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How Florida's Changing Insurance Landscape Impacts Your Community

By Roxana Dorigo / Published July 2024

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Florida community associations and property managers likely accounted for annual insurance cost increases over 30 percent on average—and in some instances as high as 50–100 percent—when establishing their 2024 budgets. As 2025 budgets are in the works, associations and managers should take note of numerous broader insurance industry shifts and legislative changes that could impact their communities.

Between 2008 and 2018, insurance rates in Florida dropped substantially because of the lack of damaging storms over the course of that decade. Since then the state has experienced a major named storm almost every year. That, coupled with the 2021 collapse of Champlain Towers South in Surfside, dramatically affected insurance requirements and premiums. The marketplace has become significantly tighter, with some insurers leaving Florida altogether and driving more policies to the state's Citizens Property Insurance Corp. During this year's Florida legislative session, a measure to help owners whose policies were transferred to Citizens from private insurers move back to other carriers was signed into law. In the long term, that could create more competition and lower rates. But that impact will not be felt immediately, as the problem developed over several years and will take time to produce positive results for policyholders.

However, here are some updates and tactics that could be helpful for 2025 association budgets:

More competition among surplus lines insurance carriers

Surplus lines insurance covers specific risks that conventional carriers either cannot—or do not want to—cover. In the past, there would be fewer than 10 carriers in the surplus lines' insurance space. That has now expanded to between 20 and 30 carriers. That opens the possibility of a layered insurance program for a community.

Obtaining a fresh property appraisal

If insurance coverage is available for 100 percent of a community's appraised value, an association board has a fiduciary responsibility to insure that full amount. If not, then coverage can be negotiated to a lower premium amount. Third-party insurance agents can hire their own property appraisers to conduct a new appraisal to confirm or reduce a community's appraised value. That can give communities the ability to further reduce premiums.

Prior legislative changes translating to lower premiums

For instance, last year's measure to cap attorney fees for personal injury cases is already having a chilling effect on the filing of certain insurance claims. Historically, many insurers have shied away from Florida due to its litigious nature. By making it much harder to sue insurance companies, that ultimately equates to reduced premiums.

A new grant program to cover certain insurance mitigation expenses

As of July 1, there is $20 million in grants available for qualifying associations who undergo significant projects such as upgrading roofs. Individual communities can petition the state to qualify for a portion of the grant funds. While that does not sound like a lot of relief in a state with more than 5,500 communities, it creates another avenue for qualifying communities to offset some of these burdensome costs.

By October we should see a more visible positive change in premiums after Citizens unveils its annual program and releases more actionable data. This would be subject to change in the event of a damaging storm this season, of course. Now is the time when associations and managers should be formally engaging their insurance agents to get something in writing as 2025 budgets begin to take shape. Commence the budgeting process with a conservative approach to insurance, and follow the advice of your agent.

While immediate positive impacts may not be realized, the good news is there is light at the end of this tunnel when it comes to long-term insurance cost trends.

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