

Florida Property Market Update

April 2020

In Florida, three consecutive years of major hurricanes has impacted the state, triggering up to double-digit commercial property insurance increases the past two years. Based on 1st Quarter 2020 Florida public entity renewals and initial 1/1/2020 reinsurance renewals, the firming trend in rates, restrictive deployment of capacity and limits offered will increase into 2020. Even for non-coastal communities without recent hurricane losses, we are experiencing rate increases of 10% to 25%. Coastal risks with hurricane losses can expect 20% to 50% rate increases. In addition, we will be challenged to maintain soft-market coverage, limits and sublimits. It is possible to experience less favorable terms and conditions as well, such as increased deductibles.

Floridians are dealing with reduced insurance market capacity allowing for higher rates, increased overall exposure via population growth and hurricane activity, and increased values to be insured from both new construction and increasing costs to repair existing construction. These factors are driving higher risk expectations for insurers.

For the first time since 2006 we are seeing some incumbent carriers non-renew “clean” risks. Clean risks are insureds without significant losses. This change in underwriter’s appetite is yet another factor in the 2020 rate increases. Sarasota County, Leon Schools and Osceola Schools have experienced this new dynamic in their 2020 renewals.

The pending Coronavirus litigation against insurers has added to the uncertainty of profitability for 2020. An estimate of business interruption losses for small employers (less than 100 employees) is \$471 billion a month. Verdicts forcing insurers to pay for losses that were never underwritten would drive the global market into further restriction.

P & C Market Statistics

Nationally, commercial property renewal rates have been increasing consistently since the 4th Quarter 2017, trend below:

