



Florida Housing Coalition Hurricane Member Update Webinar

April 30, 2021
Sponsored by Fannie Mae

AGENDA

- Mitigation Training Announcement
- Property Insurance: “Demolish the Fraud”



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Making Mitigation Work Webinar

The National Risk Index for Natural Hazards



- May 11 1:00 PM Eastern Time - Learn about the Federal Emergency Management Agency's interactive National Risk index, which identifies community risk to nearly 20 different hazards
- Use it to visualize risk for your community
- https://cuboulder.zoom.us/webinar/register/WN_IcGE7Ng1Slaca_lymPp69Q



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“Demolish the Fraud”

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FLORIDA'S INSURANCE CONSUMER

ADVOCATE

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

Tasha Carter

CONSUMER IMPACT AND TRENDS IN PROPERTY INSURANCE

Florida Housing Coalition Presentation

April 30, 2021

TASHA CARTER

Florida's Insurance Consumer Advocate

CFO JIMMY PATRONIS



INSURANCE CONSUMER ADVOCATE

- ▶ **CREATED BY FLORIDA LEGISLATURE IN 1992**
 - Section 627.0613, Florida Statutes

- ▶ **OVERSEEN BY THE CHIEF FINANCIAL OFFICER**
 - Appointed by Chief Financial Officer Jimmy Patronis
 - Reports Directly to the Chief Financial Officer
 - Works Independently from the Department of Financial Services

ICA TASHA CARTER'S ROLE



► ROLE OF FLORIDA'S INSURANCE CONSUMER ADVOCATE

- Examine Rate and Form Filings Submitted to OIR
- Recommend Actions to the Legislature, Department and OIR
- Official Representative of FL's Insurance Consumers

A dark blue rectangular box with a white border contains the text "The Voice for Florida's Insurance Consumers" in white serif font. In the background of the box is a stylized map of Florida composed of many parallel, slanted teal lines.

KEY FOCUS AREAS



▶ **BALANCING FLORIDA'S INSURANCE MARKET**

- Viable, Competitive Market and Accessible, Affordable Insurance

▶ **IDENTIFYING TRENDS AND IMPROVING MARKET PRACTICES**

- Market Reports
- Consumer Complaints
- Industry Stakeholders

▶ **INCREASING CONSUMER AWARENESS AND EDUCATION**

- An Informed Consumer Can Be Their Own Best Advocate

KEY FOCUS AREAS



▶ ASSISTING CONSUMERS WITH INSURANCE-RELATED MATTERS

- One-on-One Assistance

▶ ENGAGING LEGISLATIVELY TO REPRESENT FLORIDA'S INSURANCE CONSUMERS

- Florida Legislature
- Chief Financial Officer
- Department of Financial Services
- Office of Insurance Regulation
- Division of Administrative Hearings
- Appointed Boards

Serving Floridians by actively engaging with consumers and working with stakeholders to find consumer-focused solutions on all insurance matters.

HURRICANE MICHAEL TOWNHALL

UNSATISFACTORY CLAIM SETTLEMENTS

66% of consumers received
unsatisfactory settlement
offers

83% of consumers sought assistance
during the claims process from a
Public Adjuster and/or Attorney an
average of 6 months after filing their
claim.

LACK OF COMMUNICATION

75% of consumers experienced a **lack**
of communication from the insurance
company

CONSUMER EXPERIENCES

CLAIM HANDLING DELAYS

100% of consumers experienced **unnecessary claim delays**

INSURANCE FRAUD POLL



INSURANCE FRAUD POLL

FACTORS IMPACTING INSURANCE MARKET



► **INSURANCE FRAUD**

- Total cost of insurance fraud (non-medical) = \$40 billion+
- Costs the avg. family between \$400 and \$700/year of increased premiums
- Occurs in approx.10% of property-casualty claims

► **CONTRACTOR SOLICITATION FRAUD**

- 36% of homeowners say fraud is one of their biggest concerns when hiring contractors
- The highest number of complaints related to residential property insurance is home improvement/construction

CONSUMER STORIES



▶ **ORGANIZED CONTRACTOR SCHEME IN SW FLORIDA COMMUNITY**

- 32 Claims; 43 AOB's; Invoices totaling \$816,000

▶ **ROOFING CONTRACTOR SOLICITATION IN THE VILLAGES**

- Door-to-Door Solicitations; 420% increase in roofing permits

▶ **AOB ABUSE**

- Gutted home; Failed to complete the work; Filed \$100,000 lien against the insured property

▶ **HOMEOWNER UNABLE TO FIND COVERAGE**

- Living on fixed income; 2 options that are unaffordable



DEMOLISH CONTRACTOR FRAUD

STEPS TO AVOID FALLING VICTIM

- ▶ Contractor Solicitation Process
- ▶ Red Flags
- ▶ Prohibitions of Contractors
- ▶ Consumer Tips

www.MyFloridaCFO.com/Division/ICA/Demolish



IF A CONTRACTOR...

- Shows up unsolicited and offers payment or a gift card for a free inspection.
- Offers services at no charge or offers to waive the insurance deductible.
- Does not allow consumer to review the contract or agreement, or scrolls directly to the signature line.

CONSUMER TIPS

- Verify that the contractor has an active, valid Florida license on the Department of Business and Professional Regulation's website.
- Don't allow a contractor to inspect the property, including the roof, until license verification is complete.
- ALWAYS get a detailed written estimate prior to signing a contract or agreement.

FACTORS IMPACTING INSURANCE MARKET



► LOSSES FROM MULTIPLE HURRICANES

- Hurricane Irma - \$20b+ estimated insured losses; 1m+ claims
- Hurricane Michael - \$9b+ estimated insured losses; nearly 160,000 claims

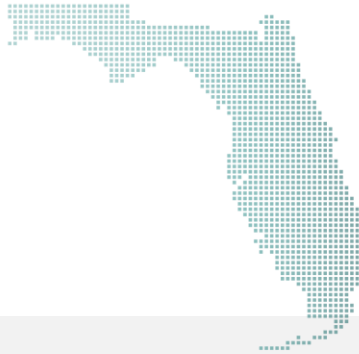
► INCREASED REINSURANCE COST

- 15% increase in purchases
- 54% increase in cost
- Causes: catastrophe claims, water claims, loss creep

► INCREASED LITIGATION

- 27,416 lawsuits in 2013; 85,007 in 2020 (all companies)
- 45% of lawsuits were filed in the tri-county area (2020)

INSURANCE PREMIUMS POLL



INSURANCE PREMIUMS POLL

CONSUMER IMPACT

INCREASED INSURANCE RATES



- 3rd highest property insurance premiums in country - \$3,643 avg. premium
- Represent nearly 8% of premium of all premiums written in the U.S.

LACK OF AVAILABILITY



- Stricter Underwriting Guidelines
- Reduced Capacity
- Retreating from High-risk Areas

INCREASED MORTGAGE PAYMENTS



- Insurance included in mortgage payment resulting in an overall increase

LEGISLATIVE UPDATE



► CFO PATRONIS' CONSUMER PROTECTION PACKAGE

SB 1598

HB 717

- Require insurance company to notify the policyholder within 7 business days when an adjuster is assigned to the claim.
- Require the insurance company to provide written confirmation if claim is fully or partially covered or denied within 30 days of receiving a complete Proof of Loss Statement.
- Require the insurance company to send the Homeowners Claims Bill of Rights within 14 days after the initial filing of a catastrophe-related claim.

CONSUMER PROTECTION PACKAGE



- Add information that details a policyholder's right to accrued interest if the insurance company fails to fully or partially pay or deny the claim within 90 days.
- Add video as an additional option to document damage and repairs.
- Add information that advises policyholders to file all claims directly with their insurance company and to be aware of contractors or repair vendors that offer incentives for free inspections or promise to coordinate with the insurance company to repair the home with no out of pocket expenses.

LEGISLATIVE UPDATE

SB 76

Prohibitions on contractor solicitation:

- Using prohibited advertisements
- Offering rebates, gift cards, cash, etc. in exchange for conducting an inspection on a roof or making an insurance claim
- Compensation for referrals
- Interpreting policy provisions or duties
- Providing an agreement without a good faith, itemized estimate

- ▶ A contractor who violates these prohibitions is subject to a fine up to \$10,000 for each violation.
- ▶ A person who engages in unlicensed contracting can be fined up to \$10,000 for each violation.
- ▶ Contractor's agreements must include a notice of the prohibitions.
- ▶ A contractor is prohibited from performing public adjusting services.

HURRICANE PREPAREDNESS



► HURRICANE SEASON STARTS JUNE 1ST

- May 2020: Tropical Storm Arthur and Tropical Storm Bertha
- 2021 Hurricane Season researcher predictions:
 - 17 named storms, including 8 hurricanes (four to reach category 3-5)
- 2020 Hurricane Season researchers predicted 13-19 named storms and a record was set for the highest number of named storms at 30.



www.MyFloridaCFO.com/Division/ICA/PlanPrepareProtect



OFFICE OF THE INSURANCE CONSUMER ADVOCATE



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TASHA CARTER

FLORIDA'S INSURANCE CONSUMER ADVOCATE

  @Your**FL**Voice

Upcoming Training

May 7, 2021 at 1:30 pm
Florida International
University: Hurricane Risks
and the Insurance Market

[https://attendee.gotowebinar.com/register/
7680782924158170379](https://attendee.gotowebinar.com/register/7680782924158170379)



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Technical Assistance is Available

Available Daily: 1 (800) 677-4548

Options for Further Assistance Include:

Phone and Email consultation

Site Visits

Register at www.flhousing.org for:

Workshops

Webinars

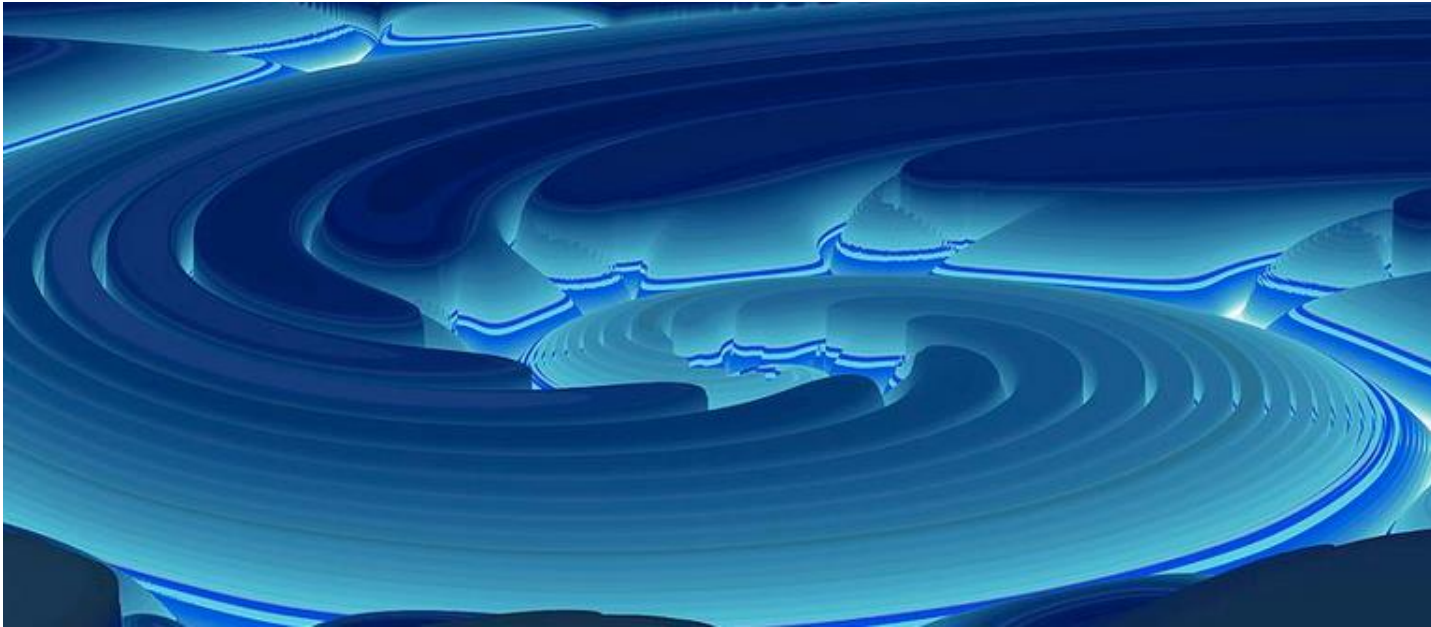


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Thank you!



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