UNLOCKING
AMERICA'S FUTURE

REPORT

Florida's Insurance Crisis: How Homeowners Pay More While Insurers Profit

Executive Summary

Florida homeowners are caught in an insurance crisis that has made their state the most expensive in the nation for home coverage, while insurance companies report record profits and pay executives tens of millions of dollars.

This report examines how premiums have skyrocketed by 54% since 2019, how recent tort reform has made it harder for homeowners to dispute denied or underpaid claims, and how insurance companies are exploiting regulatory loopholes to maximize profits at policyholders' expense.

The Premium Crisis: Florida Leads the Nation in Insurance Costs

Dramatic Rate Increases

Florida's home insurance market has experienced unprecedented premium growth in recent years. Home insurance premiums in Florida have skyrocketed by 54% just since 2019. This dramatic increase has accelerated in recent years: since 2021, premiums have climbed by nearly 30% statewide following four major hurricanes: Ian, Helene, Idalia, and Milton.

The Most Expensive State in America

Florida now holds the distinction of having both the highest average and highest median home insurance premiums in the entire United States. With the highest median home insurance premiums in the country, Florida "also has the dubious honor of having the most homeowners paying over $4,000 per year."

The average costs are even more staggering. Florida's average yearly home insurance rate reached 14,140 in 2024, with expectations that it would rise to $15,460 by the end of the year – a 9% increase in a single year. This makes Florida the most expensive state in the U.S. to buy homeowners' insurance.

The Coverage Gap: When Insurance Becomes Unaffordable

Rising Uninsured Rates

The astronomical cost of insurance has created a dangerous situation where many homeowners simply cannot afford coverage, and 20% of Florida homeowners don't currently have home insurance. This means that if their homes suffer damage from hurricanes, fires, or other disasters, they might have to pay to repair or replace their own homes entirely out of pocket – a potentially devastating financial blow.

Non-Renewal Crisis Hits Hardest Where Least Expected

Florida has earned another troubling distinction: the highest rates of home insurance non-renewal in the nation. Non-renewal rates rose to around 3% of policies statewide in both 2022 and 2023.

Surprisingly, the highest non-renewal rates were not in coastal counties like Miami-Dade, Monroe, Lee, and Broward that face the most direct hurricane risk. Instead, they were concentrated inland, in four rural counties around Lake Okeechobee: Glades, Hendry, Highlands, and Okeechobee. This pattern suggests that factors beyond pure hurricane risk – such as property values, demographics, and profitability calculations – are driving insurers' decisions about which policies to maintain.

Homeowners who can't obtain coverage from large, established providers are often forced to turn to smaller companies that are "vulnerable to insolvency" – creating yet another layer of risk for already vulnerable homeowners.

The Insurer of Last Resort

For many Floridians who cannot find coverage in the private market, Citizens Property Insurance Corporation serves as the state's insurer-of-last resort. Citizens became Florida's largest insurer by 2024, insuring more than 1.3 million Floridians with an average premium of $3,300 annually. While this represents a lower cost than many private insurers, the fact that a government-backed insurer of last resort has become the state's largest carrier speaks volumes about the dysfunction in Florida's private insurance market.

Tort Reform: Tilting the Playing Field Against Homeowners

The 2023 Law and Its Stated Purpose

In 2023, Florida instituted a law that Governor Ron DeSantis and other supporters claimed was necessary to curb "frivolous lawsuits" that were supposedly raising insurance rates for consumers. The tort reform made it significantly more difficult for policyholders to sue insurance companies when their claims were denied or underpaid.

The Unintended (or Intended?) Consequences

However, the law appears to have had the opposite effect of what was promised to consumers. Some experts speculate that the law has actually "emboldened insurance companies to be aggressive with low payments or claim denials.". Anders Croy, a spokesman for Florida Watch, a progressive advocacy group, explained:

> *After disaster strikes, people can be desperate to get the money they need to rebuild, [and] in the past insurance companies have used that as a way to have lowball offers accepted. Now, companies are just trying to close those legitimate claims without paying a cent, which is leading people to contact an attorney to get what they are owed.*

By making it more difficult for policyholders to sue insurance companies, the system now allows insurers to increase their profits, since litigation often yields higher claim payouts than initial offers. Florida state representative, attorney, and insurance expert Hillary Cassel stated bluntly: "Florida's 2022 tort reforms only benefited insurance companies, who continue profiting while aggressively denying policyholder claims."

The Zero-Payment Epidemic

The impact of tort reform on claim denials has been dramatic and measurable: in 2024, 14 Florida property insurers closed more than 50% of the claims filed by homeowners without paying a penny to cover damages. Nine other Florida insurers closed between 40% and 50% of claims with no payment.

A Tampa-area insurance claims attorney says Florida's tort reform efforts "emboldened" insurance companies to "deny claims that they would once pay, or to underpay claims that they would once pay."

Allegations of Fraud: Altered Reports After Hurricane Ian

Whistleblowers Come Forward

The problems with claim denials may go beyond aggressive interpretation of policies to outright fraud. In 2024, several whistleblowers who were licensed insurance adjusters came forward with explosive allegations. The whistleblowers said that after 2022's Hurricane Ian, "several insurance carriers used altered reports to deceive customers and lower payouts."

The stakes are enormous: an estimated 50,000 homeowners impacted by Hurricane Ian are still fighting with their insurance companies to repair or rebuild their homes.

A Pattern of Systematic Fraud

Three whistleblowers in Florida described what one watchdog group called "systemic criminal fraud." Ben Mandell, a licensed adjuster for a decade, said that 18 of the 20 reports he wrote for an insurance company after Hurricane Ian were altered. Mandell said that he and other adjusters "were instructed by some of their managers to leave damage off of reports."

"It was a deliberate scheme to do this," Mandell said. "And it wasn't just with one carrier doing this. This was six carriers that we discovered were doing this in the state of Florida, they all got the memo."

These allegations suggest a coordinated effort across multiple insurance companies to systematically reduce payouts by falsifying damage assessments – potentially defrauding thousands of vulnerable homeowners in the aftermath of a devastating hurricane.

Record Profits and Executive Compensation: Who Really Benefits?

The Slide Insurance Case Study

While homeowners struggle with skyrocketing premiums, denied claims, and the threat of losing their homes, insurance companies are thriving financially. The case of Slide Insurance provides a particularly stark example of this disparity.

After just three years in business, Slide Insurance has accumulated over 340,000 Florida home insurance policies on its books. During that time, some homeowners have been "hit with premium increases of 20% or more." While the company's profits nearly doubled to $201 million in 2024, homeowners continued to face these dramatic rate increases.

Slide Insurance and its CEO Bruce Lucas have donated heavily to Republican politicians and organizations in Florida. In a six year period, Lucas and his companies donated nearly $2.6 million

to key Republican politicians, including those in the Florida legislature who spearheaded tort reform legislation that made it harder for homeowners to sue insurance companies.

Executive Compensation in the Millions

Amidst these premium increases, Slide Insurance's CEO Bruce Lucas and his wife pulled in over $50 million in compensation in 2024. Lucas paid himself more than $21 million in 2024. His wife, who serves as the company's chief operating officer, received $16.5 million. Combined with bonuses and stock awards, the couple's total compensation exceeded $50 million.

This means that while Florida homeowners were struggling to afford premiums that increased by 20% or more, the company's top two executives – a married couple – took home enough money to pay the annual insurance premiums for approximately 3,500 Florida homeowners at the state's average rate.

The Affiliate Company Loophole

The ability of insurance executives to extract such enormous compensation while homeowners suffer is enabled by a regulatory loophole that has been exploited for years. Insurance companies in Florida have been known to create "sister companies" – also called affiliates – to get around the state's 4.5% profit cap on insurers.

The scheme works like this: while the profits and executive compensation of the insurance company itself are capped by regulators at about 4.5% – hardly enticing to investors given hurricane risk – the profits of affiliate and parent companies are not capped. So executives create sister companies that charge the insurance company for basic services such as claims handling, underwriting, accounting, and issuing policies. This allows them to extract far more money from the system than the profit cap would otherwise allow.

Abuses of the affiliate model "have been repeatedly found by state officials as the reason why companies go insolvent" – meaning that this profit-extraction scheme not only enriches executives at policyholders' expense but can also leave homeowners without coverage when their insurer collapses.

The Hidden Billions

The scale of profit extraction through the affiliate model is staggering. A study stated, "while Florida insurers claimed to be losing money in the wake of Hurricanes Irma and Michael, their parent companies and affiliates were making billions of dollars."

Between 2017 and 2019, the insurers in the study showed a net loss of $432 million – losses that were used to justify premium increases and requests for regulatory relief. However, their affiliate companies showed a net income of $1.8 billion during the same period. This means that while insurance companies were crying poverty and raising rates on struggling homeowners, their corporate structures were generating nearly $2 billion in profits that were hidden from regulators and the public.

Conclusion: A System Designed to Exploit Homeowners

The evidence is overwhelming and damning: Florida's home insurance system has become a mechanism for extracting wealth from homeowners and transferring it to insurance company executives and investors, while leaving policyholders increasingly vulnerable to financial catastrophe.

Florida homeowners now face:

- The highest insurance premiums in the nation, with costs that have risen 54% since 2019.
- Widespread claim denials, with some insurers denying more than half of all claims without any payment.
- Reduced legal recourse due to tort reform that has emboldened insurers to deny legitimate claims.
- Allegations of systematic fraud in damage assessments following major hurricanes.
- A one-in-five chance of having no insurance at all, as coverage becomes unaffordable.

Meanwhile, insurance companies are:

- Generating record profits, with some companies nearly doubling their earnings in a single year.
- Paying executives tens of millions of dollars, including one CEO couple who took home over $50 million in 2024.
- Exploiting regulatory loopholes through affiliate companies to extract billions in profits while claiming losses.
- Abandoning policyholders at record rates, particularly in vulnerable rural communities.

The 2023 tort reform, sold to the public as a way to reduce frivolous lawsuits and lower premiums, has instead made it harder for homeowners to fight back against denied or underpaid claims – exactly as insurance companies hoped. Rather than reducing premiums, the law has simply increased insurer profits by reducing their accountability.

The affiliate company loophole reveals the fundamental dishonesty at the heart of the system: insurance companies claim they need to raise rates because they're losing money, while their corporate structures generate billions in hidden profits. State regulators have identified this practice as a cause of insolvencies, yet it continues unchecked.

Florida's insurance crisis is not a natural disaster or an unavoidable consequence of hurricane risk. It is a policy failure that has created a system designed to exploit homeowners for the benefit of insurance company executives and investors. Until Florida's political leaders are willing to take action, the crisis will only deepen – and more Florida families will face financial ruin when disaster strikes.