**THE INSURANCE CRISIS IS AT A DANGEROUS POINT**

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While condo owners are now dealing with mandatory inspections, mandatory repairs and mandatory reserve accounts, both condo and HOA owners are facing the joint monumental problem of staggering increases in property insurance and the lack of choice among insurance companies. Our sponsor Greg Waltz sent me an article recently that is simply mind blowing and frightening. I’m sharing it with you.

The average premium for homeowners insurance in Florida hit $6,000 per year for 2023, compared with just $1,700 for the nation as a whole, according to the Insurance Information Institute. Florida premiums have soared by 42% in the last year alone, and by 206% since 2018.

They’re the highest in the nation, by far.

And while home prices continue to soar, Florida home values are only the 18th highest in the country, according to Zillow, so pricey real estate doesn’t explain the nation’s highest homeowners insurance rates. The state, for sure, gets battered by hurricanes and other types of extreme weather and that has an impact. But that, surprisingly, isn’t the biggest problem, either.

Instead, Category 5 fraud and abuse have made Florida’s homeowners insurance market so unprofitable that 15 carriers have become insolvent in the state since 2020 — and others refuse to do business there. “This is a man-made catastrophe,” says Logan McFaddin, vice president of state government relations at the American Property Casualty Insurance Association. “It’s not just the weather. It’s frivolous litigation and fraud.”

The Florida Legislature passed a slate of insurance reforms in 2022 and this year. It used to be that if you sue your insurance company, you get attorney’s fees if you win in court or even settle the case. The insurance company was not entitled to attorney’s fees, even if they won. No more. Now, neither party gets attorney’s fees. This will no doubt result in far fewer lawsuits being filed against insurance carriers who fail to settle a claim to the satisfaction of the insured.

In addition, Florida’s statute of limitations on negligence actions went from four years to two years. The insurance industry praised the legislation as essential to luring carriers back to the state and lowering costs for consumers. But the effects of these laws will take time and premiums have gone even higher and only hopefully and eventually they will start to drift down.

Money is tight everywhere. Most Americans are living paycheck to paycheck. A rise in insurance of two or three thousand dollars a year can be the difference in being able to afford to continue to live in your home. Yes, insurance will be a major factor as to whether or not people get foreclosed upon and lose their homestead property.

Was enough done by The Florida Legislature to bring insurance companies back to Florida? Well, have you seen any insurance companies come back yet? I haven’t.

Desperate times call for desperate measures. I heard this idea touted before…….if a company wants to issue automobile policies in this state it also has to issue property damage and windstorm policies. Believe me Allstate and State Farm would not want to lose the hundreds of thousands or millions of auto policies they issue in Florida.

Of course the best idea would be to expand the National Flood Insurance Program to also include hurricanes and tornadoes. The problem is that this would require a vote of Congress and states that don’t suffer the brunt of hurricanes and tornadoes would simply not vote in favor.

Maybe the answer is requiring better construction or no longer allowing development so close to the beach or coastline. I don’t know. I only know that something has to be done because insurance rates cannot continue on their current path.

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