

Legislators talking to address home insurance claims issues

BY ABRAHAM GALVAN

A much-needed special state legislative session to address the growing property insurance market crisis is yet to be determined.

Property insurance reform proposals failed during the 2022 regular legislative session after the Senate took a more aggressive approach than the House on issues such as trying to address roof-damage claims. Insurers blame questionable, if not fraudulent, roof-damage claims for driving up costs, according to The News Service of Florida.

“No bills have been filed for a special session, but what is happening is that there are discussions that are taking place amongst the House and Senate to try to reach a resolution prior to the legislature being called back,” said Sha’Ron James, insurance attorney at Gunster law firm and former Florida Insurance Consumer Advocate. “Typically, during a special session, there is already a recommended policy in place and the legislature is only coming back to vote to approve whatever that policy change or bill is, and we don’t have that yet,



“The main factors that need to be addressed is really centered around litigation surrounding claims handling,” said Sha’Ron James of Gunster law firm, who is a former Florida Insurance consumer advocate.

but work is being done to try to get us there.”

One of the things Florida State Sen. Jeff Brandes has done is utilize a strategy that’s not often used where the law allows for a member to poll other members of the legislature in order to call a special session, which requires three-fifths of each chamber to agree that a special session is needed, Ms. James explained.

“Then a special session is called even without the House and Sen-

ate’s leadership,” she said. “So, 72 House members will be required and I believe 24 senators, and that process is happening now.”

Gov. Ron DeSantis called for a special session that will be held from April 19-22, but it will be on congressional districts. He expects lawmakers to address the insurance market this year, at the latest after the November elections saying, “it will happen because people want it to happen.”

In 2021, lawmakers approved changes that included a new formula to limit fees of attorneys who represent homeowners in lawsuits against insurers and a reduction from three years to two years in the time to file claims, according to the News Service of Florida. They also passed a proposal aimed at preventing roofing contractors from advertising to spur homeowners to file claims, though a federal court has blocked that part of the law on free-speech grounds.

The law also allowed larger rate increases for customers of the state-backed Citizens Property Insurance Corp., which often charges less than private carriers.

“The main factors that need to be addressed is really centered around litigation surrounding claims handling,” Ms. James said, “and the most kinds of egregious areas and claims litigation that’s taking place right now has to do with the roof claims.”

Due to the number of private property insurance companies going under, there are assessments and fees that are added on top of base premiums, which are impacting significantly how much people are paying, Ms. James added. That has led to thousands of homeowners a week turning to Citizens for coverage, with Citizens’ total number of policies expected to top 1 million by the end of the year.

“We’re definitely in crisis from a property insurance standpoint in this state,” she said, “but any changes that are made need to have not only a long-term impact on rates, but short-term as well because Citizens really deserve some immediate relief.”

DeSantis sees session ‘once we have something that will go’

BY JIM TURNER
THE NEWS SERVICE OF FLORIDA

As Republican Sen. Jeff Brandes quickly got the support needed to poll lawmakers on the need for a special session to address growing property insurance costs, Gov. Ron DeSantis endorsed the effort.

But Gov. DeSantis, who didn’t include insurance in the call for a special session on redistricting that takes place next week, said Monday that lawmakers first need to reach a deal on reforms that could build on changes to the insurance industry made last year.

While the House still hasn’t shown a willingness to accept more aggressive measures pitched in the 2022 regular session by the Senate, Gov. DeSantis said during a press conference at the that lawmakers should return to Tallahassee “once we have something that will go.”

Sen. Brandes, who pushed the Legislature to deal with problems in the property insurance industry, on Friday distributed a “template letter” to lawmakers intended to begin a polling process to force a special session on the issue.



Jeff Brandes

“I absolutely support what Sen. Brandes is doing,” Mr. DeSantis said Monday. “I think it’s just a matter of, as you remember, it kind of fell apart at the end of the session. So, we just want to make sure that we have a product that will pass muster.”

But Rep. Anna Eskamani, a Democrat who supports Sen. Brandes’ effort, was quick to accuse Gov. DeSantis of trying to garner support from the public after he “ignored” the issue during the regular session.

“Now that it’s become politi-

cally dangerous for him to be silent on it, he is now speaking in support of a special session,” Rep. Eskamani said during a conference call Monday. “I think it’s important to stress that we had 60 days where we could have managed and addressed these real-life issues.”

Under law, Sen. Brandes would first have to get 20% of the Legislature—32 of the 160 members—to file support for a special session with the Department of State.

Sen. Brandes asked lawmakers to send him the letters of support, with his office electronically submitting the gathered signatures. By early Monday afternoon, his legislative assistant Vanessa Thompson said the 20% mark was already “surpassed.”

Once the letters are formally submitted, the state department has seven days to poll lawmakers. A session would be held if it is supported by three-fifths of the House and three-fifths of the Senate.

“With hurricane season approaching June 1, it is imperative that we do everything within our power to ensure the people we represent can obtain insurance coverage at a reasonable price,” Mr. Brandes, who will leave office this fall because of term limits, wrote to House and Senate members on Friday.

Gov. DeSantis has said he expected lawmakers to eventually return to Tallahassee, probably after the November election, to address the property insurance issue.

On Monday, the governor said the need for lawmakers to address current conditions is growing.

“We’ve got to be honest with people. We’re in a big period of inflation, so all this stuff is gonna go up,” the governor said. “But, on the property insurance in particular, clearly, you know, we have dysfunctions in that market that could be fixed. You’re already seeing different insurers

go out. We need to have a vibrant market where people are able to get policies at an affordable rate. So, I thank him (Sen. Brandes) for what he’s doing. I think we will get there.”

Attempts in recent years to use the polling process on other issues have not led to special sessions.

Appearing with Gov. DeSantis on Monday, Sen. Jim Boyd, a Republican who was chairman of the Senate Banking and Insurance Committee, was optimistic about the outlook for a special session on insurance.

“We’ll get there, I’m sure,” Sen. Boyd said.

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The law also allowed larger rate increases for customers of the state-backed Citizens Property Insurance Corp., which often charges less than private carriers.

But many private insurers in recent months have sought hefty rate increases and dropped customers to reduce financial risks. That has led to thousands of homeowners a week turning to Citizens for coverage, with Citizens’ total number of policies expected to top 1 million by the end of the year.

During the legislative session that ended last month, the Senate wanted to take a more aggressive approach than the House in trying to bolster private insurers.

For example, the Senate proposed allowing new deductibles of up to 2% on roof-damage claims — an outgrowth of complaints by

insurers that questionable, if not fraudulent, roof claims are driving up costs. As an example, under the Senate proposal, a homeowner with \$300,000 in overall coverage could have faced a \$6,000 deductible to replace a damaged roof.

But the House rejected the idea, which would have led to increased out-of-pocket costs for homeowners who need to replace damaged roofs.

House Speaker Chris Sprowls

has said the 2021 changes need more time to take hold.

Sen. Brandes wants a special session to address issues such as Citizens, the Florida Hurricane Catastrophe Fund and providing a “financing mechanism for insurers to access if the capital markets are not an option.” He called for making “significant property insurance reforms in order to create a sustainable environment for Florida homeowners.”

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