

FLORIDA'S PROPERTY INSURANCE REFORMS

from crisis to course correction


WHY VIGILANCE STILL MATTERS

Florida's property insurance market is considered to be one of the most complex in the world. It's a market shaped by natural disasters such as hurricanes, tornadoes, and floods, outdated legal frameworks, and relentless waves of third-party exploitation. At times, it has been pushed to the edge of collapse.

Some critics claimed the industry manufactured crises to boost profits at the expense of consumers. They were wrong. The property insurance crisis was real, measured in skyrocketing litigation, rising premiums, and insurer insolvencies. Past legislatures and governors tried to address the crisis. But recent years have brought a comprehensive series of reforms that are stabilizing the market.

The challenge now: Can we stay the course, resist legislative rollbacks, and anticipate the next way bad actors might try to enrich themselves by creatively exploiting Florida homeowners?

To understand how we got here — and why Florida's property insurance market is finally showing signs of stability — it's worth looking back at the long road of reforms. Each step was shaped by a different crisis, often fueled by loopholes or litigation tactics that pushed the system to the brink. What follows is a look at those turning points, the solutions lawmakers tried, and how they built toward the comprehensive fixes that are working today.

 *Infographic: Timeline of Property Insurance Reforms*

Before 2019: The Rise of AOB Abuse

An "assignment of benefits" (AOB) is the legal transfer of a consumer's right to their insurance claim to a third party, such as a contractor. In 2010, just 5.7% of Florida homeowner insurance claims involved an AOB. By 2018, that figure had ballooned to 25%. For Citizens Property Insurance, the state's insurer of last resort, the numbers were even more troubling — 70% of claims involved an AOB, and 73.2% of first notices of loss came in the form of lawsuits, not claims.


Some vendors and contractors had discovered that by requiring homeowners to sign over their benefits before any work began, they could seize control of claims and the litigation that followed. It was a recipe for runaway costs.

2019: The First Strike — HB 7065

The Legislature took its first major swing at AOB abuse with **HB 7065**, which:

- Limited emergency AOBs to \$3,000.
- Required copies of agreements be provided to insurers.
- Added consumer disclosures and a 14-day cancellation window.
- Required a 10-day pre-suit notice for AOB-related litigation.
- Created a bilateral attorney fee schedule to reduce small-dollar lawsuits.

This was a meaningful first step. But it was also a game of whack-a-mole. While HB 7065 helped curb abusive *third-party* litigation, many bad actors simply shifted to *first-party* lawsuits where these new rules didn't apply, especially the attorney fee reforms.

 [Infographic: How Property Insurance Rates Are Made](#)

2021: The Next Battle — SB 76

By 2019, Florida had become the epicenter of property insurance litigation, representing **just 8.16%** of U.S. property claims but **76.45%** of all property lawsuits nationwide. An OIR data call for 2018 and 2019 showed significant negative loss reserves for the industry; projected losses were short by \$241 million in 2018 and \$682 million by 2019.

SB 76 extended the pre-suit notice requirement to first-party claims, shortened the claims filing deadline from three years to two, and adjusted the attorney fee structure. Lawsuits briefly slowed, but vague pre-suit notices and remaining loopholes in the law kept the litigation-for-profit engine running.

2022 Special Session D: Addressing the “Free Roof” Crisis

By mid-2022, the crisis had deepened. Seven property insurers had become insolvent in just six months. Florida's Insurance Commissioner pointed to abusive litigation and an aggressive “free roof” solicitation campaign, fueled by a law requiring full replacement if 25% of a roof was damaged.

SB 2D and **SB 4D** aimed to cut off key incentives to litigate. The bills:

- Created an optional roof deductible for premium savings.
- Eliminated attorney fees for AOB cases.
- Limited attorney fee multipliers to “rare and exceptional” cases.
- Allowed insurers to collect attorney fees if pre-suit notices weren't given.
- Tightened bad faith standards.


Still, the reforms weren't enough to reverse the free fall.

2022 Special Session A: The “Global Fix” — SB 2A

By late 2022, the industry faced \$1.3 billion in net underwriting losses in a single quarter. Legislative leaders acted with a sweeping reform package many consider the “global fix” and the turning point for the market. The bill:

- Reduced claims filing deadlines to one year.
- Repealed attorney fees for property disputes (with narrow exceptions).
- Prohibited AOBs for property claims altogether.
- Required proof of breach of contract before filing of certain bad faith claims.
- Allowed mandatory binding arbitration and joint settlement offers.

The results were immediate: **since SB 2A passed, 17 new property insurers have entered the Florida market.** Stability, while fragile, was returning.

 [*Visit PIFF's Market Pulse page for current trends and impacts.*](#)

2023: Strengthening Oversight — SB 7052

With the market beginning to heal, lawmakers in 2023 focused on accountability and transparency. **SB 7052** expanded OIR's regulatory oversight. The bill:

- Limited non-catastrophe claim cancellations until repairs were completed.
- Increased fines for insurer offenses.
- Required public posting of mitigation discounts.
- Tightened rules against altering adjuster reports.
- Mandated market conduct exams after catastrophes.

Where We Stand and What's Next

Florida's property insurance market has traveled from chaos and collapse toward stabilization and recovery. For years, the state played “whack-a-mole” with piecemeal fixes. SB 2A was different: a comprehensive approach directed at the root of the problem that's showing results.

But success is no guarantee of safety. Bad actors adapt quickly, and even one rollback of core reforms could reopen the floodgates. In the most complex property insurance market in the world, vigilance isn't optional.

The message for policymakers, industry leaders, and consumers is clear: the reforms are working. We must protect them, watch for emerging schemes, and be ready to close the next loophole before it becomes a crisis. This will ensure that our stabilizing insurance market can become healthy and vibrant to the benefit of consumers.