworking Floridians, with consumer savings estimated at \$200 million annually.

Florida is making real progress, but the fight is far from over. Our state will always contend with hurricanes, as well as political factors emanating from Washington, D.C.

But we must stay the course. Unfortunately for states like California, New York, New Jersey and Illinois, who are experiencing double-digit rate increases, their journey up the mountain is just beginning — and it's going to get much worse if they don't do an about-face.

Florida was first. We were the canary in the coal mine for the insurance nightmare that has now enveloped the nation. And just like so many areas, other states can replicate our success and enjoy the benefits, or they can expose their chin for a knockout punch.

It depends on whether their leaders have the courage to put people over politics.

I'm proud of how Florida stepped up and fought for our policyholders. And there is no doubt we will face another challenge soon enough; it comes with the territory and is part of living in paradise. But when that bell rings, I can assure you that we will come out swinging.

Jimmy Patronis is Florida's Chief Financial Officer.