

# Why Your 16-Year-Old Roof Is Uninsurable

September 22, 2022

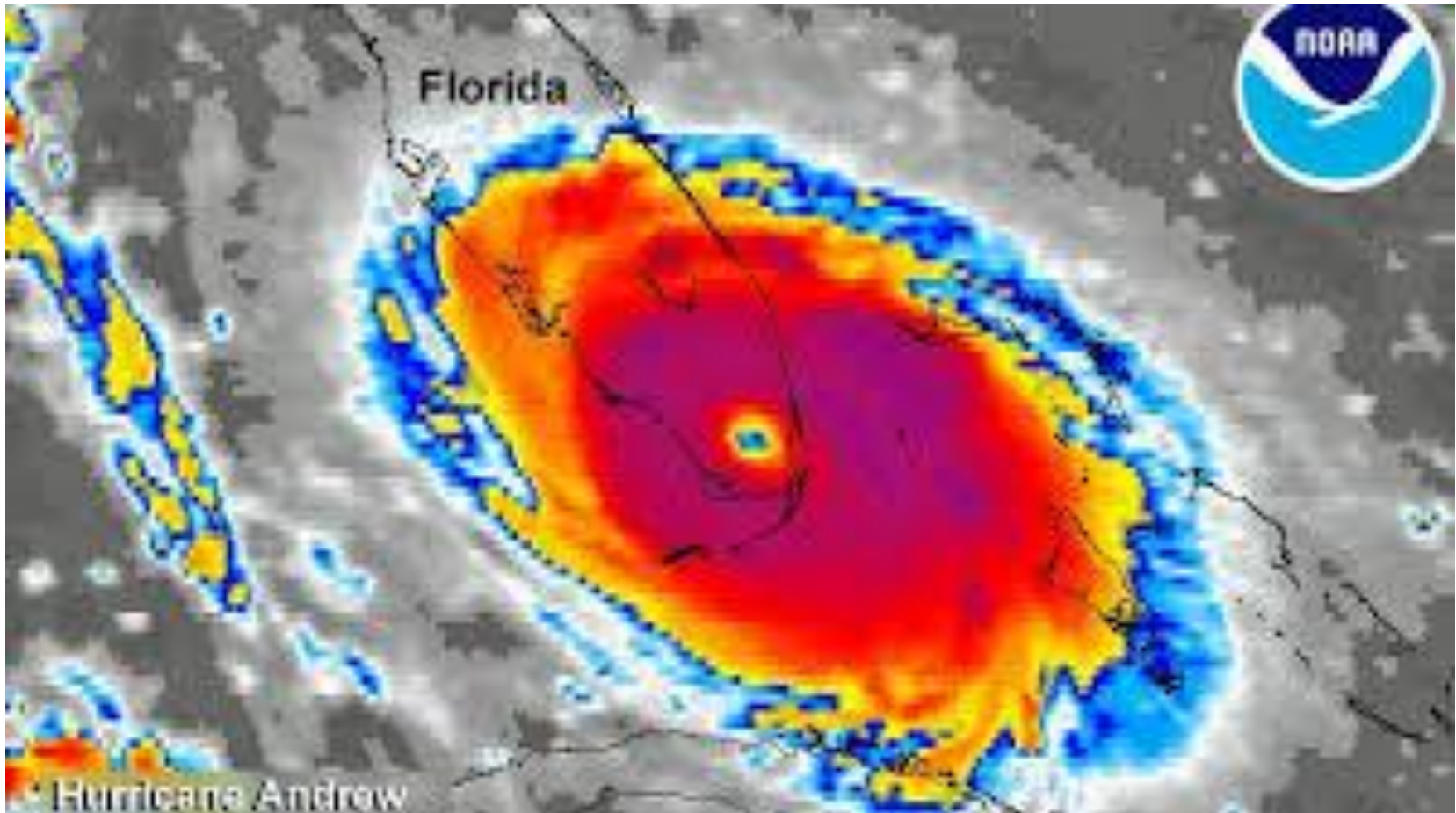


August of 1992

Florida had a robust homeowners insurance market.



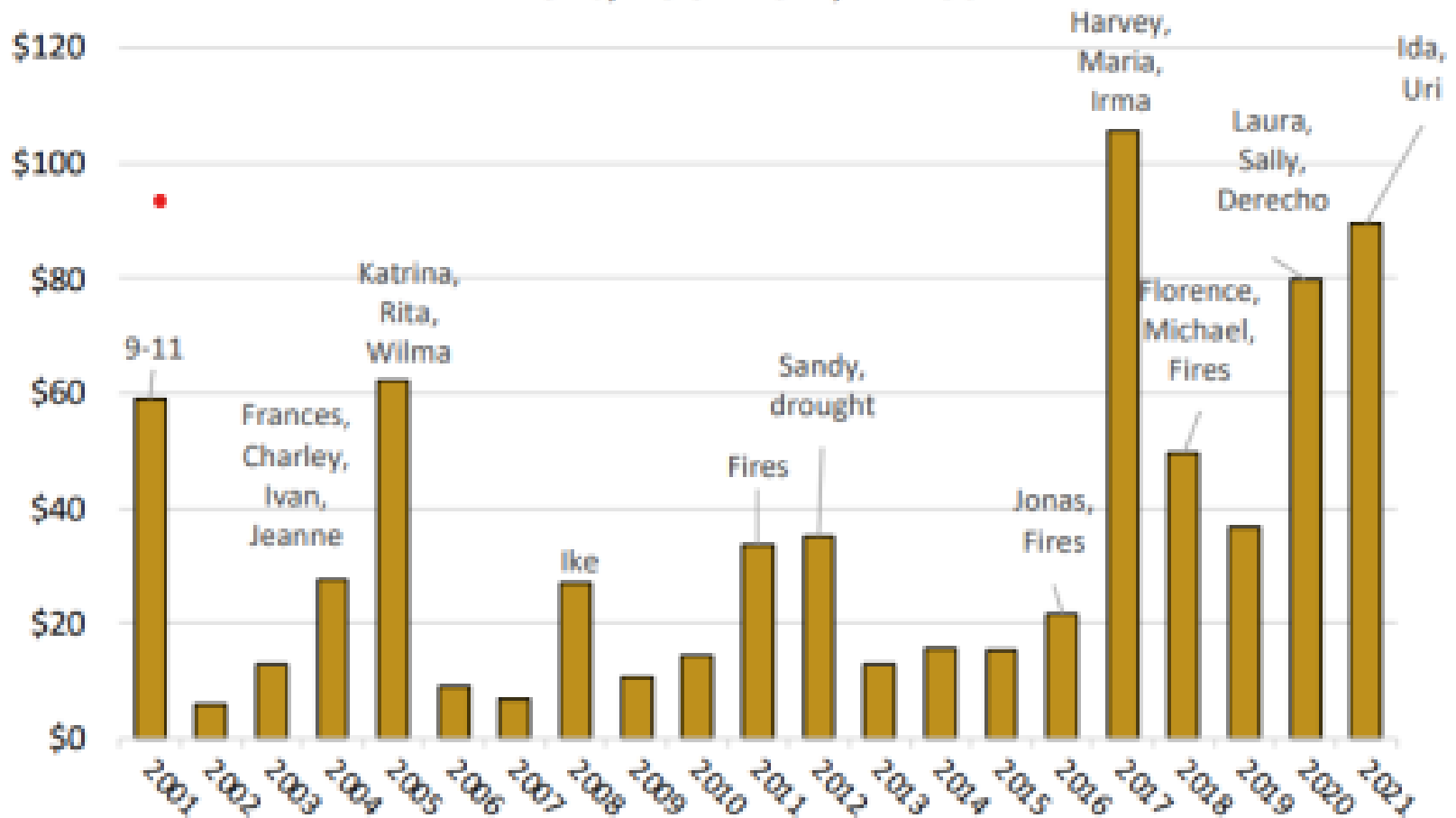
# Hurricane Andrew - \$50 B of Insured Losses



# The Dominos

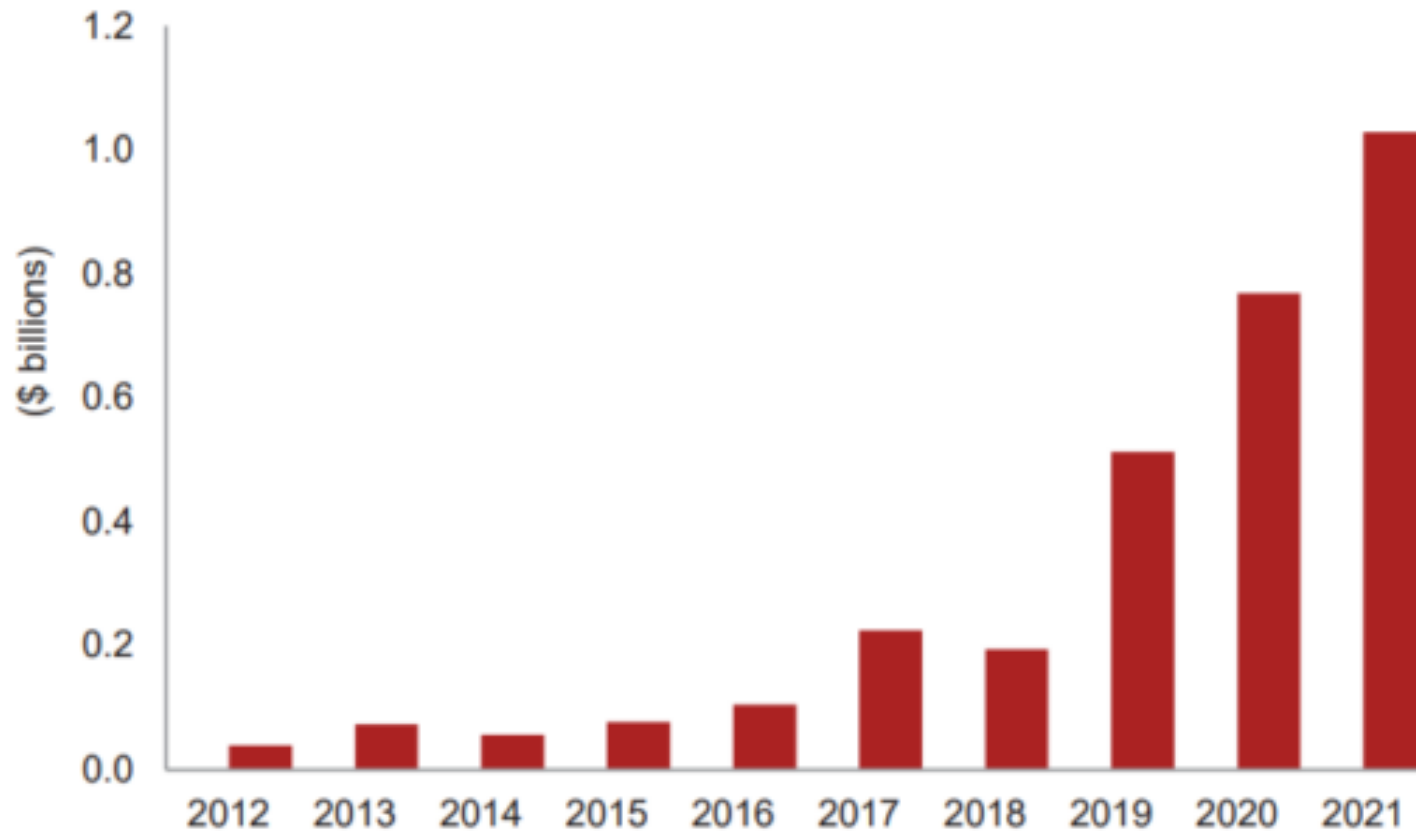
- **1992 - Andrew - \$50B** (2022 dollars)
- **National carriers exit Florida market**
- **Florida domestic carriers & FRPCJUA fill the void**
- **2004 Hurricanes Charley, Frances, Ivan, Jean - \$61B** (2004 dollars)
- **2005 Hurricanes Katrina, Rita & Wilma - \$172B** (2005 dollars)
- **Sinkhole claims**
- **2012 Sinkhole legislation passed,**
- **AOB fraud and abuse begins**
  - **Roof claims – You're entitled to a new roof!**
  - **Water damage claims**
- **Litigation trends**
  - **More frequency**
  - **Greater severity**
- **Cost of reinsurance – More global catastrophes**

## Insured Catastrophe Losses Billions, 2001-2021, Annual



### Exhibit 3

## Losses Paid to Florida Specialist Personal Property Insurers by US Reinsurers



Source: AM Best data and research

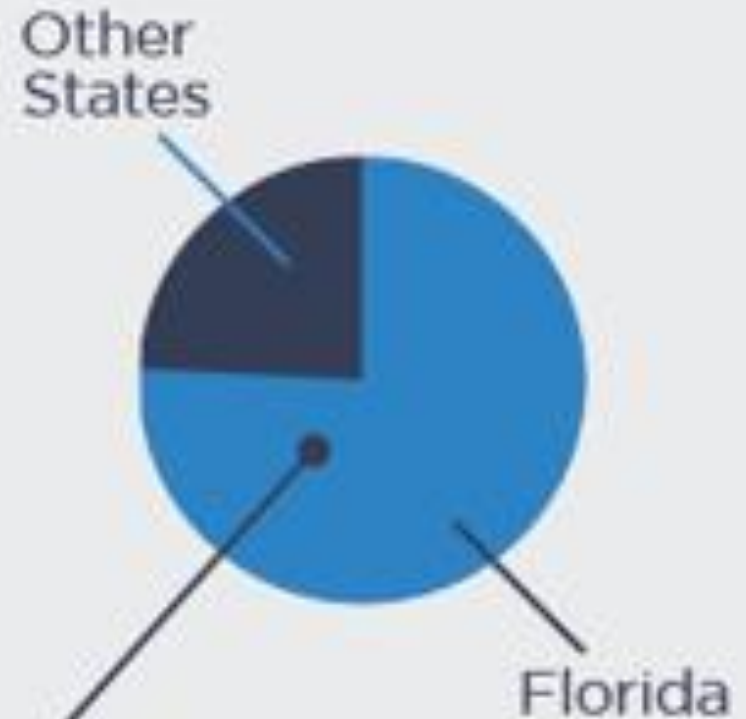


# JUDICIAL Hellholes<sup>®</sup>





Only **8.15%** of all U.S. homeowner claims were opened in Florida in 2019. Yet, Florida accounted for **more than 76 percent** of property claim lawsuits in the U.S.<sup>2</sup>



2: National Association of Insurance Commissioners (NAIC), Market Conduct Annual Survey (MCAS) Report

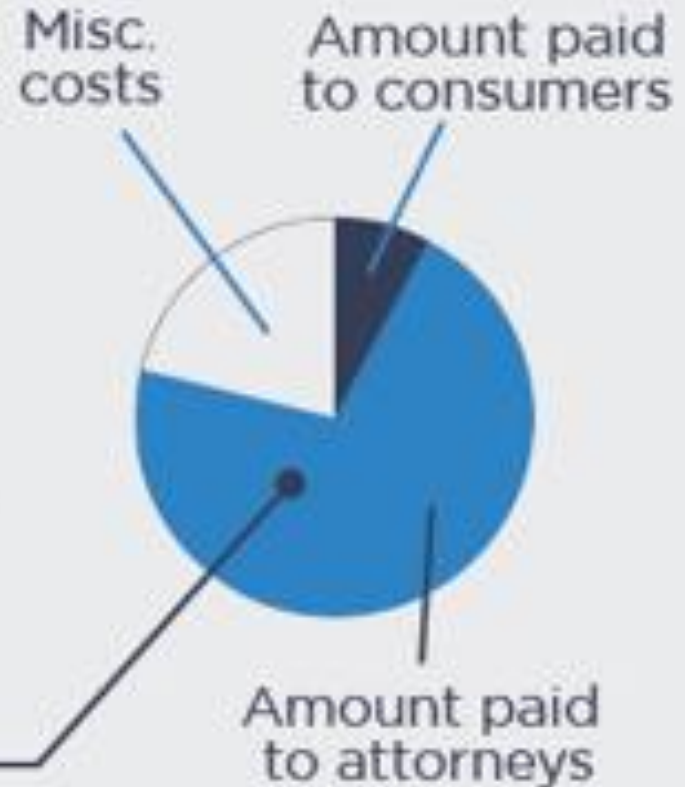
## Q1 2022

**Florida's national share of residential property insurance litigation: 80.20%**

- Insurance Information Institute

**Florida consumers are paying a “hidden tax” to fund the litigation that averaged about \$680 per family in 2020.**

Between 2013 and 2020, Florida's property insurers paid out fifteen billion in claims costs. Only eight percent of that was paid to consumers, while **71% was paid to attorneys.**<sup>3</sup>



3: *Insurance Journal* Report: Florida's P&C Insurance Market Spiraling Toward Collapse

**\$50 Billion Of Insured**



# CARRIER ACTIONS

- **United Fire & Casualty – Exiting Florida, non-renewing 183,000 policies**
- **FedNat – FedNat – Cancelled 68,000 policies in June under restructuring plan**
- **Bankers – Exiting the Florida market**

## Closed for new homeowners business:

- Florida Farm Bureau
- Progressive
- United Property and Casualty
- Monarch
- Heritage (only certain counties)
- Centauri
- TypTap
- People's Trust
- Universal P&C
- Safeport
- Wilshire





# INSOLVENT FLORIDA CARRIERS

## 2021

- American Capital
- Gulf Stream

## 2022

- Avatar
- Southern Fidelity
- St. Johns
- Weston
- Lighthouse



## Insurance News

- *Property Catastrophe Reinsurance Entering a True Hard Market – Insurance Journal, 09/13/2022*
- *A.M. Best Report Shows Florida Insurers Far Out of Line on Reinsurance Dependency - Insurance Journal, 09/15/2022*
- *Don't Look Now, But More Reinsurance Price Increases on the Way – Reuters, 09/08/2022*
- *Florida's Insurance Litigation Problem Stares Deep Into an Abyss – Business Observer, 09/16/2022*
- *U.S. P/C Records \$6.3 Billion First-Half Underwriting Loss - AM Best, 09/19/2022*

# Keep Your Home Insurable

- **Replace roof at 15 years**
- **Remove branches that hang over your roof**
- **Replace water heater at 15 years**
- **Replace HVAC at 15 years**
- **Install water leak detection system**
- **Raise your deductible – Don't file small claims**
- **If older than 30 years, update**
  - **Electrical system**
  - **Plumbing**
- **Be wary of solicitations**
- **Don't sign an assignment of benefits form**
- **Communicate with your representatives**
- **Pray**

**Thank you!**