

With the March 11 scheduled close of its regular session fast approaching, the Florida Legislature remains so focused on putting the finishing touches on its various [culture-war signaling bills](#) that one might think Tallahassee hasn't noticed that the state's property insurance market is rapidly hurtling toward utter collapse.

The causes are multi-pronged: a uniquely challenging set of catastrophe risks, all increasingly magnified by the combination of rapid development and climate change; a litigation environment in which claims disputes drag on years beyond the events that initiated them; a reputed epidemic of questionable claims, many related to roofs; and a primary market that, more than a decade past its last major crisis, remains far too reliant on thinly capitalized domestic companies with insufficient geographic diversification.

All of this is, as they say, coming to a head. The latest in a series of concerning indicators came with the [Feb. 25 order](#) by Circuit Judge Angela Dempsey appointing the Florida Department of Financial Services as receiver for the Orlando-based St. Johns Insurance Co., which Insurance Commissioner David Altmaier had deemed insolvent. Dempsey subsequently issued a [Feb. 28 order](#) approving the transfer of 147,000 St. Johns policies to Slide Insurance Co.

St. Johns adds to the growing list of recent liquidations of Florida property insurers. The department last year ordered liquidations of both [Gulfstream Property and Casualty Insurance Co.](#) and [American Capital Assurance Co.](#) And several other domestic writers similarly evince signs of teetering on the brink of insolvency:

- As it previously [did with St. Johns](#), ratings agency Demotech has pulled the rating for [Avatar Property & Casualty Insurance Co.](#)
- Tampa-based Lighthouse Property Insurance Corp. has ceased writing new Florida business, just a month after it had [raised \\$65 million](#) to recapitalize.
- While not yet pulling back on underwriting, Clearwater-based Southern Fidelity Insurance Co. is [seeking rate increases](#) of 85% and 111%, with CEO Bryon Wells warning that: "Without these increases we would have to have substantial amounts of capital."
- Florida Farm Bureau Insurance has [ceased writing](#) new homeowners business.
- Deerfield Beach-based People's Trust Insurance has [ceased writing](#) new business in eight South Florida and Central Florida counties.

TypTap Insurance Group, a home and flood-focused insurtech subsidiary of Tampa-based HCI Group, had been planning an initial public offering this year. That plan was [scuttled in January](#), with the company citing unfavorable market conditions. TypTap has now likewise ceased writing new business in the state.

The ominous signs don't end there. Progressive Insurance is non-renewing [56,000 Florida policies](#) covering homes with roofs that are more than 15 years old. And United Insurance Holdings Corp.—the ninth largest homeowners insurer in Florida—[announced last month](#) that it also had ceased writing new homeowners business in the state as of Jan. 1.

Given these cascading dominoes, one's concern must turn to Citizens Property Insurance Corp., Florida's state-run insurer-of-last-resort. In the month of January alone, Citizens grew by 17,485 policies. Its [Jan. 31 count](#) of 776,790 policies in-force was up 75% from the 443,228 policies that were in-force Jan. 31, 2020. At the current pace of growth, Citizens would top 1 million policies—a level it hasn't seen since January 2014—by the end of 2022.

Which brings us back to the Legislature, which certainly has not given these issues the priority they would seem to merit. But a pair of property-insurance-reform measures—[S.B. 1728](#) and [S.B. 186](#)—have slowly been winding their way through the state Senate, and both share a provision that could gain some attention amid the prevailing zeitgeist, even if only in a limited way.

What the bills share is that both would clarify that Citizens' statutory "glidepath" applies only to an insured's primary residence. Initially implemented in 2009, the glidepath had limited Citizens' annual premium increases to 10%. S.B. 76, passed last year, calls for a series of gradual increases in the cap, which was raised to 11% this year and will continue to rise by one percentage point each year until ultimately hitting 15% in 2026.

By limiting the glidepath to primary residences, the legislation currently before the Senate would allow Citizens to immediately charge risk-based rates to the many second homes and vacation homes currently covered by the state-run insurer. The change would serve both to improve Citizens' financial position and, at the margin, to discourage some policyholders from turning to Citizens who might otherwise be able to obtain private coverage.

Those include, of course, some properties—many of them in Miami-Dade and southern Broward County—owned by the very so-called "oligarchs" that the Biden administration and many Western governments are currently in the [process of sanctioning](#) following Russia's unprovoked invasion of Ukraine. As is well-known, South Florida has been [one of the favored spots](#) for wealthy Russians over the past decade or two. Over that time, Sunny Isles Beach has gained the nickname of "[Little Moscow](#)," while spots like tony [Fisher Island](#) have similarly drawn interest from Russian billionaires.

Of course, wealthy Russian nationals (much less the smaller group who could be called "oligarchs") constitute only a small portion of the non-primary residences currently insured by Citizens. And removing vacation homes from the Citizens glidepath, while certainly a step in the right direction, would not be nearly enough to fix problems of this magnitude. Fortunately, the two Senate bills do not stop there.

S.B. 186, sponsored by Sen. Jeff Brandes (R-St. Petersburg), would make several changes to Citizens, including:

- Allowing surplus lines insurers (who, notably, do not participate in the Florida Insurance Guaranty Association) to participate in Citizens depopulation programs, so long as the insurer's policy count remains above 700,000;
- Increasing the maximum surcharges that can be levied on Citizens policyholders in the

event of a projected deficit to any of its three accounts (personal lines, commercial lines, and coastal accounts), with surcharges rising to 20% if Citizens passes one million policies and 25% if it passes 1.5 million;

- Requiring that a policy absorbed by Citizens from an insurer deemed unsound be assessed the higher of either the old premium or the premium that Citizens would normally assess for that given property; and
- Providing that a residential Citizens policyholder is not eligible for renewal if an authorized insurer provides them with a coverage offer that is no more than 20% greater than the Citizens renewal premium.

S.B. 1728, sponsored by Senate Banking and Insurance Committee Chair Jim Boyd (R-Bradenton), shares some features with S.B. 186, including removing non-primary residences from the Citizens glidepath and disallowing renewals for policyholders who receive coverage offers that are no more than 20% greater than their Citizens premium.

It also looks to address the recent explosion of roof claims by allowing insurers to only cover the depreciated actual cash value of roofs that are more than 10 years old. Roofs that are less than 10 years old or that were damaged by named hurricanes or in total loss events would still have to be covered for full replacement costs.

The Brandes bill is currently before the Senate Appropriations Committee, having previously cleared the Senate Banking and Insurance Committee and an Appropriations subcommittee. Boyd's bill has moved one step further, having cleared both the Insurance and Appropriations committees. It does, however, potentially face challenges in the Legislature's other chamber, as House Speaker Chris Sprowls (R-Palm Harbor) has expressed opposition.

So, what does this all have to do with Russian oligarchs? Very, very little. But if that framing can help get this Legislature's attention, it's worth a try.