Commentary: Sans storms, Florida property insurance market continues to stabilize

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The Florida property insurance market is starting to benefit from the recent enactment of reforms addressing the rising costs of property insurance and an eight-year span without a major hurricane hitting the state.

Concrete evidence that the insurance market is moving in the right direction was noted just a month ago when Florida Insurance Commissioner Keven McCarty released a report to Chief Financial Officer Jeff Atwater that showed homeowners insurance rates are starting to stabilize and may continue to do so for the near future if storms continue to bypass Florida and fraud does not escalate.

Storm 2014 links

- Map: Tropical outlook, advisory
- Storm 2013: Track storms, blog updates, tips
- Storm preparedness guide
- Eye on the Storm
- Insurance tips and resources
- Get text and mobile alerts

Additionally, the Insurance Information Institute (III) reports that things are looking good in Florida as 110,000 new homes are expected to be built in 2014. This means Florida will account for 1-in-10 new homes built in the U.S. As we look forward, we should continue to see real economic growth and demand for housing and commercial property.

This is a far different environment than the state experienced a decade earlier when we were rocked by successive years of multiple hurricane landfalls that devastated much of the state. Property insurance has always been a hot political issue in Florida and, in the aftermath of the storms, then-Gov. Charlie Crist impaired the property insurance market with legislation that swelled Citizens to an untenable size and perpetuated already inadequate rates. Citizens was then not allowed to raise rates on Floridians until 2009, causing a massive influx of Citizens policyholders and subjecting all Floridians to the potential of a massive hurricane tax.

In more recent years, the Legislature and Gov. Rick Scott enacted meaningful reforms designed to counteract the distress on Florida's property insurance market. In 2011, a sweeping property insurance bill was signed into law that, among other reforms, addressed out-of-control sinkhole claims and implemented limits on public adjuster fees and tactics in order to protect homeowners. In 2012, Gov. Scott signed a bill eliminating the regular assessment on consumers for the Citizens personal lines and commercial lines accounts. That bill also reduced the assessment amount for the coastal account from 6 percent to 2 percent.

Finally, most recently, the governor signed a measure establishing a clearinghouse in Citizens whereby all new and renewal personal residential property insurance will be reviewed for eligibility and placement in the private market.

Now, with the recent news of Citizens reaching under 1 million policyholders for the first time since 2006, Floridians can be confident Florida's property market will continue to drive down the size of Citizens and reduce the exposure of a potential hurricane tax on Florida's consumers. While our state still has much work ahead of us to improve our market from the failed policies that ballooned Citizens during the last decade and placing consumers at risk, Florida's residual market slipping below one million policies is further proof we are moving in the right direction in protecting consumers. We look forward to the day Citizens is returned to its true purpose as Florida's insurer of last resort.

Barring a major catastrophe, Property Casualty Insurers Association of America and its members are cautiously optimistic the Florida property market is moving in the right direction. While we hope the 2014 hurricane season is quiet, we know all too well that you never know what Mother Nature may bring. With nearly $2.9 trillion of coastal property exposure, hurricanes always pose a significant risk for Florida but it is also important to keep in mind that we are also susceptible to flooding, sink holes, tornadoes and wildfires. Together, consumers, insurers, and public policymakers must remain vigilant and stay prepared.

Moving forward, the industry urges policymakers to continue strengthening our property market by allowing market reforms from the last few years to be fully implemented, building on recent successes and not placing new mandates on the private market.