



A Case Study: Florida Property Insurance 2023 Updated Scenarios

ABSTRACT

2021 & 2022 were busy times for Legislators, Regulators, Insurers, Plaintiffs, Contractors, Public Adjusters, and Defense. Is this market finally back on track?

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Florida: A Case Study

Florida's P&C market decline, and potentially restorative counter measures, highlight the necessity of protecting consumers, and thus economies, from predatory financial self-interest and other social inflation factors. Litigation (aka social inflation) erodes resiliency. Organizations need to understand resiliency moving forward will no longer be relegated to just incrementally improved planning or performance at the time of recovery.

This analysis of Florida's residential P&C market began in May 2020 with a single question. What would be required to restore Florida's property insurance sector to a customer-centric market providing affordable, reliable, accessible, and adequate coverages by 2025? Over the 3 subsequent years, this analysis included:

- Over 3500 pages of source documentation
- Quantitative identification of the scale
- Creation of 2 economic predictive models,
- 5 published reports, more than a dozen published editorials, citations from 16 media outlets,
- Reverse engineering plaintiff/contractor innovation growth system,
- 45 pages of public policy priority analysis & recommendations,
- 5 postmortem litigation forensic studies of insolvent carriers,
- Analysis of 16 posted prior insolvent insurer reports,
- Identifying and deconstructing public adjuster, attorney, and contractor [SEO budgets and tactics](#),
- Advising 2 additional (non-Florida) [regulatory agencies](#) as well as 1 US federal agency,
- Tracking the growth of manufactured social inflation beyond the borders of Florida.

The [initial report](#), published in the Insurance Journal followed the first 6 months of research and included 4 scenarios describing the Florida residential insurance market in 2025-2026. The initial core question was retained as the anchor point for the analysis which kept the entire effort centered Florida consumers. As story-based simulations, scenarios capture and prioritize a broad horizon of data points as well as the interplay of the facts and trends. The process results in the identification of those factors having the greatest impact on the original core question. For Florida's insurance resiliency scenarios, two core drivers emerged as the most critically in need of solutions:

- Unconstrained uncertainty: Standard actuarial practices the industry is built upon were no longer viable, specifically the capabilities of forecasting uncertainty with respect to loss and litigation frequency and severity.
- Management of Florida state risk management entities were operating out of alignment with the

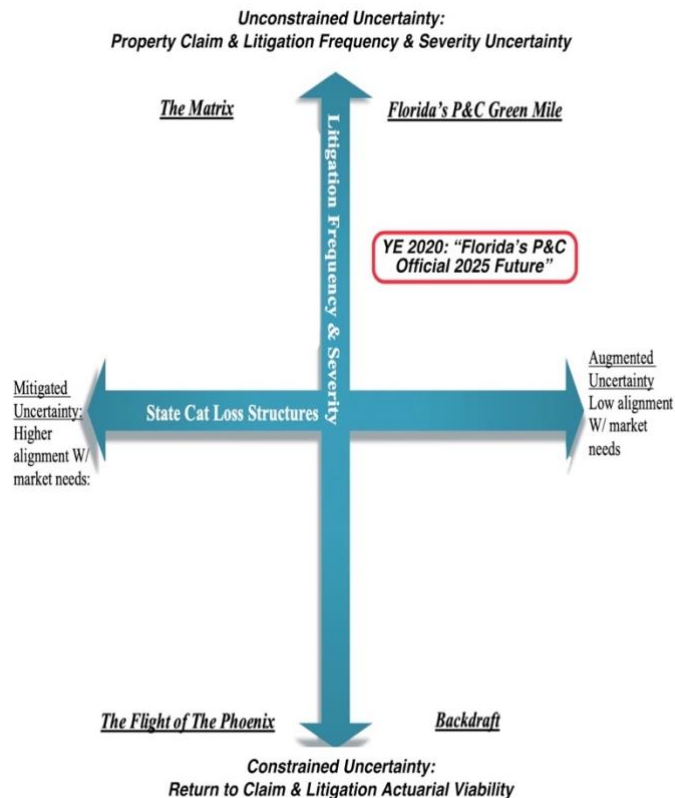


Figure 1: Florida Scenarios Property Insurance 2025 V 1.0

market conditions. Citizens Property Insurance (CPIC), Florida's Hurricane Cat Fund (FHCF), Insurance Guarantee Association (FIGA)

2020

Market Stats (Excl National Carriers)	Direct Written Premium (000,000)	Net Income (000)	Surplus (000,000)	Filed Actions (000)
FL Insurers	\$14,986	(\$813)	\$5,223	68
CPIC	\$1,182	\$128	\$6,441	9.8

[Source: Gallagher Florida Market Watch](#)

As published in 2020, the original four scenarios were:

Florida's P&C Green Mile:

(YE 2020: "Florida's P&C Official 2025 Future")

In the film, nuances aside, characters both divinely enabled and consumed by evil share a very rigid and heavily regulated environment. All involved in this prison death row system, the good and the bad, move forward trapped together towards a terrible and inevitable end-state. In Florida's insurance version of this future, the best and most committed to serving Floridians share the market with self-serving professionals motivated by greed at the expense of all other

considerations. Both also share a terrible and inevitable end state as the forces of ill-will block & ignore, all efforts to curtail manufactured exponential uncertainty taking from the masses in service a distinct minority. In the process, insurers cease to exist, careers are killed, employees dedicated to customer service are forced to leave the state for employment, homeowners face affordability challenges, Florida's tourism service workforce face enduring crisis in affordable housing.

The other rationale supporting this scenario as the most plausible future for the market is the lack of alignment with the needs of the market. As of 2020, Citizens Property and Casualty Insurance Company amounted constituted the golden goose that cannot be killed. According to public records, as well as Senate testimony from then CEO Barry Gilway, this insurer of last resort was operating on premiums that were 46% below actuarially sound, aka break even. Even though only 1 insurer had become insolvent since 2018, the growth trajectory of Citizens was equally precarious, as a symptom of admitted carriers scaling back if not outright withdrawing from the market.

In 2025, the state's loss control mechanisms of Citizens Property Insurance (CPIC), Florida's Hurricane Cat Fund (FHCF), Insurance Guarantee Association (FIGA) all face critical economic challenges. The state will face either forcing insurer assessments that further destabilize insurance capacity and consumer assessments that magnify affordability challenges or pass legislation that allows the debt to be financed, essentially creating a multi-generational schedule of reimbursements for consumers. The entire collapse is enabled by the rule of law.

The Insurance Matrix:

Florida's residential P&C market follows the core premise of the novel and film. The population is force-fed a false reality about the inadequacy, incompetence, even malicious nature of their insurer. This false reality successfully convinces consumers that the providers of their promise to protect them are intent on taking advantage of them. In this version of the insurance market, consumers accept this false reality believing their insurer is a threat to their security. In the film (first novel) people are used as the primary energy source for an AI driven network of machines, serving only their own interests without remorse. In the insurance version, consumers are unknowingly drained financially, by the same AI driven network of professionals responsible for feeding them the false reality. Reforms inadvertently either serve the network or fail to regain control of the market on behalf of the people.

Tallahassee Backdraft:

In the film, *Backdraft* a fire expert (a fireman) believes he can carefully architect arson fires to target individuals with limited damage by being able to cause slow and limited burns. The fires still find a way to grow beyond his ability to

manage. In this insurance version, reform measures do slowly bring order back to the unchecked uncertainty of loss frequency and severity. Actuarial boundaries are restored. However, the most robust reforms focus on private sector corrections. Reforms of State ins mechanisms overly emphasize replenishing capital, but not structural stability, nor translate into competitive capacity. This is like a fire department allowing a slow burn rather than extinguishing the fire. The error impacting fire victims is a misbelief control burns are of equal benefit. The need for constant recovery blocks full prevention.

Flight of The Sunshine Phoenix

Reform measures reverse harvesting of capital and premiums via manufactured uncertainty in loss frequency and severity. Fundamental actuarial boundaries are restored, reinsurers and investors return. Floridians, & the State's economy benefit from the return of available, accessible, adequate, affordable, & reliable coverage. The State's risk management entities are financially resilient. The financial leakage from those social inflationary factors no longer constitutes an annual inevitable catastrophe loss. While no market is perfect, this version of Florida's P&C market represents the ideal outcome for policyholders, and thus insurers, reinsurers, regulators, investors, housing affordability, the state's economic health.

Restoring a catastrophe prone, \$18B P&C market is obviously a challenging proposition, requiring a comprehensive strategy and bold action. Leveraging scenarios, as well as other simulation tools, responsible constituencies become far clearer about what needs addressing, what can be accomplished, what will be required for the best possible outcome.

2021

Snapshot (excluding ANTS)

Metric Excl ANTS	<u>Direct Written Premium</u> (000,000)	<u>Net Income</u> (000)	<u>Surplus</u> (000,000)	<u>Filed Actions</u> (000)
FL Insurers	\$15,543	(\$1,100)	\$5,423	88
CPIC	\$1,814	\$80	\$6,526	11

Source: Gallagher Florida Market Watch

FL SB76 was enacted because of the regular legislative session, but immediately hampered upon implementation. The statute also overly emphasizing the private sector. The resulting short-term impact was negligible.

One key provision of SB76 involved mandating claimants provide insurers with an advance notice of a lawsuit to provide policyholders and insurers with a protected communications and an opportunity to resolve disputes without intervention. However, the consequence of non-compliance was:

“DISMISSAL OF SUIT.—A court must dismiss without prejudice any claimant’s suit relating to a claim for which a of intent to initiate litigation was not given as required by this section or if such suit is commenced before the expiration of any time period provided under subsection (4), as applicable.

“Dismissal without prejudice” as defined by Cornell School of Law is, “When a court dismisses a claim but leaves the plaintiff free to bring a subsequent suit based on the same grounds as the dismissed claim.”

Enforcement of this provision, in general terms, became a litigation tax at the expenses of insurers. Initially, insurers who sought dismissals incurred the associated defense costs only to have suits refiled. Consequently, data from 2021 showed fewer than 25% of all the suits filed could be paired to pre-suit notices of intent to initiate property insurance litigation. Note: This was positively amended in the December 2022 special session with stiffer consequences.

resulting in updated scenarios. The most plausible 2025 market scenario shifted to Florida’s Insurance Matrix, reflecting accelerated deterioration, specifically due to compounding growth of manufactured uncertainty. Keep in mind neither 2020, nor 2021 included catastrophic weather.

Among the most significant findings to emerge from the research conducted throughout 2021 was the discovery certain plaintiff firms, partnering with select contractors, had developed a system allowing them to target individual insurers for the purposes of converting capital and premiums into claim litigation revenues. Validation of the system led to the creation of a predictive model capable of identifying insurers that were going to be targeted over the coming 12 to 18 months.

Deterioration of market conditions accelerated akin to a bullet train pulling out of the station. The lack of reforms among the State’s insurance entities including little progress towards rate adequacy amounted to Florida’s entities being left on the platform. Funding resources added to the marketplace via capitalization events, reforms, and rate increases simply became additional revenues into the litigation economy.

2022

2022 Snapshot (excluding ANTS)

Metric Excl ANTS	Direct Written Premium (000,000)	Net Income (000)	Surplus (000,000)	Filed Actions (000)
FL Insurers	\$16,387	(\$844)	\$4,987	82
CPIC	\$3,190	(\$2,246)	\$4,279	19

Source: [Gallagher Florida Market Watch 2022](#)

2022 Insurer Insolvencies

Insolvencies	Date
ST. JOHNS INSURANCE COMPANY, INC. **	2/25/22
AVATAR P&C INSURANCE COMPANY**	3/14/22
SOUTHERN FIDELITY INSURANCE COMPANY	6/15/22
Lighthouse Insurance Company*	7/1/22
WESTON P&C INSURANCE COMPANY	8/8/22
FEDNAT INSURANCE COMPANY	9/27/22
UNITED P&C INSURANCE COMPANY	2/27/23

Source: [Florida Office of Liquidation & Rehabilitation](#)

2022 included 3 significant events

- May, 2022: Special Legislative Session resulting in SB2D and SB4D

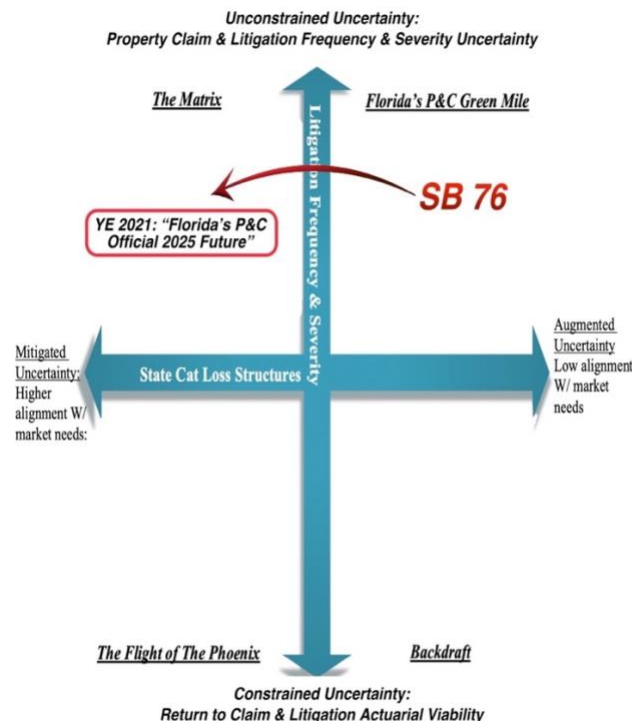


Figure 2 Florida Property Insurance Scenarios 2025 v 2.0 Post SB 76 2021

By year end 2021, enacted reforms failed to address either of the core drivers. Another 7 months of analysis followed

- September, 2022: Hurricane Ian (CAT 4). According to [SwissRe](#), Ian is expected to be \$115B of insured losses.
- December 2022: Special Legislative Session resulting in SB 2A and 4A

One would not expect market improvement throughout the course of 2022 given the vast majority of the reforms either passed in December, following the landfall of hurricane Ian, or were not effective until January 2023. The power of simulations & scenarios, however, is based on the capability of seeing the problem at hand as if occurring in some future state, in this case 2025. Despite the challenges, reforms signed into law in 2022 make 2025 market scenarios look decidedly stronger.

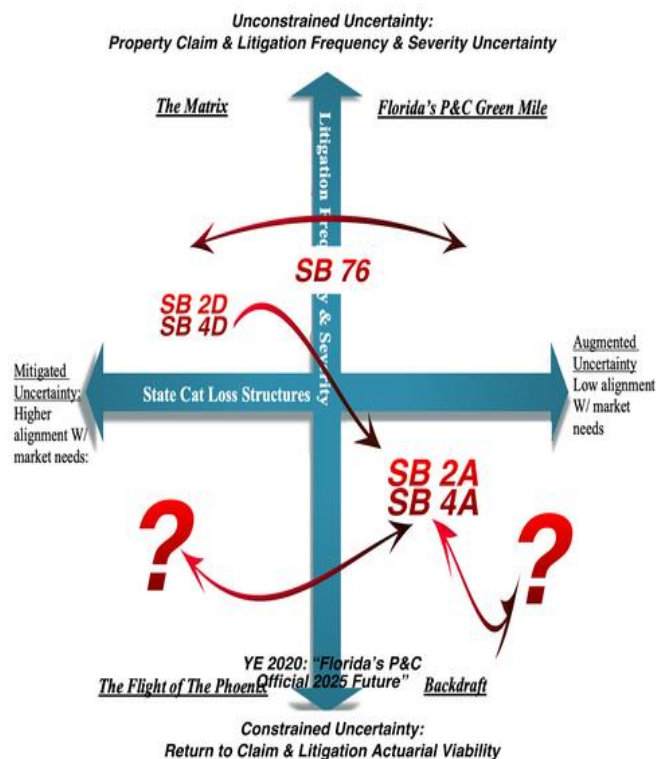


Figure 3 Florida Property Insurance 2025 Scenarios v 3.0 2022

Is the market on track to rise like The Flight of The Phoenix, or a more modest positive status by 2025? More than a few legislative analyses have been produced to decipher the numerous provisions of each bill. The purpose of this extremely abbreviated legislative summary is to match the major provisions relevant to social inflation with the core driver most likely to be positively impacted.

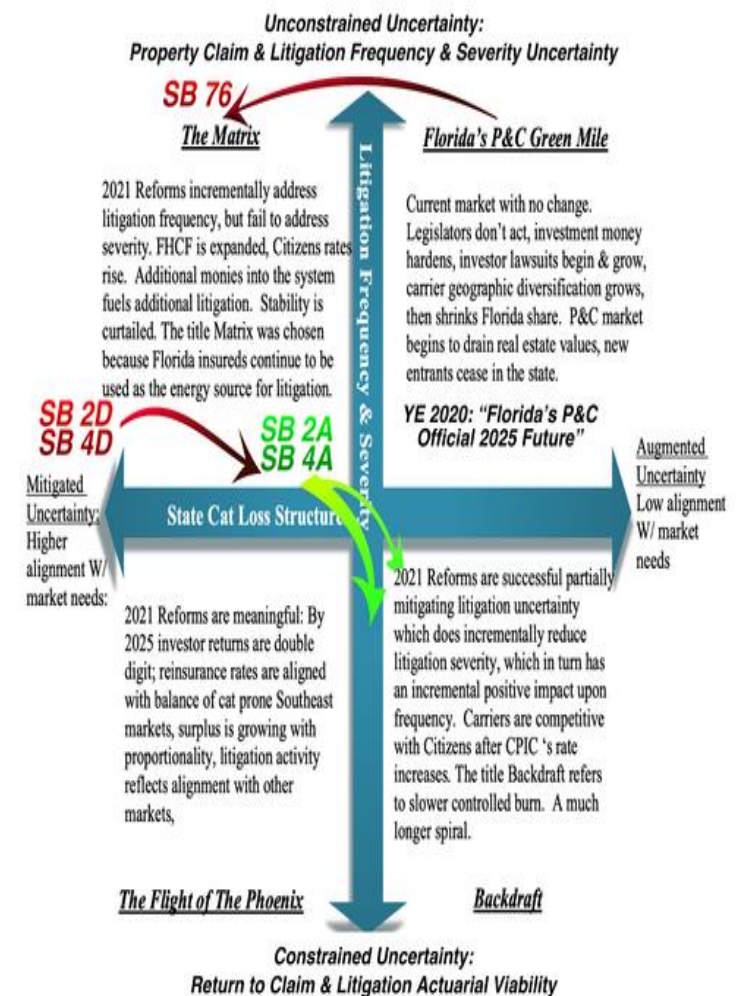


Figure 4: Florida Property Insurance 2025 Scenarios v 4.0 2023

Summary Conclusions from 12/22 Reforms

SB 2-D

Litigation Related Changes

- Plaintiffs leveraging an “assignment of benefit” (AOB) forfeit fees paid by the adverse parties. However, this should reduce some uncertainty of both frequency & severity by yearend 2025. However, without scrutiny this provision may drive up damages and result in additional manufactured complexity.
- Insured plaintiffs are subject to diminished use of fee multipliers. This language will positively impact severity uncertainty and severity.
- This amendment to the pre-suit notice provision within SB 76 provides insurance companies with an avenue to recoup reasonable attorney’s fees if they obtained a dismissal because insured plaintiffs failed to file a notice of intent to initiate litigation. This will positively impact severity more than frequency.
- The other litigation related provisions focus on motivating responsible and timely claim settlement behaviors among both insurers and policyholders. These provisions also attempt to protect insurer and customer direct communications. The logic being that consumer focused and timely communications will lead to a higher resolution rate of claims without 3rd party intervention. Time will tell.

SB 2-D Non-Litigation-Related Changes

- Creation of a \$2 billion fund to assist insurance companies to obtain reinsurance this year and the next; insurance companies must meet certain requirements and pass savings to the insured. A positive impact on insurer operational viability can be anticipated.
- Insurance companies cannot refuse to insure a roof that is less than 15 years old solely based on the age of the roof. This will eventually lead to a positive impact on uncertainty, but a negative impact on severity due to “like kind and quality” statutes. Roof age will continue to be a battle ground over definitions of “useful life”. However, this is an important incremental change given Florida courts have been

upholding endorsements excluding concurrent causation. This provision will also positively impact depopulating CPIC.

- Creates more reporting requirements for OIR and DFS about the insurance industry and insolvencies. Impact depends on application of data.
- A property insurer stability unit created within OIR to aid in the detection and prevention of insurance company insolvencies. This is potentially among the most significant provisions for long term market restoration.
- Prohibits contractors from advertising which would encourage a homeowner to file an insurance claim unless the advertisement has some mandatory anti-fraud language. Unfortunately, language in this provision does not take in account SEO marketing tactics. Likewise, the system allowing a network of plaintiffs and contractors to target individual property owners, properties, and insurers, will largely negate this provision.

SB 4-D

- This law eliminated the “25% roofing rule” in the FBC. Insurance companies are no longer required by code to replace an entire roof, subject to the caveat of “like kind and quality”. This should lead to a positive impact on frequency & severity, and thus uncertainty. The battle ground in the courts will be over exclusionary language for adjacent damage, or concurrent causation.

Other SB 2-D Non-Litigation-Related Changes

- Language mandating specific roof deductibles and payment of said deductibles will ultimately have little impact upon frequency or uncertainty. [Deductible financing](#) and [plaintiff litigation](#) financing will largely negate the positive intention of this provision. This provision will become an incubator for bad faith suits.
- Insureds must establish that the insurance company breached the contract before prevailing in a bad faith lawsuit, which can impact the appraisal process. The ultimate effectiveness of this language will be

determined in the Appellate, and possibly The Florida Supreme Court.

FL SB2A

Florida Optional Reinsurance Assistance (FORA)

Establishes the Florida Optional Reinsurance Assistance (FORA) Program that insurance companies can buy reinsurance at reasonable market rates. Again, this is an important provision for structural stability of the market. This provision should reduce uncertainty for reinsurers while positively impacting primary insurer expenses.

Claim Filing Deadline:

- Policyholders have 1 year to report a new claim.
- Policyholders have 18 months to file a supplemental claim.

Both provisions will positively reduce uncertainty.

Prompt Pay Laws for Property Insurance (Effective 3/1/2023):

- Insurance companies have 60 days to pay, or deny, a claim.
- The Florida Office of Insurance Regulation (OIR) to extend an additional 30 days if a state of emergency, cyberattack, or computer systems failure prevents the insurance company from meeting the time frame.

Given millions of dollars being spent by Public Adjusters, Plaintiffs, Contractors on SEO tactics that disrupt insurer/policyholder communications at the time of loss, this may prove to be quite an important provision. See [Demotech Difference](#)

Without going into the details of each provision, these mandates increase both policyholder and insurer transparency and accountability. Prior to these statutes, insurers frequently received a first notice of loss (FNOL) directly from a contractor as an assignee have obtained an assignment of benefits from the insured.

Another primary goal for these provisions is to protect and codify insurer & policyholder communications, while also providing mandates as to timely behaviors towards claim reconciliation.

Awards of Attorney Fees in Property Insurance Lawsuits

- Repeals the one-way attorney fee provisions related to property insurance claims.

Repeal of the one-way attorney fee is without question among the most significant reform measures enacted. Reigning in manufactured fees will reduce uncertainty, frequency, severity, and improve the viability of actuarial practices on a market wide basis as well as State entities such as CPIC.

Assignments of Benefits

- Prohibits the assignment, in whole or in part, of any post-loss insurance benefit under any residential property insurance policy or under any commercial property insurance policy issued on or after January 1, 2023.

Efforts to reform, abuse schemes reliant upon AOB instruments, will eventually improve market stability by reducing uncertainty of loss related litigation. Combining this reform with the new FNOL time limits constitutes progress towards restoring the viability of actuarial practices within the market.

Regulation of Insurance in Florida by the Office of Insurance Regulation (OIR)

- The language in this section of the statute increases the authority and funding of Florida's Office of Insurance Regulation. Not only do these provisions increase insurer reporting as well as OIR's ability to call for data, but most importantly, the language adopted puts the OIR in a better position to act proactively for insurer stability.

Bad Faith Failure to Settle Actions Against Property Insurers

The purpose of this statute language is to raise the threshold that must be met for a lawsuit to include an allegation of bad faith. Secondly, this reform protects policyholders and insurers engagement in alternative dispute resolution.

From 2019-2022, complaints filed in the lower courts remained the bulk of the actions filed but also remained relatively level. However, complaints filed including an allegation of bad faith, and/or breach of contract represented the bulk of the lawsuit growth over this same period. Such lawsuits filed through Florida's Civil Remedy

Notice (CRN) system grew to 38% of all suits.
(Source MyFloridaCFO, III)

The most significant disadvantage facing the remaining state-based insurance markets is a lack of litigation tracking systems. While claims and litigation data collected by Florida's Department of Financial Services and Office of Insurance Regulation has room for improvement, the capabilities are without parallel across the county. This will allow exponential social inflation systems to become established and refined.

Citizens Property Insurance Corporation (Citizens)

Multiple provisions were written with the intent of beginning to bring Citizens (CPIC) back into alignment with the needs of the market. In January 2020 CPIC had 443,228 policies on the books, and 4 private insurers were participating in Florida's takeout program. By January 1, 2023, CPIC provided coverage via 1,167,529 policies with only a single carrier willing to participate in take-out business, following the insolvency of 6 insurers in 2022, and 1 failure in Q1 2023.

According to data reported by Citizens, premiums on a per policy basis, statewide, were approximately 45% below what is generically known as break-even and priced under 92.5% of all policies provided by admitted carriers.

The reform provisions put CPIC on a path towards being both financially sound while also being priced more in alignment with its core role in the market. Finally, boundaries were established limiting access to CPIC for markets that have available capacity. These provisions in the reforms will have a decidedly positive impact on the core driver of state risk management mechanisms.

Notably, the growth of filed actions received by CPIC has tracked with the growth in policies. The Florida market experienced 10 insolvencies between October 2019 and February 2023. Many of these carriers were targeted by litigation strategies to harvest the maximum capital possible.

These circumstances raise critical questions about the role of Florida's takeout process and the future stability of the market. When insurers participate in depopulating CPIC, might they unknowingly be inheriting a litigation virus? Should financial

stability performance metrics be established for insurers to participate in takeout business?

Arbitration

Provisions enabling the sale of policies that commits the policyholder to binding arbitration in the event of disputes is another set of tools written into the statute. The risk is, of course, the potential resources required getting policy language codified in the courts.

In December 2022 A Florida plaintiff firm, The Cohen Law Group, held a meeting with several contractors and Mr. Ritchie Kidwell, President of The Florida Restoration Association, to discuss the impact of these reforms. The meeting minutes provide some insight into plaintiff/contractor strategies moving forward. As in the original document, key discussion topics are in red, followed by discussion summaries.



Cohen's Law Group's Senate Bill 2-D and 4-D Presentation Summary 2022

Good items for policyholders:

- **Insurers cannot refuse to issue policies solely because of the age of the roof (with caveats):**
 - Cohen put large emphasis on the 5 years of useful life language.
 - He told the companies to use this as a marketing tool to customers. Offer inspections which you can charge the insured for, then generate business from it.
 - Cohen indicated all this would do is cause more litigation because the insured can have an inspector, then the carrier can have an inspector and who settles the disagreement?
- **Claims Handling Practices Requirements**
 - The 7-day language will only result in the carriers issuing lowball estimates to satisfy the requirement and this will allow them to pursue additional litigation.

Bad items for policyholders:

- **The End of the 25% Rule:**
 - Multiple questions surrounding when does this apply, date of loss or date of report?
 - Cohen stated, “Other states do not have a 25% rule and those companies have find other arguments to use to justify a full replacement, we can do the same”.
 - One roofer mentioned hurricane strap requirement for anything over \$300k. Utilizing this as an O&L upgrade justifying replacement of the whole roof.
 - Violation of matching statute and HOA requirements were brought up as reasons for replacement.
 - They feel as if the legislature does not have the ability to dictate building code.
 - They are going to push the 2020 roofing code changes like double underlayment as reasoning for the 25% rule to stay in place. They indicated they would be unable to tie in a roof repair to two different kinds of underlayment which will require them to replace the roof.
- **Policies with Separate Roof Deductibles are Coming:**
 - Most of the discussion was surrounding this item.
 - Cohen said if the loss fits into one of the categories outlined, then the roof deductible doesn’t apply so the roofers should figure out how to pose the requirement under total losses, hurricane claims, roof with less than 50% damage, or roof caused by tree fall or other events puncturing the roof deck.
 - Someone asked about hail puncturing the roof***
 - Another roofer brought up matching for damage less than 50% but then allows a full roof replacement without the deductible due to matching.
 - Cohen specifically pointed out that the homeowner has to opt out of the roof deductible, but it is likely, carriers will not offer it.
- **Proof of Deductible Payment Before Releasing RD:**
 - Financing the deductible was an item multiple individuals brought up. Cohen indicated that definitely was an option.

Renewed Advertising Requirements for Contractors:

- This is when Richie Kidwell stood up and indicated they have utilized the exact same language in this bill as SB76. They amended their complaint on SB76 to reference this language.
- Cohen brought up that they should put this language on everything to protect themselves. Even their contracts for work and maybe even their trucks if they are advertising using their trucks.

• No Attorney’s Fees for AOBs

- “Tell the insured to call Cohen so he can get the fees included.”
- **You can rescind your AOB if you identify a need for litigation and then the Letter of Protection can act as an AOB. The attorney will then be able to obtain attorney’s fees.**

Richie Kidwell was invited up to speak about his lawsuits –

- AI/Heritage suit indicating that carriers cannot prevent homeowners from due process.
- House bill was purposefully release late on a Friday night to prevent much push back.
- The bill changes 20 statutes which violated the single action rule.
- **They are seeking injunctive relief with a goal to drag out the litigation for 3-5 years after to prevent these items from coming into play.**

Companies in attendance:

- Restorsurance Roof Services
- Twister Roofing
- AQA
- Janney Roofing
- Hamilton Restoration
- Sheegog Restoration
- Home Pros Restoration
- Clean Environmental Services
- Lewis Roofing
- Storm Pros



2023-2025

The volume of complaints filed Q1 2023 reflects both the timing of Ian prior to December's special session, as well as improved compliance with the pre-suit notifications.

Category of Complaint	Q1 2022	Q1 2023	% Change
LSOP	15592	12619	-19.1%
CRN All Lines	6045	8402	39.0%
NOITIL	9713	20728	113.4%
TOTAL	31350	41749	33.2%

Source: [MyfloridaCFO.com](https://myfloridacfo.com)

Modeling forecasts indicate three additional insolvencies are highly likely during 2023. That said, the reforms enacted in 2022 hold the provisions to begin restoring what was once a thriving insurance market. The statutes have been passed to make the official future of this market solvent and competitive. The following are additional recommendations to strengthen these efforts.

As outstanding postmortem reports are completed on insolvent insurers, comprehensive surveys should be conducted of policyholders involved in filed complaints meeting a specific profile to determine their understanding of their status as litigants. This could also be an important research initiative collaboratively undertaken by the Department of Liquidation and Rehabilitation, The Office of The Insurance Consumer Advocate, and the Property Insurance Stability Unit to continue combating AOB abuses.

However, with respect to assignment instruments, the industry and regulators face a long and arduous road ahead. For example, in the process of using search word analytics on Civil Remedy Notice filings naming two insolvent insurers, Gulfstream and Lighthouse, language was uncovered indicating specific contractors have been obtaining signed AOB instruments at the time an inspection is completed. This would allow a contractor/plaintiff team to essentially stockpile undated AOB's for future use. Insurers and their defense counsel will be well served to verify all assignment instruments

received directly with their policyholders, particularly dates.

SEO tactics uncovered also include being presented with an assignment instrument for digital signature to either file a FNOL or schedule an initial consultation.

Being a Florida insurer means operating under a greater degree of scrutiny and transparency with respect to consumers, regulators, legislators, and the courts than any other market in the country. Embracing customers as a customer service industry will require new ways of settling disputes given all the increased reporting requirements mandated by the new statutes.

Previously completed insolvency reports highlight some insurer financial and structural practices that the State legislators and Florida's Office of Insurance Regulation have worked to resolve. Benchmarks need to be established for wholly owned insurer subsidiaries, specifically related to fees, commissions, co-employment, and salary structures. Benchmarks are suggested as opposed to regulatory limits.

A collaborative structure comprised of Florida's Department of Liquidation and Rehabilitation, Florida's Property Insurance Stability Unit, Florida's Insurance Guarantee Fund, and Florida's Insurance Consumer Advocate should be formed to examine CPIC's take out program. Over the past 8 years, 56.3% of all insurers who participated in depopulating CPIC policies became insolvent within 36 months of receiving the policies.

Florida's insurance market would also benefit from looking at the qualifications and best practices related to property claims Appraisers and Umpires.

Economies depend upon a resilient insurance market. Florida's legislators have passed significant reforms to bring resiliency back to the State. The road ahead will face continuous challenges. The battlegrounds will continue to leverage systematic innovation to focus on breach of contract, bad faith, and property owner engagement. The balance of the U.S. property insurance market now faces expansion of these technologies and techniques. However, the expansion of the Litigation Economy will not be limited to geography, but will also be applied to all lines of coverage.

U.S. Consumer Property & Casualty Insurance Market 2029

