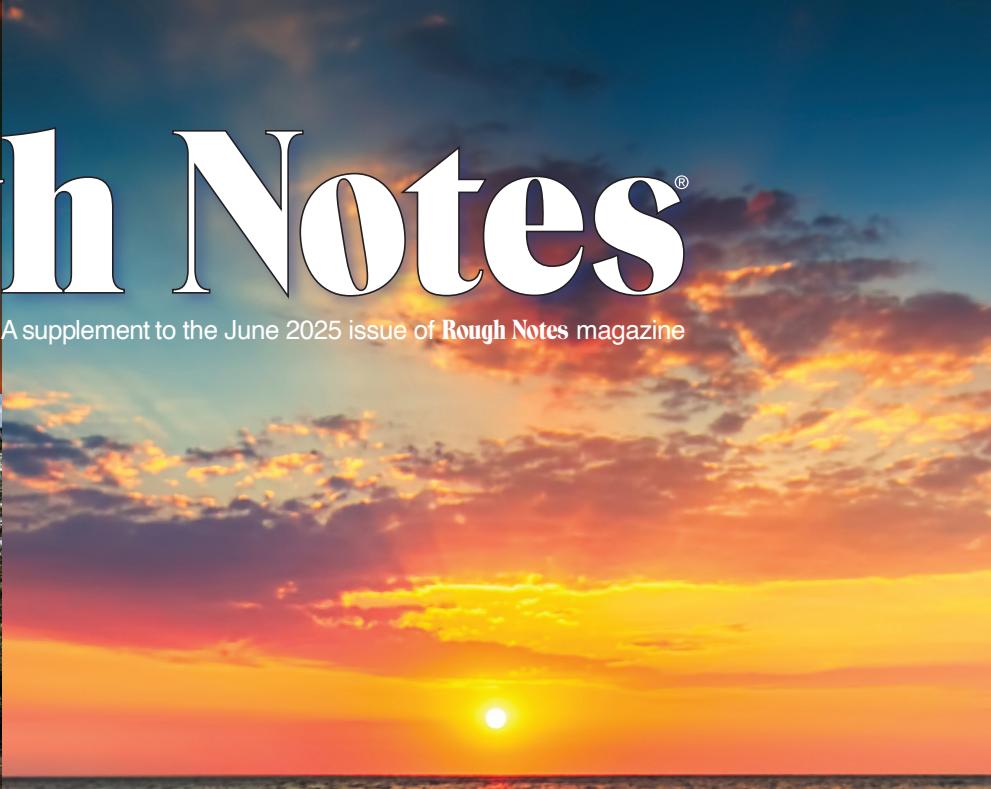


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# SURPLUS LINES EXPANSION: WHAT IT MEANS FOR AGENTS

*Navigating the evolving landscape*

By Dawn Walker

Undoubtedly, Florida faces a rapidly shifting insurance landscape, one that is squarely focused on forward-thinking strategies that strengthen partnerships between insurance carriers and their distribution channels and also enhances their collective ability to close critical coverage gaps. As admitted carriers tighten their underwriting appetite, retail agents are turning

to managing general agents (MGAs) and the surplus lines market to place hard-to-insure risks. Just how are agents navigating this evolving landscape that requires new strategies and building out new relationships?

## **The rise of surplus lines**

Over the past several years, the U.S insurance industry has undergone a fundamental shift—driven by a surge in catastrophic weather events, a hardening reinsurance market, litigation severity, economic volatility,

and risk complexity. As admitted carriers began to pull back capacity—particularly in high exposure states like Florida—retail agents found themselves facing a deepening canyon in terms of coverage gaps for their clients. That void was filled by the surplus lines market.

What once was considered a last resort for placements rapidly evolved into a critical and strategic engine for the insurance industry. From climate-related property risks and high-value homes to cyber liability, cannabis, and habitational exposures, the surplus lines market has stepped up with the flexibility and risk appetite needed to keep coverage flowing in and out of hard market cycles.

In fact, the surplus lines market premium has consistently grown on a year-over-year basis. Using data aggregated from the 15 surplus lines stamping and service offices located across the United States, surplus lines premiums have grown by an average of 28.8% over the past three-year period.

Surplus lines premium in the Sunshine State reached \$17 billion in 2024, reflecting a year-over-year increase of 11%, according to the Florida Surplus Lines Service Office (FSLSO). The policy count increased by 6% to more than 1.5 million, with commercial coverage accounting for nine of the top 10 premium-generating lines of business, according to FSLSO data.

For retail agents, this expansion has created both opportunities and challenges. Carrier contraction, increased risk complexity and hard market conditions have driven reinsurance costs up, with inflation's knock-on effect pushing policy rates higher amid reduced coverage options. This has forced agents to seek out alternative strategic measures and adapt—fast. The surplus lines sector has long served as an alternative to the admitted market, catering to niche business approaches with hard-to-place coverages.

"The surplus lines market has been an essential component of the insurance framework for centuries, providing a vital outlet for unique and tailor-made coverages that address hard-to-place risks," states FSLSO Executive Director Mark Shealy. "It's a sophisticated mechanism with a long history of serving the public by filling gaps where the standard market cannot. While the market offers this crucial flexibility, the agent community plays a critical role in compliance through 'diligent

*Retail agents who focus on agility, relationships and expertise may find themselves on the right side of the continual market evolution and will be best positioned to serve clients in an environment where risks are more complex, and solutions are less conventional.*

effort" searches, regulatory filings, premium tax remittance, use of eligible insurers, and clear consumer disclosures."

### **What this means for agents**

Agents may find themselves spending a significant portion of their efforts navigating surplus lines options. That means negotiating terms, educating clients, and working with wholesalers or MGAs to find viable coverage for their clients. This means that they must learn to build strong partnerships with wholesale brokers, MGAs and other delegated underwriting authority enterprises (DUAEs).

Delegated authority has become essential for agents in the past decade. The niche expertise of these DUAEs have become a strategic market enabler for agents and carriers alike, evidenced by the \$77 billion in DUAE-sourced premiums written in 2023 alone. Agents now rely on these intermediaries for market access, underwriting insight, and risk placement strategies more than ever.

These strategies also include understanding compliance and the complexity of regulatory requirements. Surplus lines isn't just about flexibility or placing hard or emerging risks—there is a lot of documentation involved in executing these coverage transactions. Agents now must contend with and be vigilant about filing search affidavits and proper disclosures, especially in states such as Florida where compliance scrutiny is high.

One of the biggest challenges for agents will be helping their clients understand the evolution of the

insurance industry. Agents have become educators and advocates—explaining the difference between admitted and non-admitted coverages, what this means for claims handling and what the surplus lines market is and why this market may be a viable option for coverage.

For agents, now is the time for competitive differentiation through expertise. Agents that have cultivated strong relationships with wholesale brokers and have developed a solid understanding of the risks facing their clients for which they need to access the surplus lines market to find appropriate coverage will win in this environment. They will become risk advisors, not just quote providers.

The expansion of agents accessing the surplus lines market isn't just a trend, it represents a structural change in a world where the complexity of risks is increasing rapidly. Retail agents who focus on agility, relationships and expertise may find themselves on the right side of the continual market evolution and will be best positioned to serve clients in an environment where risks are more complex, and solutions are less conventional. ■



### **The author**

*Dawn Walker is an associate director at A.M. Best and has more than 15 years of insurance industry and risk management experience. She joined A.M. Best in 2022.*

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# ASSESSING THE IMPACT OF INFLATION ON CONSTRUCTION DEFECT CLAIMS



*Six changes to watch for that can affect key cost elements*

By Martha Kersey and William Woods, Esq.

Over the past few years after COVID-19, as new construction activity has slowly ramped back up to 2019 levels, inflation has become a staple headline, often used to explain rising prices in everything from groceries to home improvement projects. For insurance professionals, especially those focused on general liability and workers comp in the construction space, inflation has raised concerns about ballooning claims costs, repair estimates, and even jury awards.

But there's a twist: Contrary to the prevailing narrative, inflation in the construction sector, particularly for repair costs related to construction defect (CD) claims, has largely flattened since 2022.

## Steady ground: Inflation has stabilized

At first glance, it's easy to assume that inflation is still accelerating, especially with high-profile consumer price index (CPI) fluctuations still making news. But when we zero in on the construction sector, and more specifically repair costs tied to construction defect claims, the data reveals a different story.

The RS Means database—widely considered the gold standard for construction cost estimation—tells a compelling story. RS Means tracks more than 92,000 line items and updates them annually using over 30,000 hours of research. According to cost index data from RS Means:

- In July 2020, repair pricing stood at 79.8% of what it is today.
- By 2021, that rose to 87.6%—a notable jump.
- The biggest spike came in 2022, with prices climbing to 101.1%, reflecting post-COVID market disruptions, supply chain bottlenecks, and labor shortages. However, suddenly a new view emerges:
- In 2023, costs dipped slightly to 99.9%.
- By 2024, they nudged up only slightly to 100.3%.
- As of January 1, 2025, the index still hovered around that mark.

This flattening trend is significant. While construction prices surged during the pandemic and its immediate aftermath, they've now stabilized. This is particularly relevant for agents selling GL policies tied to CD claims, because the exposure to soaring loss costs may already be baked in, not accelerating as is proclaimed.

Why has inflation cooled in this space? A few reasons:

- **Contractors have adapted.** Many general contractors are now opting for more durable materials and construction methods—like shifting from wood frame/stucco to all-block builds—that are less prone to defects and litigation. That change alone has had a quiet but powerful effect on reducing the severity of CD-related claims.
- **Plaintiff awards haven't risen.** Despite the inflation narrative, juries have not significantly increased their damage awards. Verdicts remain largely in line with pre-2022 figures.

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- **Economic fundamentals have settled.** Interest rates have leveled off. Wage growth has slowed. Insurance premiums have increased slightly but remain within predictable bounds.

Taken together, these factors suggest that, at least for now, the inflationary tide has receded in the construction defect claims space.

## Looking forward

What should agents watch going forward? While the current outlook is calm, it's not without potential storm clouds. If you're advising construction-focused clients or evaluating risk in CD-prone sectors, watch for changes that affect key cost elements of construction claims. These include:

**1. Labor market shifts.** The availability and cost of construction labor can change fast, and public policy plays a big role. Factors to keep on your radar:

- **Immigration policy.** If restrictions tighten, with an already low unemployment rate, low-cost labor becomes scarcer, and hourly rates go up. Conversely, expanded immigration access could increase the supply of labor and could help stabilize or lower wages.

- **OSHA and labor laws.** A relaxation of safety regulations, overtime rules, or employment eligibility for younger workers can positively influence the labor supply which in turn impacts project timelines in the short-term. If insureds maintain good on-site safety records, along with their increased access to labor, this could keep labor costs under control.

If you see policy changes in these areas, it may be time to reassess projected claims severity and overall risk.

**2. Material supply chain disruptions.** While supply chains have mostly recovered from their pandemic-era chaos, they're still vulnerable. Supply chain disruptors, such as tariffs on building materials (like Canadian lumber, and heating components), unexpected shortages, or global trade disputes could all drive up prices again. Keep an eye on:

- **Global commodity trends**
- **Tariff announcements**
- **Natural disasters that spike** demand and interrupt transport of materials from supply hubs

Even modest shifts here can increase the cost of repairs and replacements, especially in states with high CD exposure like Florida.

**3. Demand for new construction.** Interestingly, the pace of new builds influences both long-term and short-term CD litigation trends. For example:

**[C]ontrary to the prevailing narrative, inflation in the construction sector, particularly for repair costs related to construction defect claims, has largely flattened since 2022.**

- **In a strong economy,** more new builds equal more potential for future CD claims, especially if corners are cut to keep up with demand.

- **In a recessionary climate,** there are fewer builds, but potentially *more* lawsuits, as HOAs and property owners look to litigation to fund necessary repairs when they can't raise assessments.

Currently, forecasts suggest strong construction demand through at least Q4 of 2025. But if a slowdown hits, expect more CD lawsuits in the short-run.

**4. Interest rates and loan accessibility.** The ability to finance construction, whether for new builds, remodels or repairs, impacts everything. If credit tightens and interest rates spike, property owners may delay repairs or cut corners, which could lead to more defects and more claims down the line. Conversely, stable lending environments tend to reduce that risk.

**5. Litigation environment and expert testimony.** In some jurisdictions (Florida, for example), the testimony of a single well-known plaintiff expert can have an outsized impact on damages awarded in CD cases. While this isn't a new trend, it's something to watch: If a major expert retires, predominant lawyers in the industry change, or if a predominate judge retires in your jurisdiction, it could reshape claim valuations.

At the same time, statutory changes or new case law (e.g., tort reform or changes to insurance policy coverage interpretations) could either limit or expand what's recoverable in a GL claim. Agents should stay in tune with legislative developments and court decisions in their markets.

**6. Weather and natural disasters.** While not directly inflationary, weather-driven events (wildfires, hurricanes, floods) often spike demand for construction materials and repairs, depleting supplies and resulting in upward pressure on repair costs. As

we've seen in past disaster recoveries, these conditions can fuel price surges, price gouging and claims inflation very quickly.

## The bottom line for agents

The prevailing assumption that "inflation is still running hot" doesn't fully apply to the construction defect space, at least not right now. Repair and rebuild costs have held remarkably steady since 2022, and while prices remain elevated from pre-pandemic levels, they're not climbing further at any significant rate.

For agents selling general liability and workers comp in the construction sector, this offers a rare moment of clarity. Now is the time to:

- **Update your exposure models** using stabilized repair cost data.
- **Communicate with your claims partners** to better understand the true exposure on open CD claims from 2022 to 2024.
- **Educate clients** on how changing practices and economic conditions affect litigation risk.

But don't get complacent. The construction industry is especially sensitive to macroeconomic and regulatory swings. Keep watching the key inputs to construction such as labor, material costs, litigation trends, construction demand and interest rates. One shift in any of these could send costs back up, and liability exposure with it and change the view.

For now, the outlook remains positive. But as always in insurance, clear skies today don't mean there's no storm tomorrow. ■

## The author

*Martha Kersey is the assistant vice president of Casualty Claims for FrankCrum General Agency Inc., which services general liability and construction defect claims. William Woods, Esq., is managing trial attorney of Woods Law Group, Frank Winston Crum's staff counsel office.*



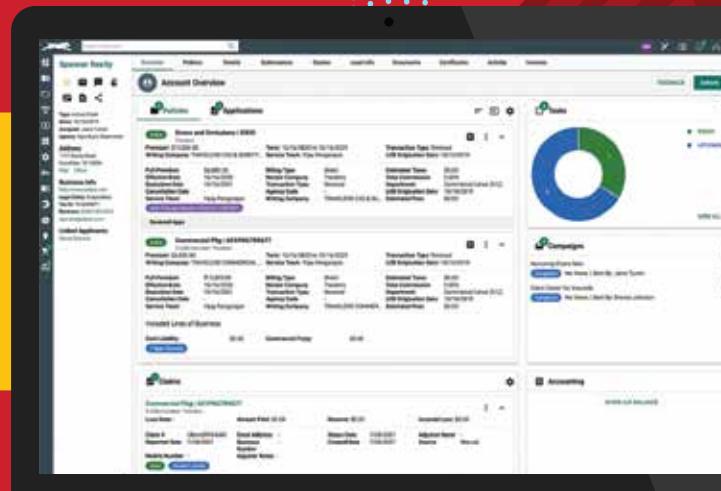
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# THE PERFECT STORM SOLVED; PREFERRED RISK IS BACK

*Identifying the gap in flood coverage and finding a solution*

**A**S property insurance carriers and global reinsurers prepare for the start of the Atlantic hurricane season starting June 1, many within the flood industry continue to ponder what exactly drives the flood insurance gap that exists within the United States.

For instance, given an event such as Hurricane Helene, which resulted in \$20 billion to \$30 billion in uninsured losses, why do only 1% of residents purchase flood insurance in certain communities that were heavily impacted? It's an issue the flood industry has grappled with and debated for over a decade.

Some of the questions that are commonly raised include: Is flood insurance too costly? Is the product too hard to access? Is the right product unavailable? Is there lack of understanding from the consumer standpoint? Or is it a combination of all the above?

Over the last two years, my team has been working to identify and solve this age-old question. Why is there a gap? Our company, Flood Risk Solutions, provides both private flood and FEMA-backed flood insurance solutions to the marketplace. Founded in 2017, we're a subsidiary of XPT Specialty, a niche distributor and MGU.

## Identifying the problem

Our experience providing flood insurance integrations has enabled us to recognize the factors that have led up to the problem.

To start, many households in the United States—even in flood-prone areas—do not buy flood insurance because they share the common misconception that standard homeowners insurance policies cover flood damage.

While many forgo separate flood coverage because of this, those who do seek out quotes on their homes discover the annual premium cost can be prohibitive, in many cases reaching into the thousands of dollars.

Beyond misconception and cost, other factors come into play. Many existing flood insurance products are designed to meet the requirements for mortgage compliance, which primarily focus on high-risk zones and overlook the needs of those in low-to-moderate-risk areas. This leaves a significant segment of the population not adequately protected. The fact that more than 40% of National Flood Insurance Program (NFIP)

*[M]any households in the United States—even in flood-prone areas—do not buy flood insurance because they share the common misconception that standard homeowners insurance policies cover flood damage.*

flood losses occur outside of high-risk zones highlights the problem.

Let's sum things up: Homeowners mistakenly assume flood is covered; the flood product in the marketplace is designed for mortgage compliance in high-risk zones; and the low-to-moderate-risk quotes are costly to purchase; however, the losses are occurring in low-to-moderate-risk zones.

## Finding a fix

But what about the solution?

New products have been coming to the market to address the flood gap. Within the last month, Vertafore's PL Rater, EZLynx, and Flood Risk Solutions have all added a small sub-limit flood product to their rating platforms. The products are priced differently from traditional flood products and are based on smaller limits, but designed to provide coverage for insureds that would never buy a traditional flood policy.

Premiums start as low as \$50 and can go up to \$200, with payment plans available starting at only \$5 per month. The coverage limits can range up to \$100,000 with enhanced features such as basement contents. The products are delivered on A.M. Best A rated and S&P AA- rated paper.

The novelty is that the re-engineered product is offered at a price point finally affordable to those who may not require extensive protection, but who still wish to safeguard against potential flood-related damages, considering the average flood loss is under \$50,000.

The sub-limit Preferred Risk Policy impact can be immense.

Besides empowering individual policyholders, communities can become more resilient to flood events. The financial burden on government disaster relief programs and taxpayers can then also be reduced. In addition, the overall risk pool can diversify, as more home owners in low-to-moderate-risk areas obtain coverage. This could lead to more stable and reduced premiums. Essentially, sharing the risks across the board aligns with the foundational principles of insurance and nurtures a more prepared society when facing natural disasters. ■

## The author

*Brendan Moeller is a co-founder and managing director of Flood Risk Solutions, a division of XPT Specialty. He is responsible for the development of the MGA and wholesale technology platform, carrier partnerships, and product implementation. He started his career in 2003 at The Hartford in New York City in the middle market underwriting group and subsequently moved into the surplus lines segment, working for one of the largest wholesale excess and surplus lines distributors in the country. In 2017, he co-founded Flood Risk to help bring more flood capacity to the marketplace and help bridge the flood gap. Brendan holds a CPCU designation and earned a bachelor's degree in economics from St. Lawrence University. To learn more, visit [www.floodsol.com](http://www.floodsol.com) or reach Brendan at [BM@floodsol.com](mailto:BM@floodsol.com).*





# LIABILITY INSIGHTS: NAVIGATING TERMS, COVERAGE, AND EMERGING RISKS

*It's critical to understand common industry "buzzwords," stay up to date on trends, and educate your clients about them*

By Christopher Reid

**I**magine a homeowner hosts a pool party where, despite the no diving signs they've posted by the shallow end, a visitor dives in head-first, breaking their neck and becoming critically injured. That's obviously an upsetting situation for everyone involved, but if the homeowner doesn't have proper insurance coverage, they could be financially destroyed by the ensuing claims. It's up to insurance professionals to help ensure that their clients are properly protected from any potential incidents and claims. To do that, agents and their clients must truly understand the terms—as well as the coverage afforded by the policy.

Common industry terms and “buzzwords”—including liability, excess, umbrella policies, social inflation, and nuclear verdicts—are critical to understand, as questions and misconceptions surround them. These terms frequently come up in insurance discussions, but not everyone is clear on their meaning or importance.

For instance, the term “excess liability” is used broadly

to mean many things; therefore, agents, carriers, and clients must be aligned on what it means—and what it covers. When the liability limits of an insured's other policies—like auto or homeowners—have been exhausted, excess liability is designed to cover additional limits, as an extra layer of protection. If an individual was injured in a car accident and the other (at-fault) driver's liability limits didn't cover the full extent of the individual's medical bills, an excess liability policy may cover the coverage.

Additionally, many individuals need Comprehensive Personal Liability (CPL) insurance, which is typically sold in conjunction with a comprehensive homeowners policy. CPL coverage provides the baseline liability for the named insureds and can provide the liability needed to protect the insureds in the event of a claim or lawsuit. In addition, CPL is necessary for obtaining additional limits of liability that are available via umbrella or excess umbrella policy.

People often get confused between the terms “excess liability” and “umbrella” policies, which is understandable, because there may be some overlap. Umbrella



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insurance typically offers broader coverage and can be used to fill in coverage gaps, serving as an additional layer of protection. Umbrella coverage kicks in after the insured's primary coverage reaches its maximum payout. Picture the insurance coverage in layers: An insured needs a "base layer" of coverage first, like a homeowners policy to protect their residence and a CPL to protect themselves. Umbrella policies are intended to sit on top of this other coverage, as an additional layer.

If a client's dog attacks a neighbor, the client would likely become liable for the neighbor's medical bills. Say the neighbor incurs \$400,000 in medical expenses. If the client's homeowners policy has a \$300,000 limit, their umbrella insurance would cover the remaining \$100,000. An umbrella policy could also cover other assets, like rental properties, automobiles, ATVs, watercraft, and motor homes.

Depending on a client's specific circumstances, they may need to layer multiple umbrella policies on top of each other to ensure that they're properly protected. Many carriers will issue excess umbrella coverage, but it's important to read through each carrier's policies to determine the limits and what's covered.

## **Be forthcoming (and honest) with submission details**

There's a common misperception that insurance carriers can do anything for any premium, which isn't true. Be realistic when explaining to clients what can—and can't—happen with policies. Also, keep in mind that everyone's underwriting appetite is different. If a client has unique types of exposures, standard carriers might not be willing to take on these risks. Clients that have skateboard ramps in their backyards may find that most carriers won't touch those risks because of the high liability involved. While the industry might be able to do interesting carveouts for unusual situations, certain scenarios may be more difficult to cover.

We often say the devil's in the details, so consider what information a carrier will require to underwrite a policy. If a client has a zipline on their property, or their home is adjacent to a hunting area, those details need to be provided upfront and honestly. If individuals and their agent don't present all relevant information up front, there could be unpleasant surprises down the line.

When submitting for auto liability, for instance, the carrier must have correct accident and violation

*[T]erms frequently come up in insurance discussions, but not everyone is clear on their meaning or importance.*

information. Saying "the client was in an accident" isn't sufficient because it's not a valid description of the loss. Was it a single-car accident? Whose fault was it? Is the claim still open? Has your client been sued? These details can change the premium or eligibility and must be disclosed. From a carrier's perspective, there's a vast difference between a small fender bender with no injuries and a serious accident with open litigation.

## **What's in a name? A lot when it comes to policies**

Clients may be conflicted about what type of policies they need—and what name (or names) should be listed. Perhaps an individual owns multiple rental properties and lists the coverage under their LLC's name because they're trying to keep their personal liability separate.

Excess CPL can be written in many names—including a trust, individual or estate—to cover a specific location. Then, clients also require coverage to protect them as they walk around, which would likely be an umbrella policy in their name. Remember: The names on the policy matter. If a husband and wife have an umbrella policy, they're both covered, but if co-habituating, unmarried partners get a policy, both their names need to be listed for the policy to cover both of them.

## **Understanding nuclear verdicts and social inflation**

Social inflation and nuclear verdicts have become hot topics, and it's important to educate insureds about what these terms mean.

A nuclear verdict is awarded in favor of the plaintiff, with a payout significantly larger than expected. Lately, many courts have been awarding exceedingly high payouts (nuclear verdicts) that often far exceed policy limits.

Social inflation describes the rising costs of insurance claims resulting from a "perfect storm" of factors: an increasingly litigious society, broader definitions of liability, more "bad faith" claims, and juries awarding higher compensation to plaintiffs (nuclear verdicts). Nuclear verdicts are driving social inflation, where the high costs associated with insurance claims are increasing at a rate that's greater than general economic inflation.

Looking at trends in auto liability, a recent study from the American Transportation Research Institute showed a nearly 1,000% increase in large, multi-million dollar verdicts involving truck accidents. Per the study, when looking at truck accident lawsuits with claims above \$1 million, the average payout increased from \$2.3 million to \$22.3 million over nine years.

In Florida, there's a requirement that if there's a limit demand, the insurer must provide payment to the claimant by a specific day. If this doesn't happen, a jury can consider it to be bad faith. Or, if an insurer refuses to pay for a covered loss, a jury could award a bad faith nuclear verdict. In a recent case, a motorist had a \$250,000 bad faith claim, and a jury awarded them \$100 million—far exceeding the original claim.

The higher payouts associated with nuclear verdicts are propelling social inflation and, as a result, many insurance companies are increasing their rates—which impacts the insureds. Additionally, thanks to nuclear verdicts and social inflation, carriers may now restrict what they'll cover. If they used to allow a \$250,000 attachment point, they may now raise that to \$1 million. They may also restrict what they'll offer, which could vary by state. These restrictions and rate hikes are leading to more submissions in the stand-alone market and sparking more need for stand-alone carriers.

## Natural disasters drive homeowners insurance capacity issues

We've seen capacity issues with homeowners policies that are constantly changing—due to more frequent and severe weather events—which is dramatically impacting the homeowners and liability markets.

Clearly, we've seen severe and frequent catastrophes (CATs) in the homeowners space recently, including devastating storms in Florida, wildfires in California, and tornadoes in the Midwest. As a result of massive and frequent payouts, homeowners carriers now have less capacity, meaning many insureds must now move to the E&S market. Traditional standard market carriers might not cover high-risk properties, so more individuals are winding up in stand-alone markets, which may be the right option to support non-standard residence carriers.

Recognize that the stand-alone option is there to *support* the marketplace—not to *replace* it. If a high-net-worth individual with multiple residences insists that they're not getting wind coverage for their Florida home—which is at high risk for wind and storm damage—and

they want stand-alone liability, there's only so much that's out there. This individual might need to stack policies to reach necessary limits. Consider the reality of what stand-alone markets can do. It can be quite challenging to try and replace an existing liability policy with limits above \$25 million.

## Insurance for "everyday" individuals

It's not just high-net-worth individuals who should have an umbrella policy. Remember—our society is very litigious, and getting hit with a lawsuit could cause financial ruin. If an individual of any income bracket drives distracted and gets into an auto accident that injures someone, it could be devastating and life-changing for the driver. With that in mind, basic auto liability alone might not be sufficient for a middle class family.

All households regardless of income should consider an umbrella policy, especially if there are youthful drivers in their family. Ultra-high-worth individuals often have attorneys on retainer to figure out how to best protect them, but the average individual might not have that luxury. It's best practice

to offer umbrella to *everyone* to help protect them from future incidents and claims. Agents must be able to educate their clients to understand these risks—especially if they don't have sufficient limits in place.

In addition to homeowners carriers there are great stand-alone markets available like Hudson Insurance Group and RLI that may be able to help!

The bottom line: Understand the terms, stay updated on industry trends, work with experienced partners, and educate your clients about the policies and limits they need—whatever that looks like for their specific situation. ■

## The author

*Christopher Reid is the vice president of sales-Personal Lines at Jencap in Red Bank, New Jersey. Reid is a 35-year sales executive with industry experience in financial services, insurance and technology. Reid has been with Jencap for more than a decade, focused on helping provide solutions for top industry partners with their complex high-valued exposures.*



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# TECH-CHECK GUIDE: MAKE THE MOST OUT OF YOUR COMPARATIVE RATER ADOPTION

*Eight crucial questions to ask when adopting new technology*

By Michael Streit

**J**une will mark one year since Citizens Property Insurance Corporation and EZLynx teamed up to onboard appointed Florida agents to EZLynx Rating so that agents could accurately assess risk coverage from Citizens and other carriers as part of the standard “rate, quote and bind” process for personal home insurance. Today, more than 50,000 quotes are delivered per week to Citizens-appointed agents. More business is being selected for depopulation, creating greater choice for insureds and a healthier insurance market.

While these are big wins for the market and policyholders, we understand that adopting new technology

can be challenging. From implementation to employee buy-in and training, successful technology adoption takes time. Let's focus on that key word “successful,” because it might just be enough to outweigh the downside around time spent.

A successful technology adoption can mean many things for an agency: improved process efficiencies, increased staff productivity, better carrier relationships, and greater profitability. And I'm just talking about a new rater. Imagine how those areas could be impacted if you took time to evaluate and upgrade more than just your personal lines rating tool.

As you consider the time it takes to successfully adopt technology, my advice would be to evaluate your entire tech stack now so you don't have to take more time later. Take a

# From implementation to employee buy-in and training, successful technology adoption takes time.

look at the eight questions below that can guide your tech check and imagine how seamless your business could be with the right technology.

**1. Is my new comparative rater natively integrated with my existing tech?** This is paramount. When technology is natively integrated, it offers exceptionally smooth connectivity throughout the policy lifecycle. Native integration eliminates duplicative data entry, saving valuable time and improving quoting accuracy. Imagine the frustration of entering client information into your rater only to have to manually input it again into another system.

Look for solutions that can act as a “dynamic duo” with your rater, allowing for efficient data flow and faster binding of business.

**2. Does my existing tech automate processes that interact with my new rater?** Automation is key to maximizing efficiency. Consider technologies that can automate tasks triggered by or related to your rating process. This could include automatically updating client records in other systems after a quote is generated, sending follow-up communications, or initiating policy issuance workflows.

Automating routine processes reclaims valuable time, reduces manual errors, and allows your team to focus on building client relationships and acquiring new business.

**3. Does my existing tech leverage data analytics to enhance the insights I gain from my new rater?** Your personal lines rater will generate valuable data. The question is, can the integrating technology help you make better sense of it?

Look for solutions that can gather insights and transform them into actionable intelligence. This could involve analyzing quoting trends, identifying areas for improvement in your offerings, or understanding customer preferences to optimize your sales strategies. Think of it as gaining a “crystal ball” that reveals key performance indicators (KPIs) related to your rating activities.

**4. Does my existing tech provide end-to-end digital connectivity to personal lines insureds and carriers?** Seamless communication is vital. Consider how the technology will connect you with insureds and carriers so you can save time and reduce flipping between screens to keep everybody updated.

Can it streamline the process of gathering necessary information for accurate rating? Does it facilitate communication with carriers regarding quotes and underwriting requirements? Strong digital connectivity enables smooth data exchange and speeds up the quoting process.

**5. Can my existing tech provide a delightful digital experience for my personal lines customers?** Modern customers expect convenience. Think about how integrated technology can enhance the customer experience. Can customers easily access and review their quotes online? Are there self-service options for them to provide additional information or request changes?

Robust customer portals and self-service tools empower customers, boost satisfaction, and free up your staff for more complex tasks.

**6. Does my existing tech offer third-party integrations beyond my rater?** Consider the broader technology ecosystem of your agency. The technology you integrate with your rater should ideally have an open and scalable architecture that allows you to seamlessly connect with other essential tools and platforms—or

even live natively within them. This creates a powerful, customized tech stack that can evolve with your business needs.

Think about integrating with CRM systems, marketing automation platforms, or other specialized tools that will help you scale as your business grows.

**7. Is my existing tech mobile friendly for both my team and customers?** In today’s on-the-go world, mobility is crucial. Look for technology with mobile apps that allow your staff to access information and manage the quoting process from anywhere.

Similarly, consider if customers can easily view quotes and manage related information on their mobile devices. This keeps everyone connected and productive, regardless of location.

**8. Does the company that provides my existing tech value innovation and understand the evolving needs of personal lines insurance?** The insurance industry is constantly changing. Partner with a technology provider that is committed to staying ahead of the curve by investing in research and development, regularly releasing new features, and actively seeking customer feedback. This ensures that the technology you integrate with your personal lines rater will remain effective and adapt to future industry trends.

By asking these eight crucial questions, you can make informed decisions and choose technologies that will natively include or seamlessly integrate with your new personal lines rater, ultimately streamlining operations, empowering your team, and delighting your customers.

Remember, choosing the right technology is an investment in your agency’s future success. ■

## The author

*Michael Streit is president of EZLynx. With nearly a decade of experience*

*in private equity operations and an MBA from Harvard Business School, Streit has become well-versed in the mechanics of deals and integrations, offering invaluable insights and contributions to the insurance industry.*





# IMPROVING AFFORDABILITY AND AVAILABILITY

*Tort reform brings stability to Florida's insurance market*

By Hunter Fausnacht and Sean Kevelighan

For years, Florida's property/casualty insurance market faced a risk crisis driven by legal system abuse and assignment of benefits (AOB) claim fraud. However, recent legislative measures have stabilized the market, curbing excessive lawsuits filed by billboard attorneys and restoring insurer confidence in the third-largest U.S. property/casualty insurance market.

These reforms marked a turning point in Florida's insurance landscape, improving affordability and availability for policyholders.

## Risk crisis: Excessive litigation and market instability

Before legislative intervention, Florida had an outsized share of the nation's property insurance-related lawsuits. In 2022, the state accounted for nearly 71% of the nation's

homeowners insurance litigation, despite making up only 15% of the claims.

This legal environment, fueled by one-way attorney fee provisions and AOB abuse, created financial strain for insurers. Six Florida-domiciled regional insurers declared insolvency in 2022 alone, even before the costly impact of Hurricane Ian.

These factors forced many insurers to pull back on writing new business or voluntarily withdrawing from the Florida market, pushing policyholders to the state-backed Citizens Property Insurance Corp. and driving up premium costs for all Floridians.

## Tort reform: Roadmap to market stability

Recognizing the need for systemic change, Gov. Ron DeSantis collaborated with leaders of the Florida Legislature to enact a series of tort reform measures in 2022 and 2023, directly addressing the root causes of excessive litigation and financial instability. These



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reforms focused on the legal mechanisms that had made Florida an outlier in litigation, restoring balance between insurers and policyholders:

- **Senate Bill 2A (2022).** Eliminated one-way attorney fees and AOB for property insurance claims, reducing incentives for frivolous lawsuits and claim inflation.
- **House Bill 837 (2023).** Introduced a modified comparative fault system, restricted bad-faith claims, and required medical damages to reflect actual payments rather than inflated billed amounts.
- **House Bill 1205 (2023).** Cracked down on misleading legal advertisements and improper solicitation of insurance claims, protecting consumers from predatory practices of billboard attorneys and public adjusters.

### **Impact: Growing market and stable rates**

The results of legislative reform have been impactful but were delayed by the 280,000 new lawsuits brought into the state's judicial system in the weeks prior to Gov. DeSantis signing HB 837 in March 2023. Key indicators of stabilization include:

- **Decline in litigation.** Since the passage of these bills, claims-related lawsuits have dropped significantly. In 2024, new property claims lawsuits declined 40% year over year.
- **New insurers and growing market share.** Over the past two years, 12 new insurance companies entered the market, along with six of the 10 largest national insurers operating in the Sunshine State growing their market share in 2024, reversing the prior trend of market contraction.

# **[M]aintaining stability will require ongoing efforts in risk management, regulatory oversight and adaptation to natural disaster challenges.**

#### **• Premium stabilization.**

According to S&P Global Market Intelligence, Florida insurers had the lowest average rate filing increase (1%) in the U.S. in 2024. Further, the Florida Office of Insurance Regulation reported a 0.7% average decline in premiums in Q4 2024, the first statewide premium decrease since 2016.

#### **• Reduction in Citizens' policyholders.**

Citizens has shrunk its policies in force by nearly 50% over the past 18 months to under 850,000 customers, depopulating to private insurers—a sign of increasing market confidence and improving financial health of the industry.

### **Challenges ahead: Navigating natural disaster risks and legislative actions**

While tort reform has alleviated legal and financial pressures, Florida's exposure to hurricanes and other natural disasters remains a significant challenge. Additional considerations for the industry include:

- **Climate risk.** Insurers must continue to refine their risk assessment models and promote resilience measures to mitigate climate-related risks that impact a state surrounded by tropical waters.

#### **• Consumer education.**

Policyholders need to understand the benefits of these reforms and how they contribute to long-term market stability, particularly in terms of claims processes and rate adjustments.

- **Legislative actions.** Billboard attorneys serving in the Florida Legislature are focused on finding ways to generate new revenues for their plaintiffs' law firms by reintroducing one-way attorney fees and other measures to retract previously passed reforms.

### **Conclusion: A more stable future for Florida's insurance market**

Florida's tort reform efforts have brought much-needed stability to an insurance market once teetering on the brink of collapse. By curbing excessive litigation, restoring insurer confidence and attracting new market entrants, legislative actions have laid the groundwork for improved affordability and availability of coverage.

However, maintaining stability will require ongoing efforts in risk management, regulatory oversight and adaptation to natural disaster challenges.

For insurance professionals, staying informed about legislative changes and market dynamics is critical. ■

### **For more information:**

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# NAVIGATING SHIFTING SANDS: THE FLORIDA COMMERCIAL PROPERTY INSURANCE MARKET AMID CLIMATE CHANGE AND STRUCTURAL RISK



*Stabilization is peeking over the horizon*

By Martin Burlingame

**F**lorida has long been one of the most complex and dynamic commercial property insurance markets in the country. From extreme weather and rising sea levels to aging infrastructure and legislative reform, the state presents a patchwork of risk and opportunity.

For retail brokers navigating this evolving landscape, understanding the interplay between market forces, climate trends, and structural realities is essential.

## A market in transition: Stabilization, reform, and new capital

Over the past few years, Florida's property insurance market has undergone significant transformation.

Following a period of dislocation and limited capacity, the trend has shifted toward stabilization. Rate reductions, an influx of capital, and increased private market participation are all signs of a market finding its footing.

The most visible change has been the significant decrease in commercial property rates—a sharp reversal from the hard market conditions of just a few years ago. For smaller commercial risks and personal lines, the downward trend is steady, while larger risks, which are more aggressively marketed, are experiencing even faster price corrections.

This pricing shift is driven largely by an increase in the number of active carriers and the return of reinsurance capital to the state. Improved reinsurance terms and reduced costs have not only allowed insurers to rebuild profitability but have also helped drive competition.



# Rate reductions, an influx of capital, and increased private market participation are all signs of a market finding its footing.

program, which has strategically reduced the state-backed insurer's policy count by transferring exposure back into the private sector. This has stimulated new market entrants and emboldened existing private insurers to expand their Florida portfolios. Several new companies have been approved to write business in the state, signaling a growing appetite and renewed confidence in Florida's property market.

As private carriers scale up, they're supported by a reinsurance sector that is finally showing signs of stabilization. Reinsurers, encouraged by more favorable loss experience and improved risk modeling, have returned to Florida with better terms and a broader willingness to back both regional and national insurers.

## Legislative reform: A turning point

Another critical contributor to the market's evolution is legislative reform. In recent years, Florida lawmakers have taken decisive steps to address chronic issues like excessive litigation and assignment of benefits abuse—both of which previously destabilized underwriting performance.

New laws aimed at promoting home hardening, reducing fraud, and limiting opportunistic lawsuits have begun to yield results. Insurers have reported improved financial performance, with many posting net profits in 2024—marking a turning point after years of consecutive losses.

However, challenges persist. Litigation risk remains a concern, not only in Florida but in neighboring states as well. Nuclear verdicts are still occurring, and carriers are responding with updated forms, coverage exclusions, and more conservative underwriting. The claims environment, while improved, continues to influence carrier appetite and form innovation.

Many carriers, reacting to better-than-expected loss performance from the 2024 hurricane season—which was flood-focused with limited wind damage—are now releasing capital to capture greater market share. As a result, business plans for 2025 and even 2026 are being revised to emphasize premium growth over risk selectivity.

## The impact of Citizens' depopulation and private market growth

Central to the market's resurgence is the Citizens Property Insurance Corporation's depopulation

## Structural risk: The sinking condo crisis

No conversation about Florida's commercial property market would be complete without addressing the structural integrity of aging high-rise condominiums, especially in the aftermath of the Surfside collapse in 2021. The tragedy served as a wake-up call, highlighting the risks posed by deferred maintenance, saltwater corrosion, and outdated building codes.

While new legislation has boosted reserve requirements and adjusted inspection protocols for condo associations, the underwriting community remains cautious. Buildings constructed before 1990, particularly in coastal zones, are subject to higher scrutiny, and in many cases coverage is being offered only with strict conditions or exclusions.

In parallel, many insureds are choosing to "go bare" on wind coverage due to the rising cost of catastrophe insurance. This trend—spurred by affordability challenges—presents its own set of long-term risks. While electing to self-insure for wind may offer short-term financial relief, it leaves property owners exposed to the most common and costly peril in the state. Brokers must play a crucial advisory role in helping clients balance cost with risk tolerance.

## Technology's role in risk assessment and claims

To meet these challenges head-on, insurers and brokers alike are leaning into technology and innovation. AI-driven analytics, satellite imagery, and remote inspection tools are now commonplace in risk assessment, underwriting, and claims processing. These advancements not only increase accuracy and efficiency but also support more competitive pricing and better risk differentiation.

For example, using satellite data and drone imagery, insurers can now



detect roof wear, structural shifts, and vegetation encroachment—often before a claim is filed. These tools enable underwriters to proactively adjust exposure and provide brokers with data-backed insights for their clients.

### **The road ahead: opportunity, innovation, and caution**

Looking forward, the Florida market will remain highly dynamic. While conditions are favorable now, the landscape could change quickly in the face of a major CAT event, rising interest rates, or shifts in global reinsurance sentiment. Climate change continues to exacerbate risk—rising sea levels, higher storm surge potential, and more frequent hurricanes all demand sustained vigilance.

Yet, amid these challenges, the Florida commercial property

market also represents one of the most resilient and opportunity-rich environments for brokers who understand its intricacies. The keys to success lie in carrier relationships, real-time market intelligence, and specialized expertise.

### **Conclusion**

At One80 Intermediaries, we've long recognized the complexity and opportunity of the Florida property insurance market. As an innovative wholesale broker and MGA with deep specialization in Florida commercial property risks, we bring together global carrier access, sophisticated underwriting capabilities, and on-the-ground insights to help retail brokers navigate even the most challenging placements. Our ability to structure creative solutions—whether for large condo associations, multi-location portfolios, or wind-exposed commercial assets—positions us as a trusted

partner in this evolving market.

The sands may be shifting in Florida, but with the right expertise and resources, brokers can find stable ground—and long-term success. ■

### **The author**

*Martin Burlingame is the Contract Binding Division President of One80 Intermediaries, where he leads a team that places property, liability, package and management liability across 30-plus carriers in the binding authority marketplace.*

*Previously, Martin was the CEO of Bigfoot Insurance, an online MGA platform that handled submissions for over 15,000 agents across the U.S., now expanding to 25,000 agents as part of One80 Intermediaries. Martin served in the U.S. Army as an Armor and Intelligence officer with a combat tour in Mogadishu, Somalia.*



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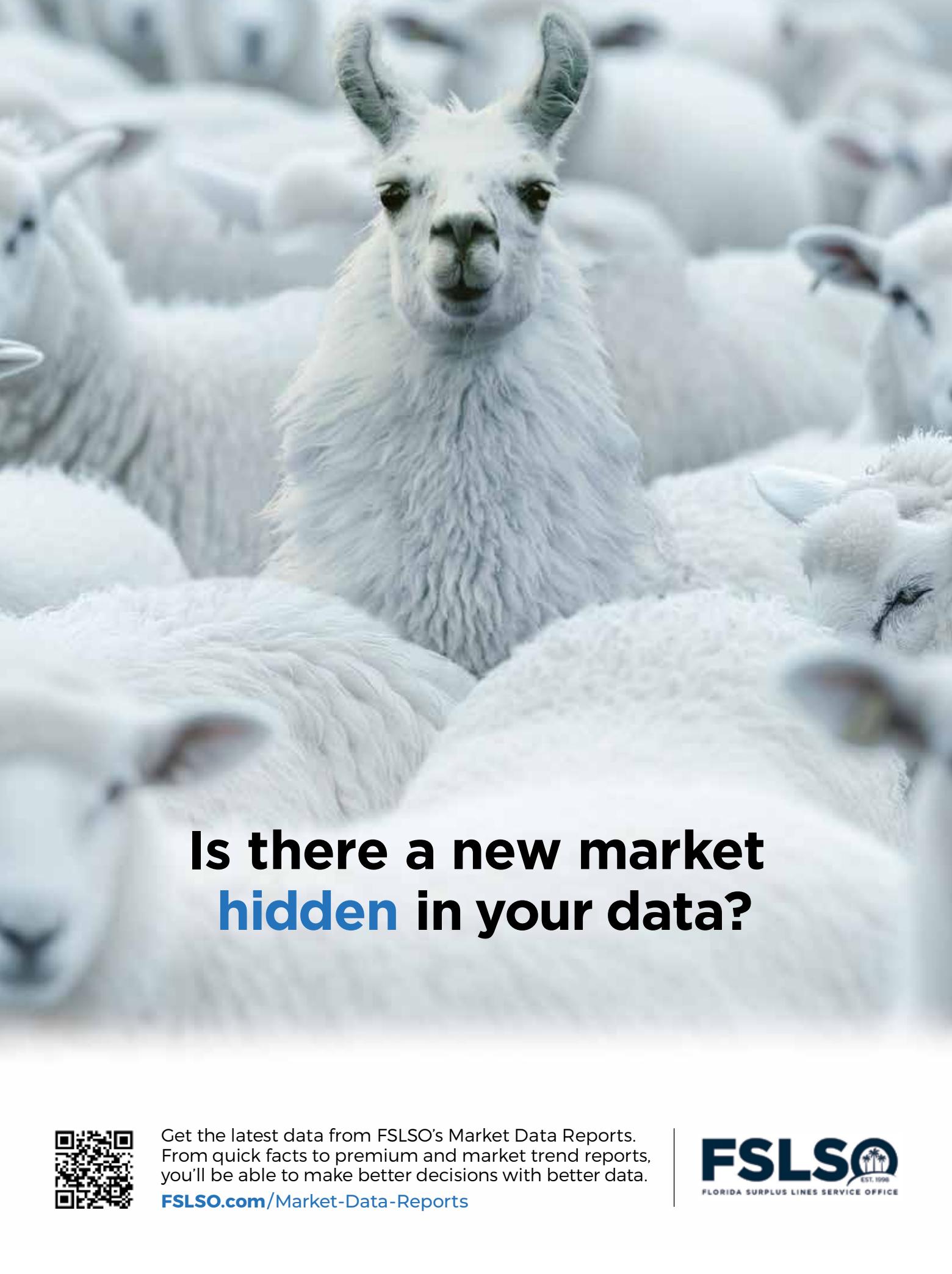


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# FLORIDA'S E&S INSURANCE MARKET CONFRONTS NEW REALITIES IN 2025

*The importance of having a property restoration company on speed dial in Florida*

By Albert Geraci

The Florida insurance market has long been unpredictable, with the Excess and Surplus (E&S) lines market crucially filling gaps where standard insurance falls short. As we progress into 2025, Florida's habitational and hospitality sectors within the E&S market face unique challenges. These are driven by rising casualty litigation, social inflation, and increased migration to Florida due to COVID. Despite growing demand for coverage, insurers grapple with higher costs and limited capacity.

The casualty market in Florida remains firm, with expectations of continued firmness. Certain business classes and risks—such as bars, daycares, liquor liability, hotels and

motels—are particularly firm. In this challenging market cycle, partnering with wholesalers is essential to navigate the E&S market and develop client solutions.

Wholesalers can access the E&S market for retailers, provide market trend insights, offer benchmarking information to explain the market to insureds, and deliver tailored solutions. This partnership is vital for effectively supporting retail clients and helping them face the future with confidence.

Here are five key drivers of Florida's E&S and casualty insurance market:

**1. Florida's housing and hospitality sectors boost the economy.** Florida's habitational and hospitality sectors are integral to its economic framework. The habitational sector provides housing for millions, while the hospitality industry—including hotels, resorts, restaurants,



bars and vacation rentals—generates over \$90 billion for the state annually.

However, these sectors are susceptible to casualty risks, ranging from personal injury lawsuits (such as slip, trip, fall, assault and battery) to property damage claims. Unfortunately, securing casualty insurance in these areas has become increasingly challenging due to rising costs and limited availability.

In recent years, insurers have faced heightened litigation risks, resulting in increased premiums and reduced coverage availability. As traditional carriers withdraw or exit the Florida market, many businesses are turning to the E&S market, which offers more flexible policies, albeit often at a higher cost.

**2. Social inflation and legal trends drive up Florida's casualty insurance costs.** A significant challenge in Florida's (although not limited to Florida) casualty insurance market is social inflation—the rising costs of claims due to increased legal and settlement expenses. Florida's historically litigious environment has been exacerbated by trends such as nuclear verdicts, where large jury awards in personal injury cases are becoming more common.

## *The Florida insurance market has long been unpredictable . . .*

The habitational and hospitality sectors are particularly vulnerable to personal injury claims, from slip-and-fall accidents to alleged negligence. The state's legal climate, which often favors plaintiffs, has caused casualty premiums to soar. The increasing frequency of lawsuits and substantial settlements make it difficult for insurers to predict and manage risk, driving more property owners toward the E&S market for coverage.

**3. Litigation abuse escalates costs in Florida's casualty insurance market.** Litigation abuse further complicates Florida's casualty market. Prior to the 2023 reforms, the state's "one-way attorney fee" statute, which allows plaintiffs to recover attorney fees if they win, encourages excessive and sometimes meritless lawsuits. This situation often forced insurers to settle claims at high costs, further driving up premiums.

In the habitational sector, owners of residential properties like apartments and condominiums frequently face lawsuits over premises liability. Similarly, in the hospitality sector, businesses such as hotels and resorts are experiencing a surge in liability lawsuits from guests. This increase in claims, coupled with the misuse of legal processes, places a heavy burden on insurers, making casualty coverage more expensive and harder to obtain.

**4. Pandemic-driven migration to Florida boosts population and casualty insurance risks.** The COVID-19 pandemic prompted a wave of migration to Florida. Remote work facilitated this movement, increasing the state's population and demand for housing, including rental properties, hotels, and resorts. This migration has not been offset by relocation out of the state driven by increases in the severity and frequency of storms, rising home prices, rising rent, crime, overpopulations, traffic, insurance costs or taxes.

This population growth has led to greater exposure to casualty claims. With more residents and tourists, there is a higher likelihood of personal injury lawsuits and other liability claims. The hospitality sector, for instance, has seen an uptick in accidents involving guests,

raising liability risks for hotel owners. This additional exposure to risk has made it more challenging for insurers to be competitive, pushing more property owners into the E&S market.

**5. Florida's legislative reforms aim to tackle insurance market challenges and boost stability.** In response to the challenges in the casualty insurance market, Florida lawmakers and regulators have implemented measures to curb litigation abuse and enhance market stability.

Florida has enacted several legislative reforms aimed at addressing the state's litigious environment. The 2023 tort reform laws sought to limit excessive lawsuits, including changes to the one-way attorney fee rule and adjustments to the statute of limitations for personal injury claims. These efforts aim to reduce frivolous lawsuits and lower the overall cost of litigation, thereby stabilizing casualty premiums.

Legislation designed to curb frivolous lawsuits and reduce the predatory practices of trial attorneys targeting property owners was also passed. This legislation presumes that the owner or principal operator of a multi-family residential property that implements certain security measures is not negligent in connection to criminal acts occurring on the premises committed by third parties who are not employees or agents of the owner or operator. The bill mandates the Florida Crime Prevention Training Institute of the Department of Legal Affairs to develop a proposed curriculum or best practices for such owners or operators.

Although these reforms are still in their early stages, initial indications are showing a reduction in the number of lawsuits filed and the cost to settle claims. Time will tell if this will lead to a more stable market, attracting capacity to return, fostering competition, and benefiting consumers through increased choices in a competitive market. ■

### **The author**

*Albert Geraci is area president of Risk Placement Services, Inc.*



# BUILDING YOUR TECH-READY TEAM

*How Florida agencies are seeking out new skill sets to embrace technology*

By Mike Erlandson

**F**lorida insurance agents know how to adapt. Extreme weather events, fluctuations in carrier participation, and a fierce litigation environment are putting more pressure—and work—on independent agents in the Sunshine State.

For many agencies, technology can make all the difference when navigating the changing landscape. Automation—and even artificial intelligence—can help streamline many routine, manual tasks so agents can spend their human power on more valuable activities, like relationship building and prospecting.

But to leverage technology efficiencies and to meet the changing expectations of clients, agency leaders are rethinking the skills they need on their teams. Increasingly,

successful agencies are prioritizing “soft” skills, like flexibility and adaptability, along with “hard” tech skills when training staff or making new hires. Today’s leaders need to invest in a tech-savvy workforce that knows how to use all the tools available to them. Leaders and agents alike need data literacy, tech fluency, and flexibility to change with whatever comes next.

## **Data literacy: Big data is a big deal**

Insurtech is constantly expanding the toolbox of data-driven solutions. Tech-forward agencies are using their data to fine-tune efficiencies, track performance, and stay on top of market trends.

But data must be collected accurately and analyzed correctly to deliver value. And that means for agents, data

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# Today's leaders need to invest in a tech-savvy workforce that knows how to use all the tools available to them. ... Leaders and agents alike need data literacy, tech fluency, and flexibility to change with whatever comes next.

literacy is a must-have skill. As data connects people from one part of an organization to another, insurance has become a team activity more than ever before. Teams that treat clean data as everyone's responsibility get more from the tools they already have.

Insurance professionals who bring attention to detail and an understanding of how data gets handed off from one department to the other can maximize the potential of the information that moves in and out of an agency. At the agent level, those who bring in or improve their data skills contribute to the entire organization's goals. While not everyone needs to know how to analyze data, everyone needs to understand the importance of data to the agency's work.

Agencies that maintain clean data do more, from placing risk to tracking client interactions. That's why data-savvy leaders communicate about data in their organizations. They clearly explain to their teams why and how data is collected and how it impacts everyone's job. They

continually reinforce data collection standards. And they regularly share data insights with their teams to build better understanding.

That level of data literacy makes existing data-driven tech more effective and opens opportunities to implement other technology. Data knowledge is a new prerequisite for both potential hires and current employees in today's agencies.

## Think beyond insurance: Tech skills are hard-coded

Technology is increasingly used across many sectors to manage workflows, track performance, automate client communication, and make sense of industry trends. Insurance is rapidly adopting solutions for these same functions, and agencies need people who can put these solutions to work.

Agencies can expand their tech abilities by developing skills within their current team. But they can also add those skills by looking for new hires from outside insurance.

In a 2023 survey of insurance agency professionals by Vertafore, one-third of agency professionals reported starting their insurance career after working in another industry. Those employees can be uniquely useful for an agency. Consider what skills new employees can bring in from other fields—such as familiarity with CRM systems, analytics dashboards, or AI-powered customer service.

New hires from tech-invested fields may already be fluent with the tools that are transforming our industry, and that can shorten training time and speed up the adoption. They may also be able to bring in best practices and insights into how technology improves work in other sectors—knowledge that can benefit an entire agency.

Hiring from outside the industry brings advantages when agencies import technology knowledge that complements the deep industry experience of long-term insurance professionals. In addition, these new employees can bring a level of excitement and curiosity to the ways technology can help agencies work smarter and put more energy into the tasks where humans thrive, like advising clients and finding ways to grow.

## Growth mindset: Keep an open mind

Developing or importing technical skills and knowledge comes with a requisite: a growth mindset. That's why tech-savvy agencies are

prioritizing curiosity as an essential attribute for both their leaders and staff, and why they are finding ways to harden curiosity in a key agency value.

Staying ahead requires evaluating technology and using sound judgment. For leaders, that means taking the time to thoroughly vet new tech and trusting the people around them to say what could be improved.

Think about one of the most famous corporate curiosity experiments. Decades ago, tech giant 3M famously started a "15% time" program, giving employees time to explore new ideas, which resulted in new innovations that ultimately benefitted the company.

Agencies that thrive in demanding markets rely on agents who work with this mindset: They follow their curiosity, find efficiencies, and help their business grow. While 15% of time allocated to curiosity may be a little much in our industry, providing employees the ability to drive change goes a long way.

I was given the ability to explore in my own agency experience, which led to sizable innovations for our agency and empowered me to feel that I was making a greater impact for my organization.

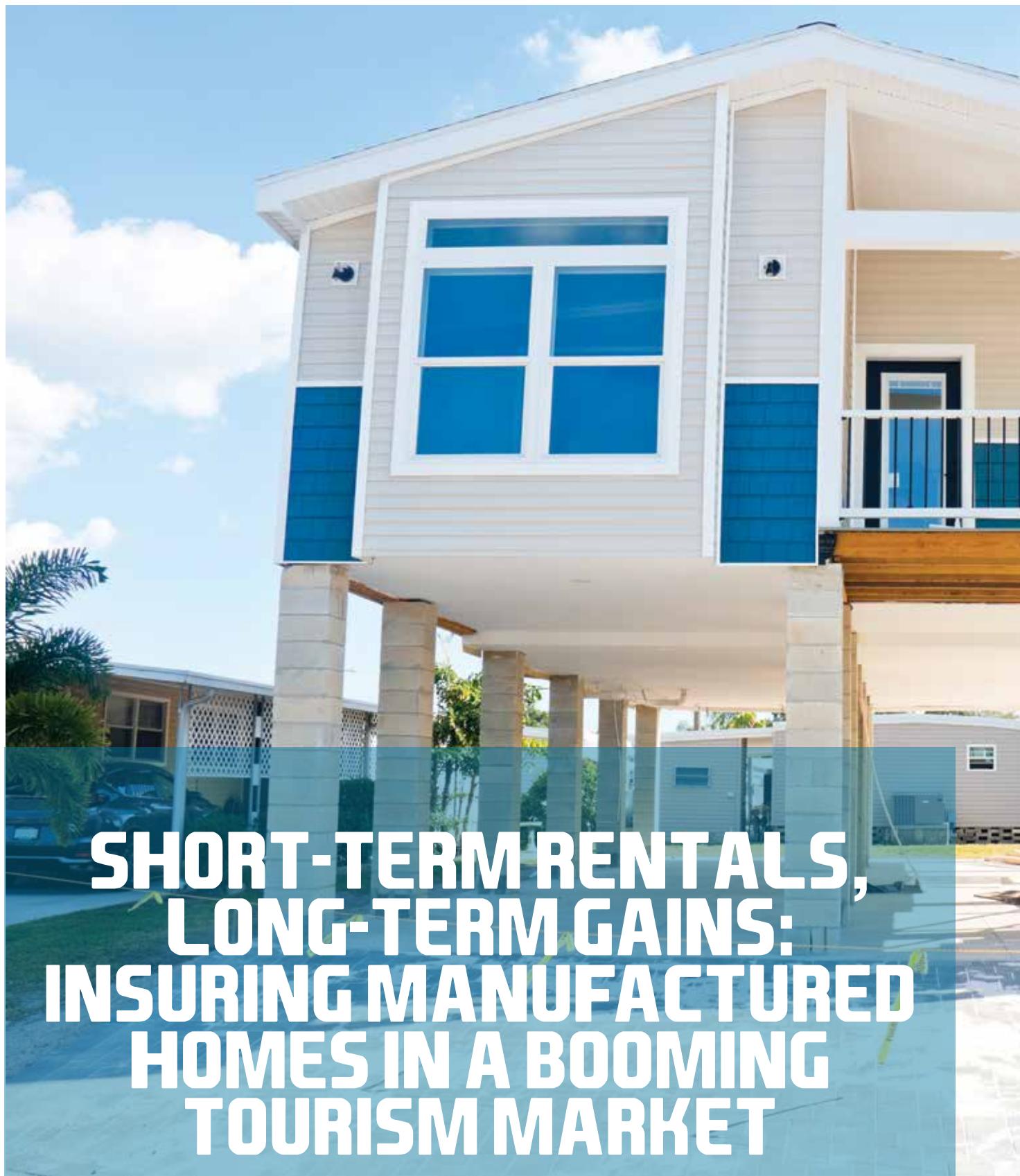
Leaders who listen to employees and encourage them to explore new processes stand to benefit. There will always be someone in an organization who wants to improve efficiency or find change. The value in skilled leaders is finding those people and giving them the opportunity to make that change happen.

Since technology is constantly changing, investing in skills that help agents take advantage of tech—data literacy, cross-industry expertise, and a culture of curiosity—will help agencies stay prepared for new advances. Agencies that embrace tech-driven efficiencies and human-centered skills will be best off to succeed in Florida's unpredictable market, as well as any other. ■

## The author

*Mike Erlandson manages professional services partnerships at Vertafore, where he focuses on technology that makes the most impact for agencies. He has 18-plus years of experience in both insurance and insurtech, with a passion for efficiency and automation.*





# **SHORT-TERM RENTALS, LONG-TERM GAINS: INSURING MANUFACTURED HOMES IN A BOOMING TOURISM MARKET**

*Agents specializing in short-term rental coverage for manufactured homes can cash in on coverage gaps, while meeting a rapidly growing need*



By Heather Mawn

**A**s far back as the late 1800s, burgeoning tourist communities and grand hotels dotted Florida's

landscape, as travelers journeyed south seeking placid lakes, glistening white sands, and sun-soaked shores. In the years that have followed, Florida's popularity has only grown. In February, Governor Ron DeSantis

announced that a record-breaking 142.9 million visitors traveled to the Sunshine State in 2024, a 1.6% increase over 2023, the state's previous record year.

Likewise, Florida's short-term rental market has experienced a 53% increase in listings between 2022 and 2024, according to the blog post "2024 Short-Term Rental Market Trends" by Lighthouse, a commercial platform for the travel and hospitality industry. VRBO (Vacation Rentals by Owner) was one of the first to popularize short-term rentals in the mid-90s when they invited homeowners to list and book homes online for stays ranging from days to weeks. Today, sites like Airbnb and booking.com compete with VRBO, enticing millions of tourists worldwide with listings that feature homey amenities and unique surroundings.

Larger cities like Miami and Orlando remain strongholds for Florida vacation rentals. However, a leading short-term rental data site, AirDNA, reported significant growth in small and mid-sized cities, as well as rural markets. This trend opens the door for a particular subset in the short-term rental space—manufactured homes.

Not only does Florida have one of the highest concentrations of manufactured homes in the nation, but many of these homes can be found on the outskirts of large cities and in rural areas. In Lakeland, just outside of Tampa, more than 20% of the homes are factory built, the nation's highest average, according to 2024 data on ManufacturedHomes.com

As travelers increasingly seek affordable lodging in off-the-beaten-path locations, the door is open for Florida's manufactured homeowners to cash in on a booming market—if they can find the right insurance coverage.

### The upside for homeowners

This booming market for the short-term rental of manufactured homes provides opportunities for homeowners to:

#### 1. Earn additional income.

According to AirDNA, the national average annual revenue for short-term rental hosts is \$48,917, with emerging markets like St. Petersburg and Tampa showing revenue potential of as much as \$57,517 and \$51,587 respectively. Numbers vary, of course, and high-traffic areas or luxury accommodations will usually net higher income. Regardless of the

# As travelers increasingly seek affordable lodging in off-the-beaten-path locations, the door is open for Florida's manufactured homeowners to cash in on a booming market—if they can find the right insurance coverage.

amount, studies by DoorLoop, a property management software company, show that roughly 45% of hosts cite short-term rental income as a critical component of their overall finances.

**2. Maximize property use.** Not only is Florida a national leader for manufactured homes, but it also appears near the top of the list for second homes. With those categories inevitably intersecting, there's money to be made with homes that would otherwise be empty for a portion of the year.

**3. Meet market demand.** AirDNA's data shows that short-term rental supply is going down nationally, yet Florida's availability remains strong—and competitive. Fortunately, manufactured homes are well-suited to a competitive price point. They may not offer all the trimmings of a luxury resort, but they often feature community amenities and high-end finishings, providing the ideal stay for a price-conscious traveler.

## The challenges

Newly admitted insurance carriers and recently improved rates indicate that Florida's long-plagued homeowners insurance market might finally be seeing positive changes. However, these positive developments have been slow to reach the manufactured home insurance market. Carriers are still cutting back, especially for manufactured homes over two years old, or exiting the state altogether, leaving homeowners with canceled policies and

limited viable options, according to an August 2024 article in *Carrier Management*.

With manufactured home insurance difficult to obtain, a sticky situation becomes stickier for entrepreneurial homeowners when, even if coverage is found, standard manufactured home insurance policies can exclude coverage for commercial activities, such as short-term rentals.

## Time for agents to shine

Florida's manufactured home insurance market presents unique challenges but equally exciting opportunities for agents. In a niche arena like manufactured home coverage, word-of-mouth is king, and a reputation for reliable results earns the crown. Those who establish themselves as dependable providers in an underserved market soon become the talk of the town, creating a trusted brand and building business as they go.

So, what's next?

**1. Do the homework.** Agents who want to stand out as a resource for manufactured home short-term rentals must first identify and build a relationship with a specialty brokerage that can access short-term rental coverage, like Aspera Insurance Services. Once found, agents can lean into their broker's experience, get to know the available options, and position themselves as a niche market expert who has the answers before clients even ask the questions.

**2. Be an advisor, not just an agent.** Whether pulling from an existing manufactured home client base or currently building one, agents should proactively educate clients about short-term rental opportunities, as well as gaps in traditional coverage. This kind of proactivity creates opportunities to build more comprehensive policies and better coverage for clients, an outcome that boosts an agent's commissions—and reputation.

**3. Offer seasonal policy reviews.**

Whether or not a manufactured home client is currently using their home as a short-term rental, agents should conduct seasonal policy reviews, especially before peak rental seasons. For those already renting their homes out, these reviews create opportunities to add more robust coverage or enhancements. For clients not taking advantage of short-term rentals, a review provides the chance to educate, advise, and open the door to a new revenue stream.

## Final thoughts

Short-term rentals carry obvious advantages, and for Florida's homeowners, the time seems right to cash in. However, like any financial venture, careful planning is necessary. Enterprising agents who approach manufactured home clients with the right coverage in hand can set themselves up for success, even as they provide their clients with the tools to build a thriving rental business.

For more than a decade, Aspera has been meeting the needs of manufactured home clients and agents along the Atlantic and Gulf Coasts, providing access to broad and consistent policies. We follow market trends closely and listen closely to our policyholders' needs. As a result, we understand market challenges, and we're quick to identify and act upon opportunities, including the addition of short-term rental coverage in 2024. ■

## The author

*Heather Mawn is the personal lines division manager at Aspera Insurance Services, a wholesale brokerage specializing in hard-to-place personal insurance. She has led the Personal Lines team at Aspera since 2018 and has 10 years of underwriting experience. For more information on working with Aspera, visit asperains.com or email marketing@asperains.com.*

# FLORIDA INSURANCE MARKET UPDATE: STABILITY RETURNS, OPPORTUNITY KNOCKS

*Far from risk-free, but the recent improvements are undeniable*



By Chris Siegel

**T**he Florida insurance market is undergoing a profound transformation. Following two years of aggressive legislative reform, the state is emerging from a long period of instability, lawsuit exploitations, and runaway premiums. For retail agents, this evolution presents not just relief, but real opportunity.

## Legislative reforms yield tangible results

The catalyst for Florida's turnaround has undoubtedly been the sweeping legislative changes enacted in 2022 and 2023, spurred by devastating hurricane and flood seasons. In a special session, the Florida state legislature responded decisively to longstanding issues plaguing the state's insurance industry, most notably one-way attorney fees and the widespread abuse of assignment of benefits (AOB).

One-way attorney fees, which had previously incentivized a flood of litigation, were eliminated. This move dismantled the financial engine behind tens of thousands of frivolous lawsuits. AOB abuse, particularly rampant in roofing and auto glass claims, was similarly addressed. Prior to these reforms, Florida was responsible for nearly 80% of all insurance-related litigation in the United States while representing only 9% of total claims—a staggering figure driven by legal loopholes that encouraged exploitation.

The 2025 legislative session has opened with challenges to these hard-won reforms, including efforts to

reintroduce one-way attorney fees. The industry will need to remain vigilant to ensure that Florida doesn't backslide into the litigious environment of the past.

## Market improvements and a brighter outlook

Thanks in large part to the improved legal landscape, Florida's insurance market is showing signs of stabilization and, in many segments, even growth.

Homeowners insurance, a long-troubled segment, is showing the clearest signs of improvement. Average premiums are nearly flat, and notably, 40% of admitted carriers have filed for rate decreases. In the surplus lines market, both commercial and residential property premiums are trending down as the perception of risk eases and insurers regain confidence in the state's regulatory environment.

Perhaps most encouraging is the entrance of 11 new property insurers into the Florida market. Even more telling, six of the top ten national insurers writing residential business in the state increased their market share in 2024, signaling renewed commitment and long-term investment in Florida's recovery.

The auto insurance market is also on the mend. After a noteworthy 80% year-over-year drop in auto glass-related lawsuits, several national carriers are now preparing to file for rate decreases in 2025. It's yet another sign that litigation reform is paying dividends across lines of business.

Citizens Property Insurance Corporation, the state's insurer of last resort since 2002, continues to successfully depopulate. From a high of approximately 1.4 million policyholders in 2023, the count has dropped to under 850,000 in 2025. This reduces the risk of broad-based policyholder



*The 2025 legislative session has opened with challenges to ... hard-won reforms, including efforts to reintroduce one-way attorney fees. The industry will need to remain vigilant to ensure that Florida doesn't backslide into the litigious environment of the past.*

increased aggregate availability for producers who have demonstrated stewardship of their contracts, and previously withdrawn carriers are now returning to key traditional E&S classes of business.

This evolving environment has also led to a wave of consolidation efforts at the request of our retail partners. Agencies are re-evaluating their carrier relationships and seeking stronger alignment with MGA and brokerage partners that can deliver both stability and growth potential.

On the renewal front, we anticipate flat or reduced rates, a welcome break from the successive annual increases that had become the norm. Insurance-to-value (ITV) corrections will continue, driven by inflation, but the heavy lifting to correct the ITV gap has largely been completed.

New business continues to be a strategic focus for us at Burns & Wilcox. As the market becomes more competitive, we are doubling down on efforts to deliver tailored, creative solutions to our retail partners and their clients. Whether it's crafting niche liability programs or providing comprehensive property coverage in coastal zones, we believe our ability to adapt has never been more important, or more valuable.

#### **The road ahead**

While the Florida market is far from risk-free—after all, hurricane season still looms and legislative volatility remains a factor—the recent improvements are undeniable.

Retail agents should see this moment as one of real opportunity. With premium stabilization, increased carrier appetite, and new tools available through wholesale partners, the

Florida insurance market is not just recovering, it's growing.

We're excited to partner with agents in navigating this changing landscape. Together, we believe we can help clients find smarter, more affordable coverage solutions, and capitalize on one of the most promising insurance market turnarounds in recent memory. ■

#### **The author**

*Chris Siegel is currently vice president, responsible for Burns & Wilcox offices across Florida. With 23 years of industry experience and specific training in professional liability, Chris leads his team, overseeing day to day operations, ensuring producers have the resources they need to meet their goals, all while managing his own book of business. Known for his natural knack for insurance, exposure analysis and strategic planning methods, Chris holds the CIC, CRIS, ARM and AAI professional designations. Chris graduated with a bachelor's degree from Salem-Teikyo University with a double major in International Business and Japanese Studies. After graduation, he worked with companies such as Aon, Brown & Brown, and Hull & Company before joining Burns & Wilcox in 2015. Chris is active on the Legislative and Education Committee for Florida Surplus Lines and a member of WSIA. Locally, he is involved in coaching Allstar softball for West Volusia Athletic Association.*



assessments in the event of a major storm, and reflects increasing confidence and capacity among private insurers.

Florida Surplus Lines Service Office (FSLSO) data echoes this sentiment: while policy count is up, total E&S premium volume is down, demonstrating that rate relief is finally reaching policyholders.

#### **Competitive, creative, and client-focused**

At Burns & Wilcox, we are seeing the benefits of this market shift firsthand. Across both personal and commercial property lines, our carrier partners are issuing rate reductions. Liability rates have held steady across many classes—especially in habitation and hospitality—suggesting a sustainable balance is returning to the market.

What's more, the arrival of new E&S carriers is injecting much-needed competition and capital into the Florida landscape. These entrants are not only expanding available capacity but also pushing innovation in coverage solutions. We're seeing

# THE FUTURE OF FLOOD RISK TRANSPARENCY IN FLORIDA

*Understanding potential risks and costs can lead to stronger, better prepared communities*



By Craig Poulton

**F**lorida House Bill 1049 has since October 1, 2024, required home sellers to disclose a property's flood history and any past insurance claims. The bill was designed to increase transparency, especially in a state where flooding is a major risk.

Before finalizing a sale, sellers must now complete a "Flood Disclosure" form. This form provides buyers with details about past flood damage claims and any federal assistance received.

This new law has had a major impact on Florida's real estate market. Buyers now have access to critical information to help them assess risk before purchasing a home. For sellers, failing to comply could lead to legal issues or delays in closing. Transparency about flood risks may also affect property values, particularly in high-risk areas, as buyers weigh future costs when making decisions.

When buyers know a home's flood history, they can better prepare for potential risks and costs. Having this knowledge also helps them negotiate pricing and terms that accurately reflect the property's true value. In the long run, this could lead to stronger, better prepared communities.

## Looking ahead: Predictions for 2025

As 2025 unfolds, Florida's real estate and insurance markets will continue adjusting to this law. Experts

predict that buyers will take a more careful approach, more homeowners will seek flood insurance, and home values may shift in high-risk zones.

Several states have implemented robust flood disclosure requirements, offering insights into potential outcomes for Florida. These include:

- **Texas.** Newly enacted comprehensive flood-disclosure laws are leading to increased buyer awareness and a more cautious approach when purchasing properties in flood-prone areas. This heightened awareness has influenced property values and insurance premiums, reflecting the true risk associated with such properties.
- **Louisiana.** With stringent disclosure mandates, buyers are better informed about flood risks, resulting in a demand for more accurate property valuations and appropriate insurance coverage. This transparency has fostered a more resilient real estate market, with stakeholders prioritizing risk mitigation.

Drawing from these examples, Florida can anticipate several developments:

- **Enhanced buyer awareness.** Buyers will likely become more cautious, evaluating properties with a clear understanding of potential flood risks.
- **Market adjustments.** Properties in high-risk areas may experience value fluctuations as the market recalibrates based on disclosed information.
- **Insurance dynamics.** A surge in demand for comprehensive flood insurance policies is expected, prompting insurers to offer more tailored solutions.

Overall, the emphasis on transparency is poised to cultivate a more informed and resilient real estate environment in Florida.

#### A new era

Florida's new flood disclosure law is a major step toward greater transparency in home sales. By requiring sellers to share flood history, buyers can make informed decisions, and communities can be better prepared for future risks. Moving forward, collaboration between real estate professionals, insurance agents, and policymakers will be essential to making this transition smooth and ensuring long-term resilience against natural disasters.

Our firm has been a strong advocate for improving flood insurance and risk awareness. We are firm believers that the remedy to Florida's collective and multifaceted problem will not be found in relying on big government "fixes" like the National Flood Insurance Program (NFIP).

Consumers are offered more flexibility and better coverage choices with private flood insurance options, including our National Catastrophe Insurance Program (NCIP) and others.

*[M]arkets will continue adjusting to [Florida House Bill 1049]. Experts predict that buyers will take a more careful approach, more homeowners will seek flood insurance, and home values may shift in high-risk zones.*

Insurance agents are key players in this evolving market. With these new requirements, agents must help clients understand flood risks and ensure they have the right coverage. Many homeowners don't realize that standard insurance policies usually don't cover flood damage.

We will continue to work closely with agents to help them explain the difference between NFIP policies and private alternatives, like NCIP offered through CATcoverage.com, to

provide clients with the lowest-price option that meets their individual situations. ■



#### The author

*Craig Poulton, CEO of Poulton Associates, owner and operator of CATcoverage.com, has been a strong advocate for improving flood insurance and risk awareness.*

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# THE IMPORTANCE OF CYBERSECURITY FOR FLORIDA BUSINESS OWNERS

*Common threats and proactive protection strategies*

By Chris Cox

**I**n today's digital age, cybersecurity has become a critical concern for businesses of all sizes. For Florida business owners, the stakes are particularly high due to the state's vibrant economy and the increasing frequency of cyber threats.

According to the FBI's Internet Crime Complaint Center (IC3), Florida ranked second in the nation for the number of cybercrime victims in 2023, with losses exceeding \$500 million. These alarming statistics underscore the urgent need for robust cybersecurity measures.

## Common cybersecurity threats for business owners

Florida businesses face a variety of cybersecurity threats that can have severe consequences. Some of the most common threats include:

**1. Phishing attacks.** Phishing remains one of the most prevalent cyber threats. Cybercriminals use

deceptive emails or messages to trick employees into revealing sensitive information, such as log-in credentials or financial data. In 2023, phishing attacks accounted for over 30% of all reported cyber incidents in Florida.

**2. Ransomware.** These attacks involve malicious software that encrypts a business's data, rendering it inaccessible until a ransom is paid. Florida businesses have been increasingly targeted by ransomware attacks, with the average ransom demand exceeding \$100,000 in 2023.

**3. Data breaches.** A data breach occurs when unauthorized individuals gain access to sensitive information. These breaches can result from weak passwords, unpatched software, or insider threats. In 2023, data breaches cost Florida businesses an average of \$4.24 million per incident, according to a report by IBM.

**4. Business email compromise (BEC).** These attacks involve cybercriminals impersonating company executives or vendors to trick employees into transferring funds or revealing confidential information. Florida



*By understanding common threats, adopting best practices, and investing in cyber liability coverage, Florida businesses can protect themselves from the potentially devastating impact of cyberattacks.*

Florida business owners can implement several effective cybersecurity strategies, none more important than investing in cybersecurity insurance. As a writer in the small business market, Main Street America Insurance provides comprehensive cyber liability coverage designed to protect businesses from the financial fallout of cyber incidents. Cyber liability coverage can help cover the costs of:

- **Data breaches.** Coverage for the costs associated with responding to a data breach, including notification expenses, credit monitoring services, and public relations efforts.
- **Legal fees.** Coverage for legal fees, regulatory fines, and penalties resulting from a data breach or other cyber incident.
- **Business interruption.** Coverage for lost income and extra expenses incurred due to a cyberattack that disrupts business operations.
- **Network security liability.** Protection against claims arising from a failure to secure data, including third-party claims for damages.
- **Cyber extortion.** Protection against ransomware attacks, including coverage for ransom payments and the costs of negotiating with cybercriminals.

Other proactive protection activities for Florida businesses to consider include:

**1. Employee training and awareness.** Educating employees about cybersecurity best practices is crucial. Regular training sessions can help employees recognize phishing attempts, avoid suspicious links, and understand the importance of strong passwords.

**2. Multi-factor authentication (MFA).** Implementing MFA adds an extra layer of security by requiring users to provide two or more verification factors to access accounts. This significantly reduces the risk of unauthorized access.

**3. Regular software updates.** Keeping software and systems up to date is essential to protect against known vulnerabilities. Regularly applying patches and updates can prevent cybercriminals from exploiting weaknesses.

**4. Data encryption.** Encrypting sensitive data ensures that even if it is intercepted, it remains unreadable without the proper decryption key. This is particularly important for protecting customer information and financial data.

**5. Incident response plan.** Developing and regularly updating an incident response plan can help businesses respond quickly and effectively to cyber incidents. This plan should include steps for containing the breach, notifying affected parties, and recovering data.

Cybersecurity is a critical concern for Florida business owners. The increasing frequency and sophistication of cyber threats make it essential for businesses to implement robust cybersecurity measures. By understanding common threats, adopting best practices, and investing in cyber liability coverage, Florida businesses can protect themselves from the potentially devastating impact of cyberattacks. ■

## The author

*Chris Cox celebrated his 16th anniversary with Main Street America last year and has contributed in a number of roles over the years, including head of distribution, regional president of*

*the Florida region, head of Commercial Lines, and regional president of our Northeast Region. He holds the CPCU, CLU and ChFC designations and an MBA from the University of Iowa.*



businesses reported over \$150 million in losses due to BEC attacks in 2023.

## Strategies to bolster cybersecurity

The best way for a business to tackle cybersecurity is to be proactive. Should a breach happen and the team is unprepared, it can lead to longer response times, more trouble for customers and potential damage to the business.

With proactive cyber defense, businesses will have the opportunity to put a plan in place. They can take the right steps now to secure customers' data, helping prevent a breach in the first place. Doing so will ensure that if a breach occurs, the team will be better equipped to handle the response and have the right cyber insurance coverage in place to protect customers and the business.

# KNOWING FLOOD RISKS AND HOW TO GET PROTECTION



*Whether it's an NFIP or a private flood policy, coverage can be tailored to each person's needs*

By G. Michael Sloane

We're seeing a heightened awareness and an increased demand for flood insurance, but it's a gradual and incremental process. For every unprecedented flooding event that receives national attention, we also see an increase in recognition from people aiming to find out what types of flood insurance are available to them and the cost of it.

We have all heard—seemingly for decades now—the all-too-common statement from customers when it comes to flood insurance; they range from, "We didn't have flood insurance because we're not in a flood zone" to "I thought my homeowners insurance would have covered that."

The more you know about the ever-increasing risk of flooding, the better equipped you'll be to offer options for both the National Flood Insurance Program (NFIP) and private insurance policies.

As the onslaught of headlines about climate change, sea rise and tightening insurance markets continues, we

can't lose sight of the fact that long-term progress can be and is being made to protect ourselves against the physical and financial devastation caused by flooding.

As flood insurance professionals, we all need to understand our customers' flood risk, the related laws that impact the consumer, flood insurance coverage forms, and the flood insurance markets that are available to our clients. It's crucial to educate your customers on the benefits they deserve, inform them of their flood risks, and help them purchase a flood policy that meets their needs. As we all know, that's part of our job as agents.

For the longest time, the NFIP was the mainstay and actually the only flood insurance option available to property owners. The standard policy offered by the NFIP in the past clearly left clients who needed higher limits with few to no options. NFIP coverage that can be purchased on most residential buildings is capped at \$250,000, with \$100,000 of residential contents coverage available as an add-on. For commercial properties, up to \$500,000 in coverage is available for both buildings and contents.



In recent years, we've seen flood insurance from private insurers emerge, primarily in the excess and surplus lines markets. They offer more choices in flood coverage, higher limits, and stability in the marketplace. Private insurers now offer a wide range of options, including coverage that mirrors the NFIP policy, sometimes even carrying a lower premium.

Most flood products outside the NFIP are offered via excess and surplus lines, written on a non-admitted basis that brings additional steps in terms of disclosure, diligent efforts, signatures, and risk. Admitted flood products are approved and regulated by each state's insurance commission, which brings consistency, financial scrutiny, and stability to the program.

*As the onslaught of headlines about climate change, sea rise and tightening insurance markets continues, we can't lose sight of the fact that long-term progress can be and is being made to protect ourselves against the physical and financial devastation caused by flooding.*

NFIP changes over the past few years and the implementation of Risk Rating 2.0 have led to greater awareness and interest from the general public in learning more about their flood risk. We're seeing more property owners and consumers ask questions such as what protection is available and how they can access it.

There shouldn't even be a question as to whether to offer each property owner the opportunity to explore all of their flood insurance options. Providing your clients with choices to meet their needs is the right course to follow. And with so much on the line, your clients deserve the chance to make informed selections.



If they don't elect to purchase a flood policy, protect yourself and your agency with a signed waiver from the client. Post event, you will be glad that you did.

Private flood insurance certainly has a purpose and a mission—as does our entire insurance industry—to enhance and improve consumer awareness and understanding. We see private flood as a method of augmenting the NFIP. Private insurance can attract new clients and new business. It can provide unique coverage while also delivering solutions to standard and complex risks.

Agents and brokers should take a similar stance to bring flood preparation and coverage to the forefront for their clients. Whether it's quoting flood insurance with every home-owners, renters, or business policy underwritten or renewed, or informing owners about the mitigation measures they can take on their own to lower insurance premiums further, every step forward on this issue is a step in the right direction.

Together, federal and private flood insurances are a partnership with a common goal and mission: working in unison to assure sustainable communities. ■

#### The author



*G. Michael Sloane is the executive vice president and chief marketing officer for Wright Flood, the largest flood provider in Florida and in the United States. For more information, visit [www.wrightflood.com](http://www.wrightflood.com).*

# ATTRACTING AND KEEPING TOP TALENT



*Even in a tight labor market, insurance agents and brokers can build an organizational structure that appeals to job seekers and existing employees*

By Sharon Emek, Ph.D., CIC

**T**he good news is that today's insurance industry is growing substantially. According to the IDEX Consulting 2025 Insurance Salary Guide and Market Sentiment Report, employers are looking to hire. About 76% of them plan to hire within the next 12 months.

Those plans may be thwarted by a lack of candidates—52% of those surveyed say that finding suitable applicants will be their biggest challenge. The issue could be exacerbated by job dissatisfaction. A surprising 60% of survey respondents say they have plans to leave their jobs in the next year, citing heavy workloads, lack of career development opportunities, minimal pay raises, and gender imbalances.

It comes as no surprise then that employees are looking for a work culture that is supportive and open. Yet, in too many instances, what they're finding is the opposite. Overall job satisfaction, according to Gallup data, is steadily declining, with just 18% of employees saying they are extremely satisfied with their jobs. Gallup also reports a phenomenon they call The Great Detachment—employees

feeling less connected to their employer companies. A surprising 4.8 million fewer employees felt engaged by the end of Q1 2024, a 30% decline in just one quarter, down from 33% in Q4 2023. The reasons cited: less role clarity and less connection to the organization's culture.

Another thing making employees seek greener pastures: lack of advancement in their careers, and not necessarily promotion. A LinkedIn Workplace Learning Report revealed that 94% of employees will stay with their current employer if the company invests in learning and development opportunities.

Another hit to a company's culture for employees is a lack of flexible work options. In a survey conducted by The Conference Board, 65% of U.S. workers said that workplace flexibility is their most important non-salary compensation element.

## Turning the tide

For an industry that has already struggled to attract and retain employees, the insurance industry has the opportunity to do just that. Implementing changes now can bring both immediate payoff and long-term success.



*It comes as no surprise ... that employees are looking for a work culture that is supportive and open. Yet, in too many instances, what they're finding is the opposite.*

hybrid work options. It matters to employees. According to a TalentLMS article, a surprising 80% of employees say that flexible and remote work arrangements improve their work environment and businesses see increases of 21% in profitability. Of those employees who work remotely, 91% say they did so to secure a better work-life balance, according to Hubstaff data.

If that's not enough, here's the real payoff: Offering flexible work attracts job seekers. In a survey by Capability Jane, a recruitment and career advice service, 92% of millennials say that flexibility is a top priority in their job search, as it is for 80% of women surveyed. A *Harvard Business Review* study shows that 97% of men and 95% of women reported said they needed access to flexibility.

**Communicate better.** All of the elements come together and really work for your organization when you put in the most essential layer—communication. At the core of your best workplace culture is open communication. Managers should be interacting daily with each employee. Provide your workers with several ways to communicate—instant messaging, email, video calls, and team-centric apps. Make time to gauge your employee's performance and their needs. It takes a shift in how you traditionally communicate to one of open, honest dialogue.

Remote workers need to feel part of the team. We recommend a monthly one-on-one video chat with each employee to set goals, check on progress, and let your employee talk about whatever is on their mind. Listen and respond with resources, tools, or additional help.

Also, hold weekly team meetings—short meetings that have a set agenda and have time built in for employees to

bring up issues. Assign responsibility to an employee for that issue. Use a future meeting to review the issue.

### **Bringing your best**

These changes, while requiring a shift in your traditional management style, are manageable. Also, they are changes that job seekers and employees are looking for. By committing to this shift in traditional culture and management to one that focuses on employee well-being, your organization can deliver a work-life balance that job seekers and employees alike are looking for.

Giving existing and future employees what they're craving can mean more satisfied workers, better productivity, and a competitive advantage. In a tough labor market, every advantage can make a huge, positive impact. ■

### **The author**

*Sharon Emek, Ph.D., CIC, is founder and CEO of WAHVE ([www.wahve.com](http://www.wahve.com)), and a leading talent solution provider for the insurance industry. WAHVE's innovative Vintage Contract Staffing solution supplements insurance firms' staff with pre-retiree work-at-home vintage experts on long-term contracts. WAHVE's Talent Acquisition Outsourcing solution streamlines the*

*hiring process with a bias-free, end-to-end, cost-effective talent qualifying platform, making it easier and more cost-effective to secure the best-fit diverse candidates.*

### **Culture, culture, culture.**

Meaningful change starts from within. If employees feel valued and part of the team, they thrive and are productive. Paying attention to your organizational culture matters to your company, as well. Culture Partners reports that companies with highly engaged cultures realize a 17% increase in productivity. Moreover, employees who feel aligned with their employers' values are 50% more likely to exceed performance expectations, says the same survey, and companies report 26% lower turnover rates.

Understanding the health of your work culture necessitates a deep look into your operations, an alignment with your organization's goals, and the level of support you offer to your workforce. Are employees motivated? Do they feel supported? Do managers make time to check in with employees? Are company values espoused by everyone in the organization?

**Flexible work.** Another change that could have significant impact on retention is offering remote or





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