Plastridge Insurance
School & Child Care Facility
Quarter 1 2023 Insurance Update

Plastridge INSURANCE SINCE 1919
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Florida's Legislature Passes Significant Property Insurance Reform

As an agency that specializes in working with schools and child care facilities we are well aware that the previous 18 months have been incredibly difficult to navigate for our clients. We are also sensitive to the fact that rising insurance costs have been a big piece of this equation.

As a result of dramatically disproportionate Florida insurance litigation, rapidly increasing inflation and what was one of the costliest hurricanes to ever hit the United States (Hurricane Ian), the Florida insurance market is likely the most difficult it has ever been. As we navigate these challenging renewals with clients we are striving to provide as much transparency as possible. Our legislators met in December and have passed bills containing meaningful insurance reform aimed towards stabilizing the very volatile FL insurance market. While this is not an overnight fix, we are optimistic that this reform will have a positive impact in the months to come.

Please see below a summary of some of the major provisions found in this legislation that we are hopeful will positively impact Florida's insurance market.

-One-way Attorney Fees: Florida has historically operated per statute with "one-way attorney fees" when it comes to residential and commercial property insurance lawsuits. These "one-way" attorney fees essentially mean that if a policyholder sues their insurance company they can go after legal fees as part of the suit. If that insurance company defends the claim they are prohibited by FL Statute from pursuing legal fees (regardless of claim legitimacy). The problem with this structure is that is has created a very problematic incentive for unscrupulous attorneys / adjusters to pursue fraudulent insurance claims. The strategy for this group has been to pitch the suit as a "win-win" for the policyholder knowing that if the insurance company defends a fraudulent lawsuit they are still on the hook for defense costs. This legislation will effectively end this model which is a critical step.

-Claim Reporting: The legislation reduces the deadline for policyholders to report a claim from two years to one. The intent is to limit the window that unscrupulous attorneys / adjusters have to pursue fraudulent hurricane claims years after the storm occurs.

-AOB (Assignment of Benefits) Abuse: The legislation prohibits Assignment of Benefits contracts for property policies issued after 1/1/2023. These AOB contracts transfer policy rights to the assigned party. The problem with these contracts is that a handful of adjusters have exploited this by not fully explaining what this contract does before the policyholder signs with the goal of intentionally inflating the claim after the fact.

These reforms represent the most significant change to Florida's insurance code since inception. While this is going to be a long-term fix, these reforms are a critical first step in creating a healthier FL insurance market.

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