



Insurance & Banking Subcommittee

**Wednesday, October 18, 2023
1:30 PM - 3:00 PM
Morris Hall (17 HOB)**

Meeting Packet



The Florida House of Representatives

Commerce Committee

Insurance & Banking Subcommittee

Paul Renner
Speaker

Wyman Duggan
Chair

Meeting Agenda

Wednesday, October 18, 2023

1:30 PM – 3:00 PM

Morris Hall (17 HOB)

- I. Call to Order
- II. Roll Call
- III. Welcome and Opening Remarks
- IV. Presentation:

Property Insurance Market, by the Florida Office of Insurance Regulation
Michael Yaworsky, Insurance Commissioner
- V. Closing Remarks
- VI. Adjournment

Florida's Residential Property Insurance Market

COMMISSIONER MICHAEL YAWORSKY

OCTOBER 18, 2023



Florida Office of Insurance Regulation (OIR) Overview

Mission

To promote a stable and competitive insurance market for consumers.

Vision

OIR envisions a robust and competitive insurance market while maintaining protections for the insurance-buying public.

Department of Financial Services	Office of Insurance Regulation
<ul style="list-style-type: none">• Insurance agents and agencies• Insurance consumer services• Insurance fraud• Workers' compensation administration• Rehabilitation and liquidation	<ul style="list-style-type: none">• Certificates of authority• Product review to include policy forms and rates• Market regulation• Financial oversight

Legislative Reform

- **Senate Bill 7052 (2023)** enacted consumer protections intended to support Florida's policyholders following a disaster and strengthened OIR's regulatory authority.
- **House Bill 837 (2023)** modified the bad faith framework, eliminated one way attorney's fees and fee multipliers and ensured that Floridians can't be held liable for damages if the person suing is more at fault.
- **House Bill 799 (2023)** required OIR to conduct a wind-loss mitigation study to determine how to include wind uplift prevention to the list of windstorm mitigation measures for purposes of policyholder mitigation discounts.
- **Senate Bill 2-D (2022)** enacted pro-consumer measures to help alleviate rising insurance costs, to increase insurance claim transparency, and to crack down on frivolous lawsuits.
- **Senate Bill 2-A (2022)** eliminated one-way attorney fees for property insurance, strengthened the regulatory authority of OIR, established a new optional state reinsurance program, and required insurers to more promptly communicate, investigate, and pay valid claims.



2023 Implementation Activities

OIR Reorganization

- Appointed a Deputy Commissioner of Market Regulation
- 28 new full-time employee positions

Rule Promulgation

- The Financial Services Commission approved rules related to:
 - Financial and market conduct exam methodology
 - Notification of temporary suspension of writing new business
 - Claims handling manuals



2023 Implementation Activities

Home Hardening

- Updating the “Uniform Mitigation Verification Inspection Form” with new building instruments and techniques that have been developed since 2008
- Exploring techniques to mitigate against perils beyond wind



New Company Admissions

OIR has approved five property & casualty insurers to enter Florida's market this year following historic legislative reforms to strengthen Florida's insurance market:

- Orange Insurance Exchange
- Orion180 Select Insurance Company
- Orion180 Insurance Company
- Mainsail Insurance Company
- Tailrow Insurance Company

National carriers have stated their commitment to Florida and have long-term plans to grow in the state.



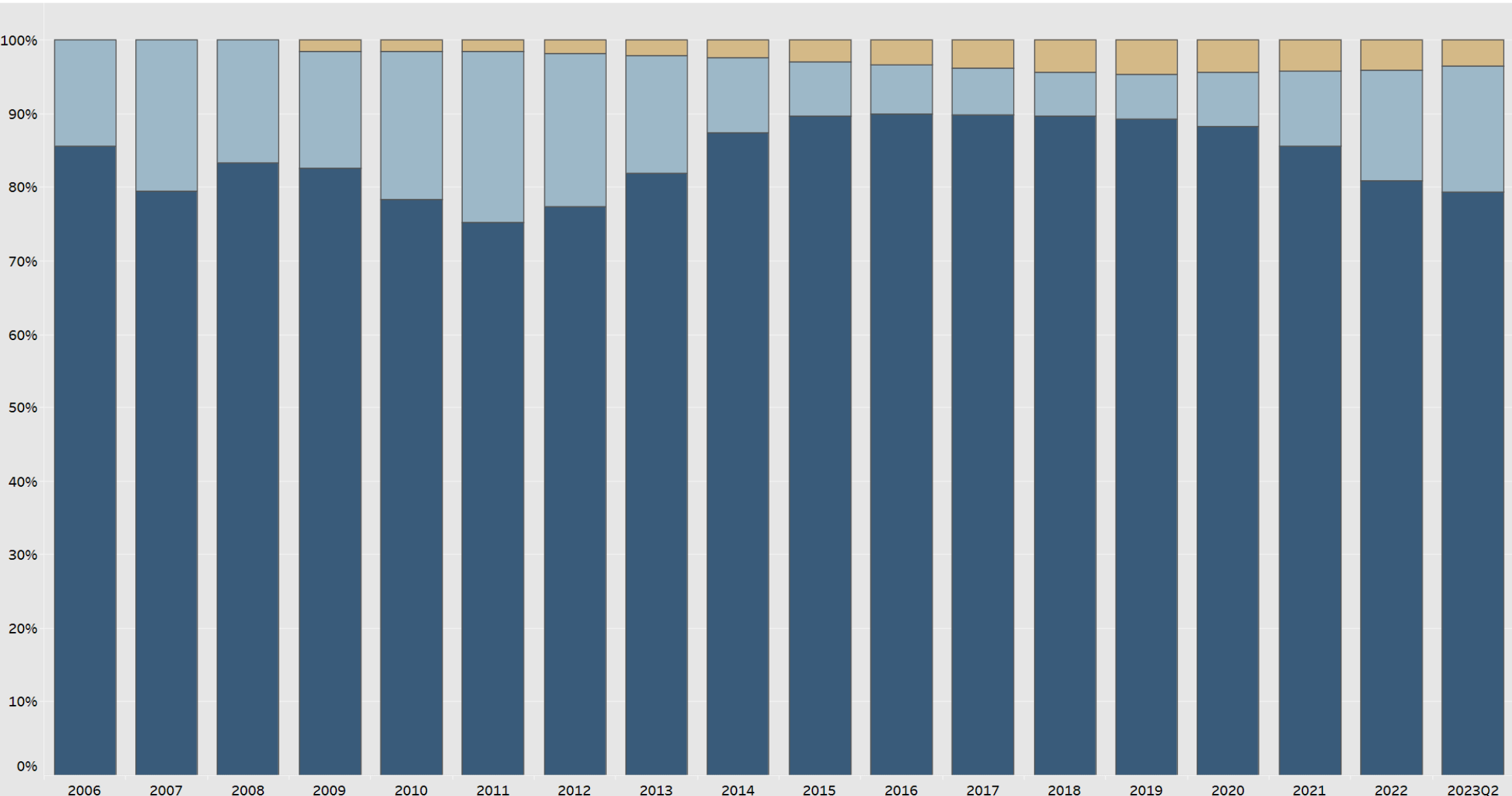
Citizens Takeouts

- The Citizens takeout program was created by the Florida Legislature to reduce the number of Citizens' insured properties and exposure.
- Requests by companies to assume Citizens' policies has increased over 800% year over year.
- OIR has approved a total of 646,617 policies for assumption in 2023.

Admitted Property Market vs. Non-Admitted Property Market

Policies in Force (Data as of 09/11/2023)

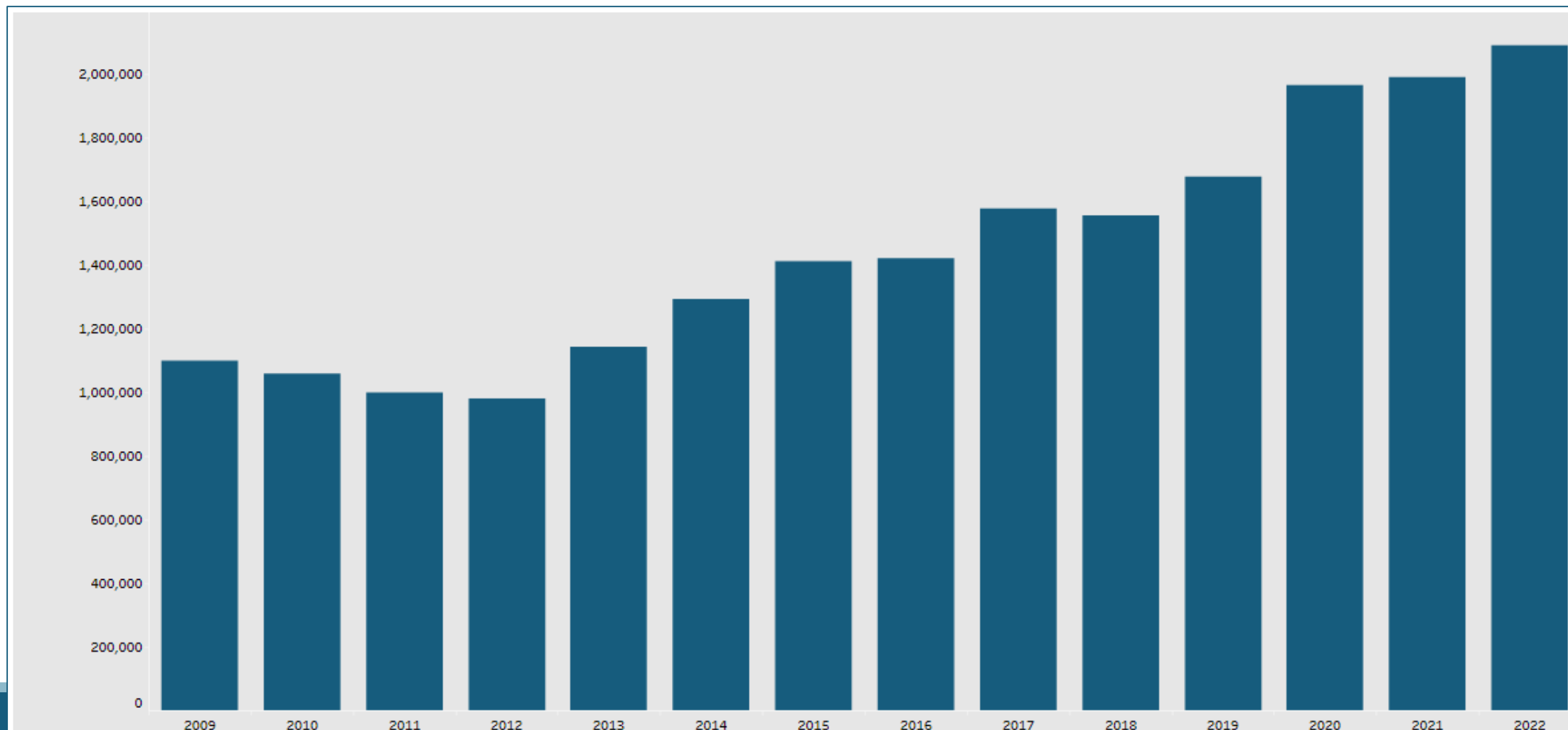
- Surplus Lines
- Citizens
- Admitted



Data is from Quarterly Supplemental Reporting (QUASR) and Florida Surplus Lines Service Office (FSLSO) and does not include State Farm for years 2014-2018 and American Coastal Insurance Company, United Property & Casualty Insurance Company, and Family Security Insurance Company for years 2017 and 2018 due to trade secret declarations.



New policies written in the admitted market

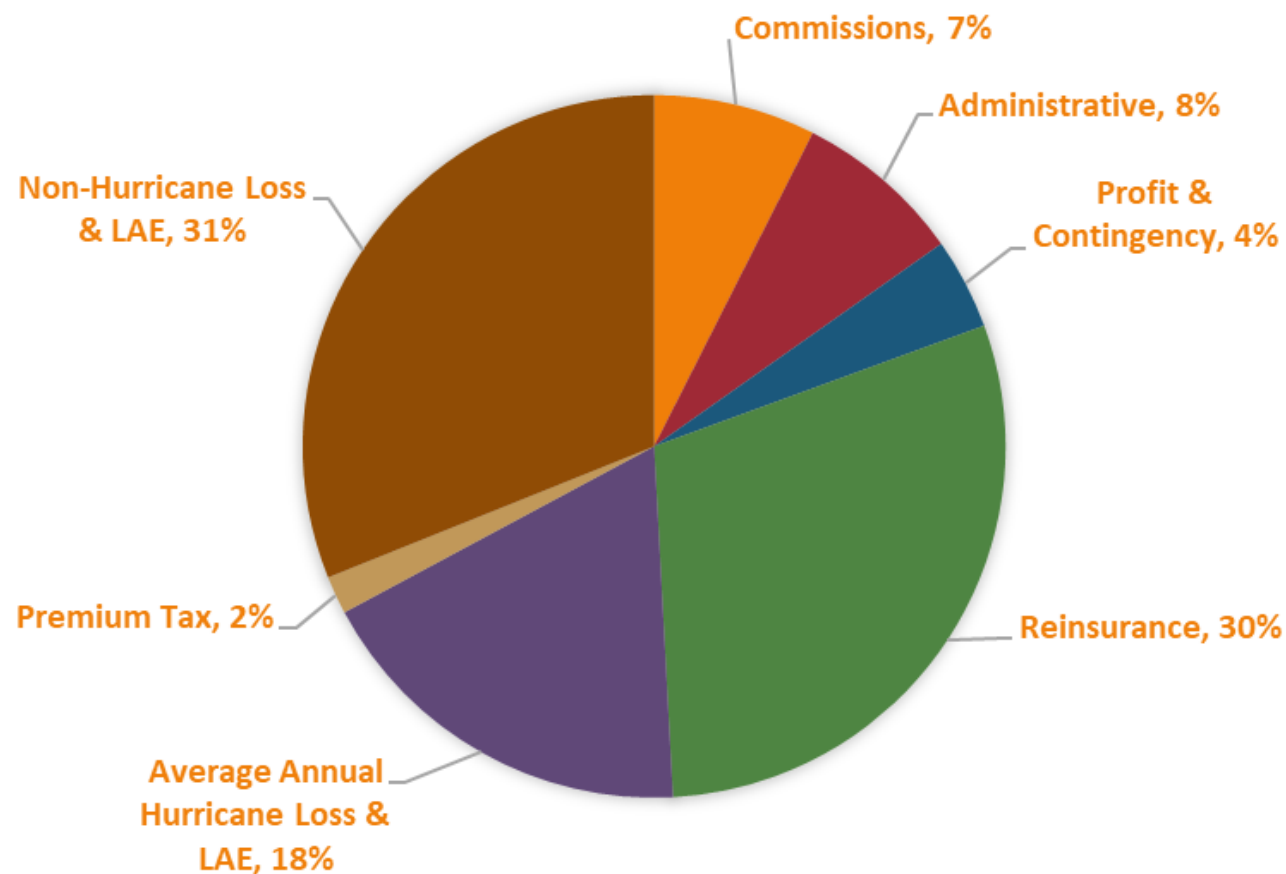


Data of surplus lines insurers are not included.



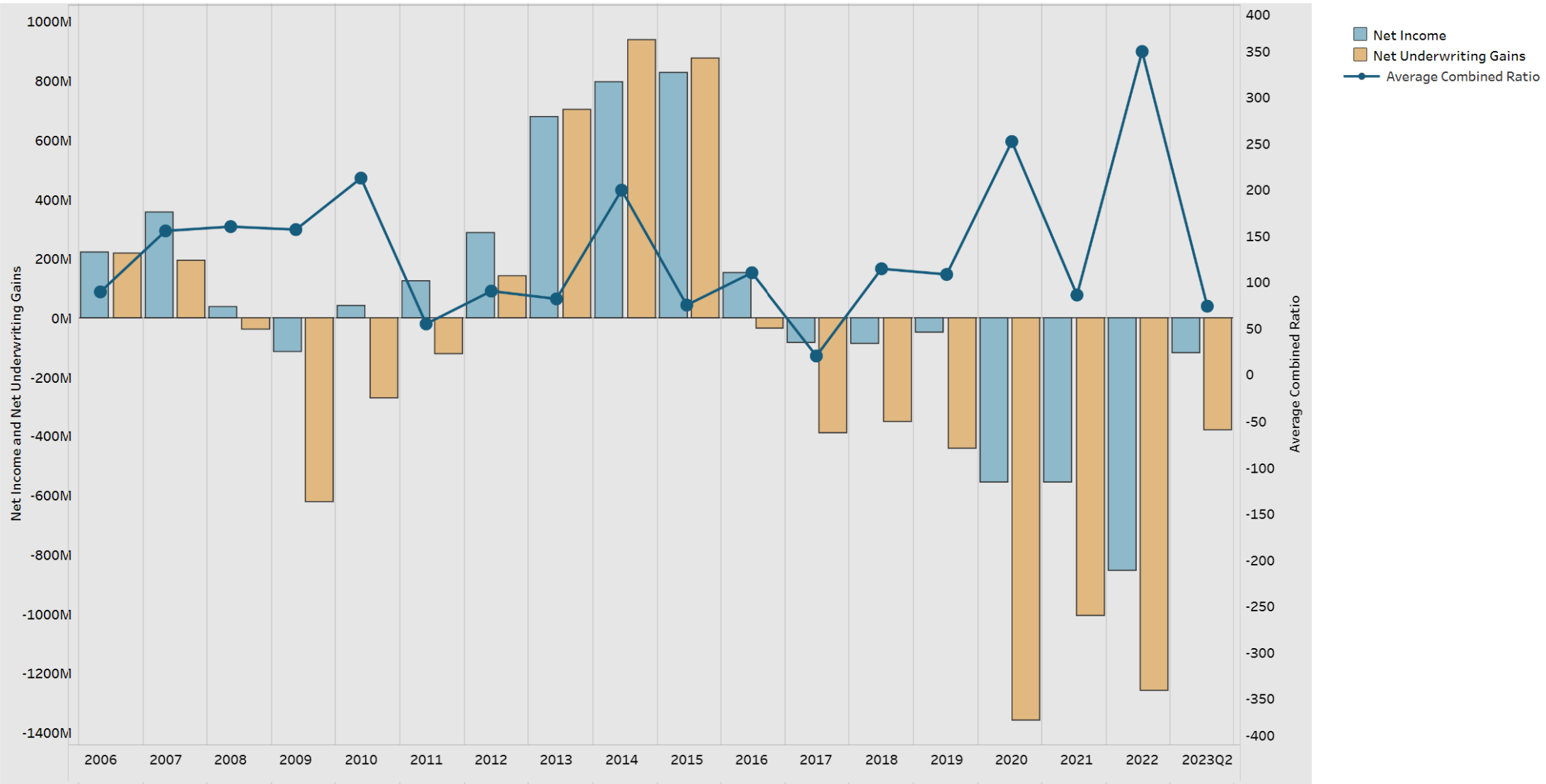
Breakdown of a rate calculation for a residential homeowners line of business

HOMEOWNERS COSTS AS A PERCENTAGE OF ACTUARIALLY SOUND PREMIUM



Performance of Florida Domestic Property Companies

Net Income, Net Underwriting Gains, and Average Combined Ratio (Data as of 09/11/2023)



Data is from statutory financial statements submitted to the National Association of Insurance Commissioners (NAIC). Citizens Property Insurance Corporation is not included.



2023-2024 Reinsurance

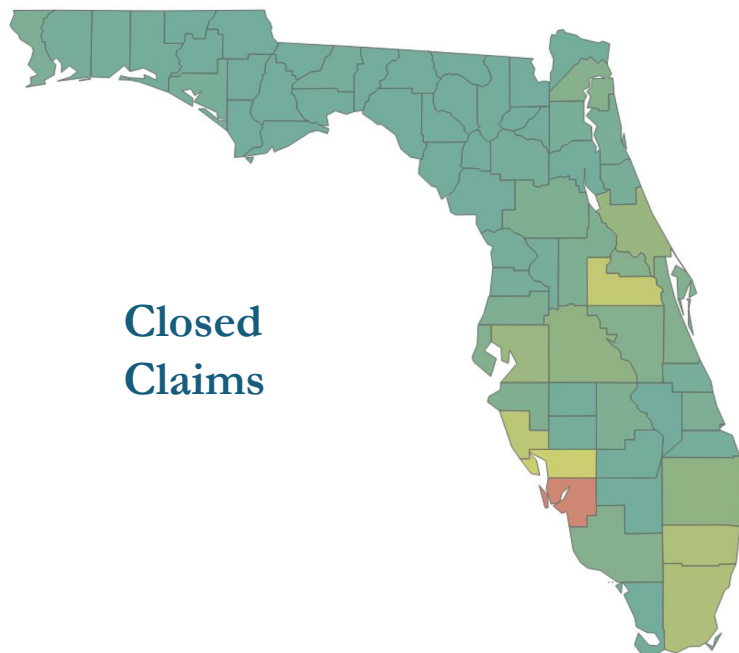
- Despite rumored 50-60% increases at the beginning of the year, companies reported the 2023 risk-adjusted change in reinsurance cost from 2022 was on average 27.03%.
- All Florida carriers were able to secure full reinsurance coverage for the 2023-2024 contract year.



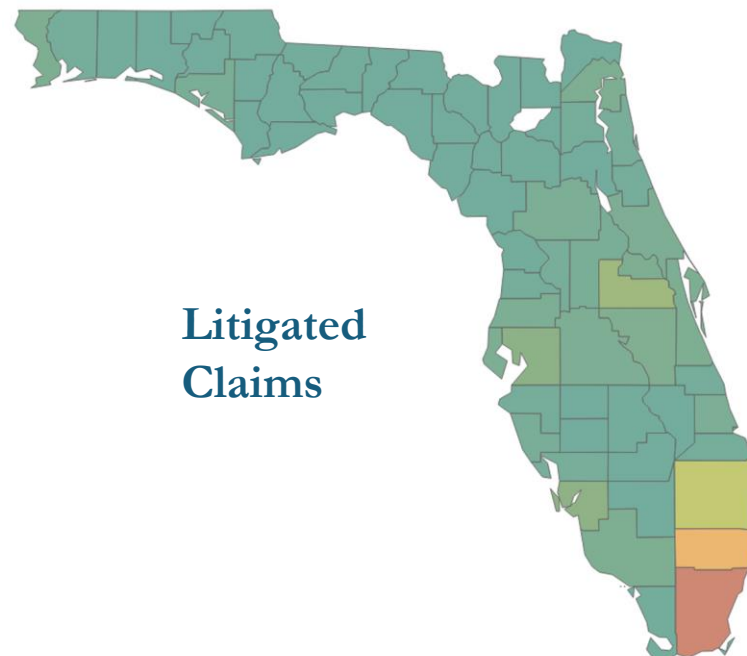
Property Claims Litigation Report

The Property Claims Litigation Report is an annual data call capturing the full scope of every claim closed during the reporting year. It includes information on the claim filing, litigation, public adjuster, vendors, and associated costs.

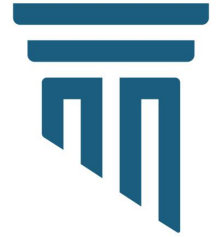
**Closed
Claims**



**Litigated
Claims**



Hurricane Response & Claims Handling



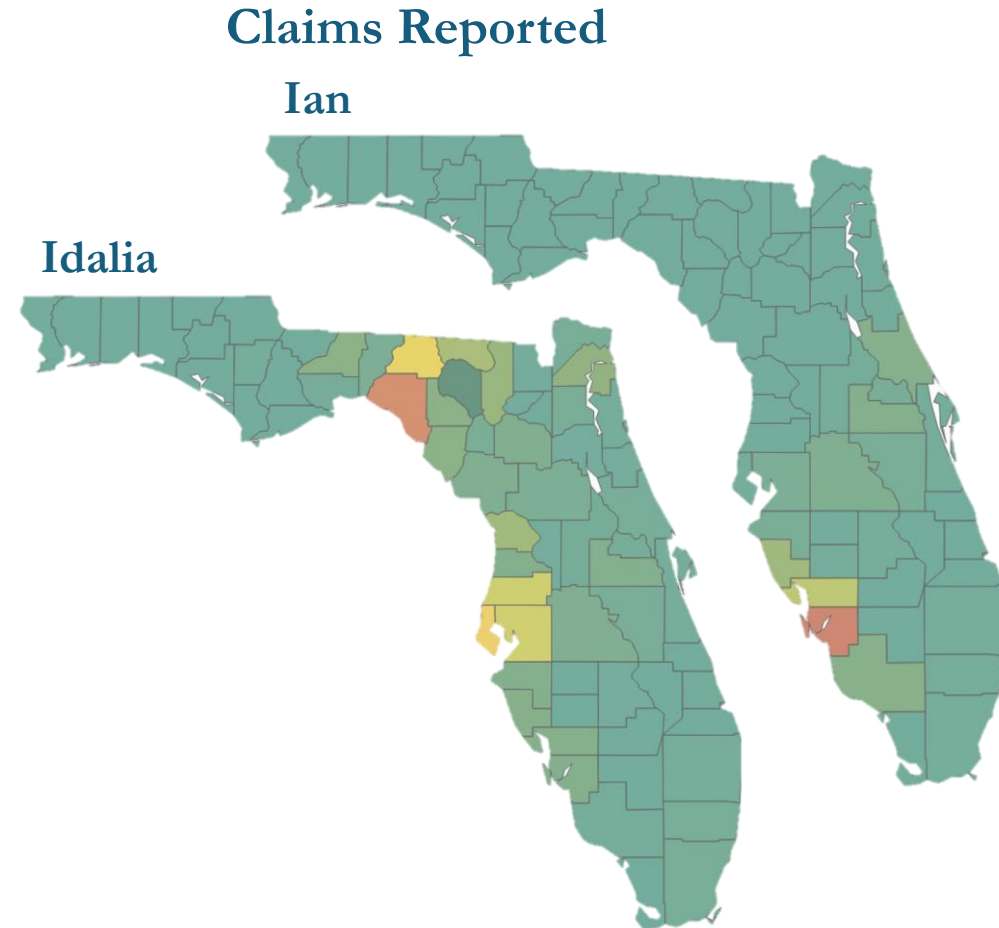
In response to Hurricane Idalia, under the authority of Governor DeSantis' Emergency Order, OIR issued [EO 315284-23](#) to protect policyholders in impacted counties, effective through October 31, 2023.

Hurricane Idalia *(data as of October 12, 2023)*

- Total Claims: 23,423
- Percent Claims Closed: 65.4%

Hurricane Ian *(data as of October 9, 2023)*

- Total Claims: 758,644
- Percent Claims Closed: 90.2%



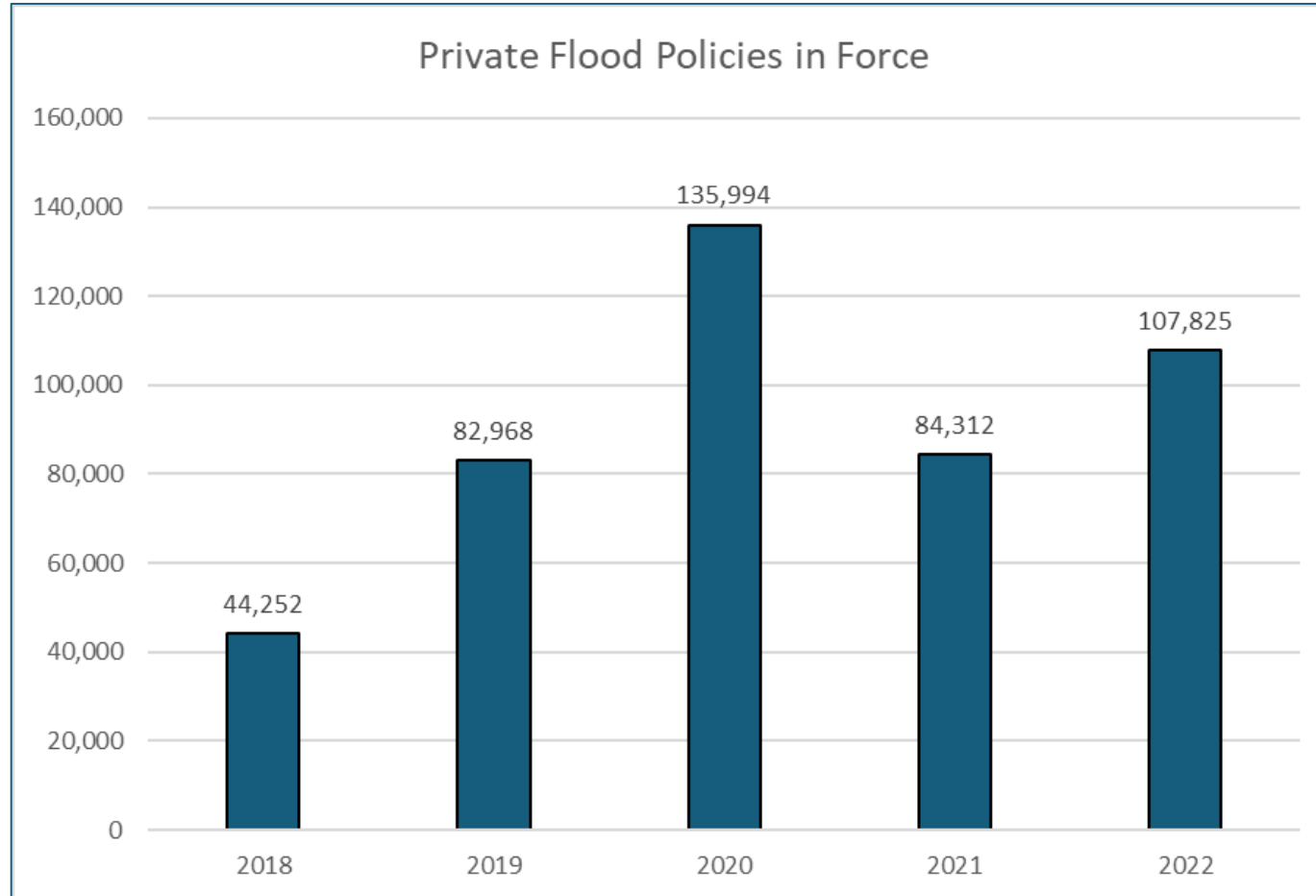
Private Flood Insurance

Insurance companies writing in the private flood insurance market are currently writing primary or excess flood insurance outside of the National Flood Insurance Program.

OIR has made the development of the private flood market a priority by:

- Streamlining form and rate filing procedures
- Encouraging company participation as flood writers
- Requiring the submission of private flood data
- As of 2022, 107,825 private flood policies were in force across the state, which is an increase of 144% from 2018.

Private Flood Insurance





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Florida Office of Insurance Regulation