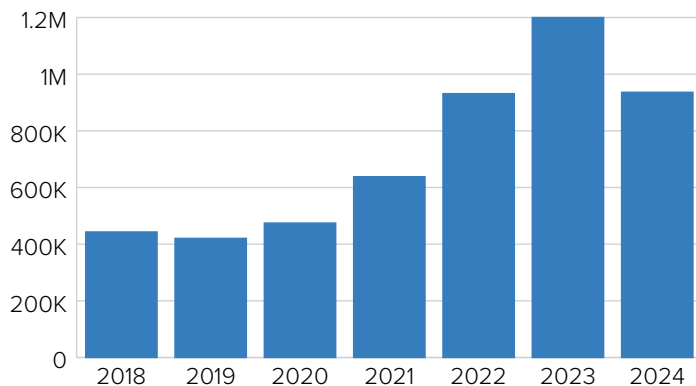


Trends and Insights: Florida Reforms Bear Fruit as Premium Rates Stabilize

Florida's [legislative reforms](#) to address claim fraud and legal system abuse are stabilizing the state's property/casualty insurance market. Claims-related litigation has significantly declined over the past two years, and premium averages are nearly flat, with several insurers requesting rate decreases from the state's insurance regulator.

In addition, the number of insurers writing business in the state has rebounded after a multi-year exodus. This competition from the private market has allowed policyholders to leave Citizens Property Insurance Corp. – the state-run insurer of last resort – to obtain coverage at previously unavailable rates from a much healthier private market.

Citizens Property Ins. Corp. Homeowners' Policies in Force (as of 12/31 for each year shown)



Source: Citizens Property Insurance Corp.

Disproportionate claims litigation

According to the state's Office of Insurance Regulation (OIR), Florida accounted for nearly 71 percent of the nation's homeowners claim-related litigation, despite representing only 15 percent of homeowners claims in 2022. The same year – before Hurricane Ian made landfall in Florida – six insurers in the state declared insolvency, primarily due to economic pressures from legal system abuse. Based on insured losses, Ian became the second-most costly U.S. hurricane on record, due in large part to extraordinary litigation costs for disputed claims.

The [Legislature responded](#) to the growing crisis by passing several pieces of insurance reform that included Senate

Bill 2A (2022), which eliminated one-way attorney fees and [assignment of benefits](#) (AOB) for property insurance claims, and House Bill 1205 (2023), which prohibited misleading legal service ads and the misuse of consumer health information for legal services.

Another 2023 House Bill (HB 837):

- Adopted modified comparative fault;
- Limited plaintiff recovery over 50 percent fault;
- Protected multi-family owners from third-party crime liability;
- Restricted bad-faith insurance claims; and
- Limited medical damages to actual payments with required disclosures.

In addition to the legislation, a 2024 Florida Supreme Court ruling required discovery to be proportional to case needs, and a state appeals court in January 2025 upheld Senate Bill 2A, confirming that a “direction to pay” is not an AOB and that third parties lack standing to sue insurers without a valid AOB.

Litigation surged when backlogged courts reopened after the COVID-19 pandemic, then again when the reforms were passed in 2022 and 2023, as plaintiffs' attorneys raced to file suits ahead of their implementation. This spike in lawsuits, combined with persistently strong inflation, contributed to increased loss costs and premium increases. In 2022, average homeowners premium rates in the state rose more than 17 percent, to \$3,040. Premiums continued to rise in 2023, although at a decreasing rate, as inflation moderated and legal reforms kicked in.

According to state data shared by the Florida Justice Reform Institute (FJRI), Florida auto glass lawsuits have dropped substantially since the passage of legislation banning AOB. In December 2024, attorney Ashley Kalifeh, who monitors court statistics on behalf of FJRI, told the Florida Chamber of Commerce Annual Insurance Summit that around 10,000 auto glass lawsuits had been filed in 2024. She said the final number from 2023 was about 60,000.

Premium rate growth slowing

The impact of the 2022 and 2023 reforms can be seen in premium rate changes, particularly with respect to homeowners insurance. Homeowners rates in Florida grew at a much slower rate in 2024, even as rate growth remained strong nationally.

Growth in personal auto insurance premium rates in Florida has slowed since the repeal of AOB and one-way attorney fees, but the trend also is consistent with nationwide experience.

“There are a lot of factors involved in insurance rates, and Florida’s property and auto markets are challenging,” Florida Governor Ron DeSantis said in February, “but...data suggests that, in 2024, Florida had the lowest average homeowners’ premium increases in the nation, and the overall market has stabilized, with 11 new companies having entered the market over the past two years.”

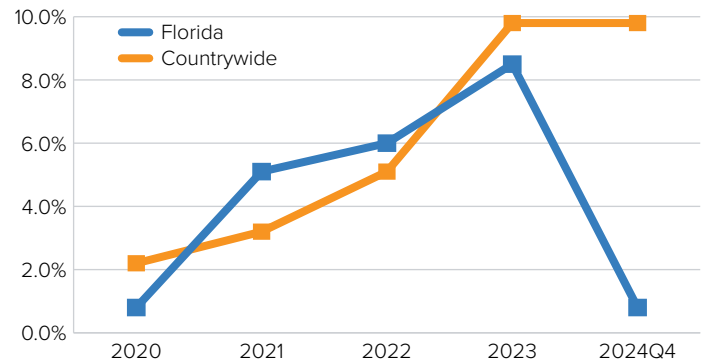
Among the top 10 national insurers writing homeowners insurance in Florida, 60 percent have expanded their business over the past year, and 40 percent of all insurers operating in the state filed for rate decreases in 2024, according to Florida Insurance Commissioner Michael Yaworksy.

[According to the OIR](#), as of Oct. 9, 2024, “15 companies have made a total of 22 filings for a rate decrease...and 29 companies have made 42 filings for a zero-percent increase.” The regulator also said the cost of reinsurance continues to decrease for Florida carriers.

“In 2024, most companies paid less for reinsurance than they did in 2023,” according to the OIR website. “The average risk-adjusted cost for 2024 was -0.7 percent, a large reduction from last year’s change of 27 percent increase from the prior year.”

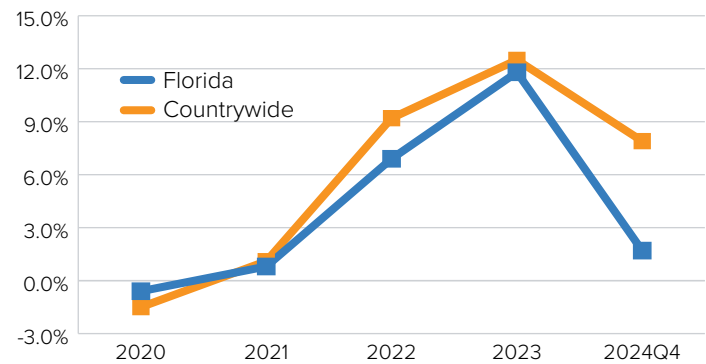
Reinsurance costs are factored into premium rates, so this is another reason Florida now has the lowest average rate filings in the United States in 2024, according to S&P Global Marketplace.

Homeowners Rate Changes, 2020 - 2024Q4



Source: S&P Global Market Intelligence, as of Feb. 2025

Personal Auto Rate Changes, 2020 - 2024Q4



Source: S&P Global Market Intelligence, as of Feb. 2025

Reforms under attack

Not everyone in Florida is happy with the reforms that have contributed to these positive outcomes. State Rep. Alex Andrade (R-Pensacola), a trial attorney, and State Sen. Don Gaetz (R-Pensacola), a former Florida Senate President, recently introduced companion bills that would undo the reform provisions that eliminated one-way attorney fees for plaintiff attorneys. A Florida House increasingly consisting of trial attorneys, many in leadership roles, is of concern to the insurance industry.

Despite continuing market and political pressures, Florida policyholders and taxpayers stand to benefit tremendously from the 2022 and 2023 legislation. Given the pain of recent years and the continuing perils in this catastrophe-prone state, it's important for all stakeholders to support continued reform.