

More Florida homeowners plan to flee rising insurance premiums

Article

The news: Almost 12% of Florida homeowners plan to move due to rising insurance costs, twice the national rate of 6.2%, per a survey by real estate brokerage Redfin and data

available on Zillow.

How we got here: Florida's government-backed insurer **Citizens Property Insurance Corp.** was never intended to become the primary choice for homeowners' protection. But as of October 2023, it had more policies than any other insurer in the state. As a result, legislators decided to force customers off this plan by requiring them to accept homeowners insurance offers within 20% of their Citizens premiums.

By the numbers: Between provider switchups and rising costs, many Florida homeowners have reached the limit of what they can afford to pay for premiums.

- **12% of Florida homeowners have been dropped by their insurance company, compared to 8.3% nationally, per Newsweek.**
- The state has the highest number of motivated sellers in the US, with 218,050 properties listed for sale on Zillow, almost 3% which are by motivated sellers.
- Costs are also inflated because 9% of all homeowners insurance claims and 78% of related litigation occurs in Florida.

What's next? Forecasts predict 23 named storms and five major hurricanes—and an active Atlantic hurricane season could eventually prompt more rate increases, per Insurance Business.

- That's up from an average of 14 storms per year between 1990 and 2020.

But reinsurers haven't yet been scared out of the Florida homeowners insurance market. Their pricing currently reflects their calculations of weather-related risks and they're still profitable.

- The open question is whether the reinsurance market can sustain continued increases in major storms, and how that would impact homeowners insurance pricing going forward.

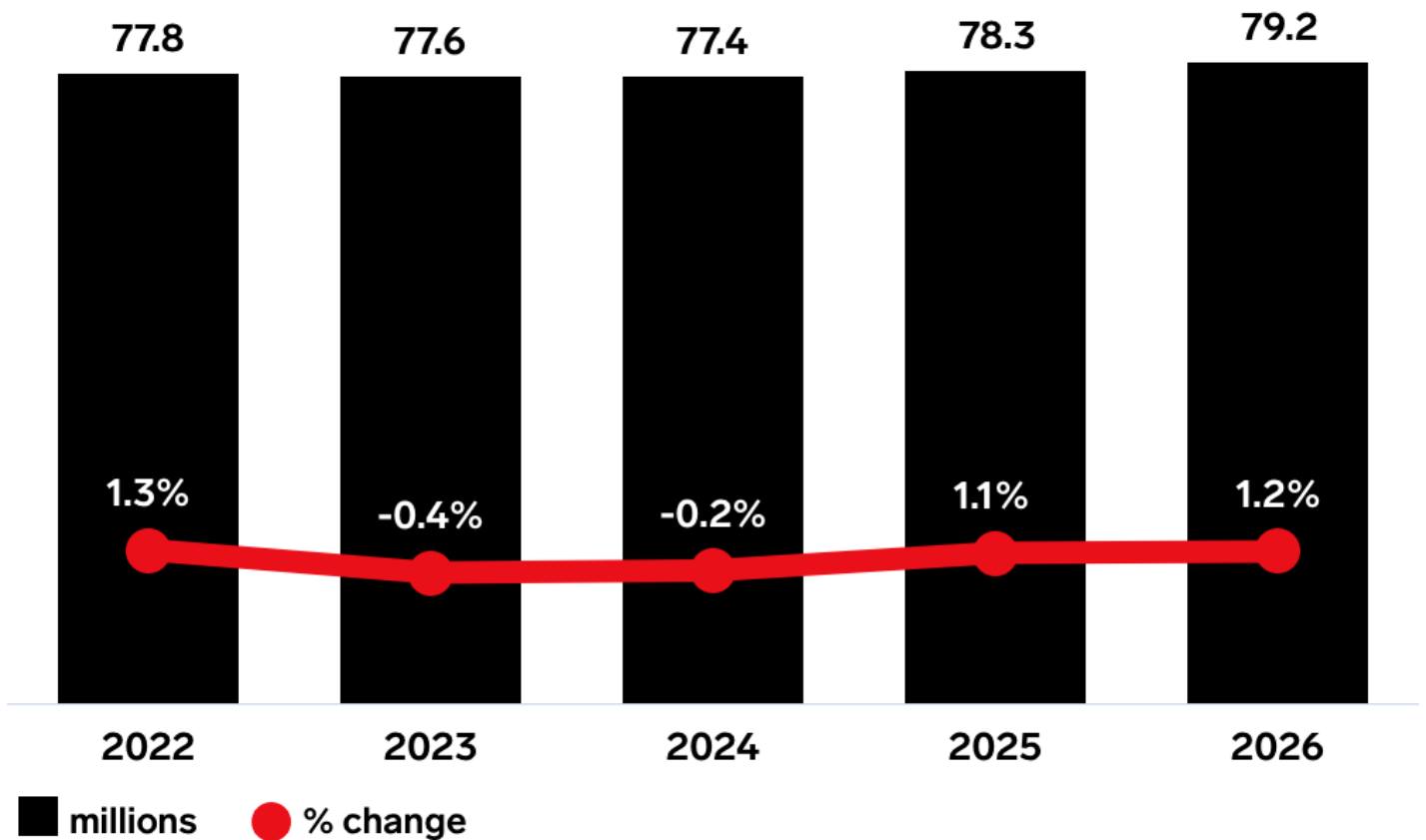
Key takeaways: Reinsurers are the last line of defense against steeper homeowners insurance price hikes. But despite their involvement, premiums will eventually reach a price point homeowners can no longer afford—in Florida's case, that's almost 12% of homeowners.

- Beyond lobbying for state-level legislative reform that would mandate changes in infrastructure and loss prevention, insurers should consider offering incentives to policyholders for making choices that lower catastrophic risks.

- For example, in California, some insurers offer homeowners discounts for wildfire prevention efforts such as tree removal, per CBS.

Homeowner Insurance Policyholders

US, 2022-2026



Note: homeowner households with at least one member whose name is on a home insurance policy as the owner of the policy; policies include those with delinquent payments and those paid by someone outside the household; excludes landlord insurance for residential properties

Source: EMARKETER Forecast, February 2024