

[Insurers Gave Ron DeSantis Millions. He Made It Harder to Sue Them.](#)

Mother Jones

The Florida governor's insurance overhaul is hurting homeowners—and possibly his presidential campaign.

Last fall, Jonathan Stettin decided he and his longtime partner Jeanie would stay put in their Cape Coral, Florida, home, rather than evacuate for Hurricane Ian. Meteorologists had warned that the storm was destined to make landfall around Tampa, which is 130 miles north of Stettin's one-story modern stucco home near Fort Myers.

But the meteorologists were wrong. On September 28, 2022, the Category 4 storm's 150-mile-per-hour gales whipped the canal in Stettin's backyard into rapids. Stettin says the hurricane partially lifted his roof from its beams. Meanwhile, he and Jeanie huddled nervously in their bedroom's walk-in closet.

"We actually feared for our lives at one point," he says.

Their concern was surviving. He wasn't worried about how they would fix their home.

"Thank God we're insured. It will be okay," Stettin, 61, remembers thinking. "That turned out to be the biggest miscalculation that I ever made in my life."

Stettin says it took roughly three months for his insurance company, Heritage, to get back to him with a payout: approximately \$30,000. The amount, he says, is about one-tenth of what an independent public adjuster and a contractor estimated it would cost to replace his pulverized roof, air conditioner, and perimeter fence, and to repair the cracks in his home's exterior and interior walls, among other things. (Stettin says the insurance company was in possession of the much higher repair estimates from the independent adjuster and contractor. Heritage did not answer questions from Mother Jones.)

“You get victimized twice,” Stettin says. “Once by the storm. And second, by your own insurance company.”

Stettin and Jeanie don’t know what they will do if they lose the lawsuit they have brought against Heritage for not covering the entirety of their losses. Already, the bulk of Stettin’s retirement savings has gone toward fixing what Heritage has not.

Still, the couple counts themselves lucky: Hurricane Ian struck Florida in September 2022. Had it hit anytime after December 2022—when Republican Gov. Ron DeSantis enacted a slate of insurance law changes—they likely would not have been able to sue Heritage at all. The sweeping revisions makes it more difficult for homeowners to sue their property insurance companies for acting in “bad faith” and removes the right of homeowners to recover attorney’s fees, even in lawsuits they ultimately win. Additionally, the adjustments to Florida’s insurance laws allow insurance companies to create new policies with mandatory binding arbitration agreements in exchange for a premium reduction, which will also thwart many homeowners’ option to take insurers to court.

“It’s now economically absurdly risky for a consumer to file a lawsuit, and it’s going to be incredibly hard to find a good lawyer,” says Amy Bach, the executive director of United Policyholders, a nonprofit that advocates for insurance holders.

Moreover, the legislation shortened the window in which policy holders can file claims with their insurers, invested \$1 billion of taxpayer funds into a state-run reinsurance fund to help insurance companies mitigate their losses in the event of catastrophic events, and narrowed eligibility for Citizens, Florida’s state-run nonprofit insurance company that provides insurance to people who cannot find affordable coverage on the regular market.

It was DeSantis who urged the three-day special legislative session in December 2022 that led to the hasty 105-page rewrite of the state’s long-standing insurance code, which DeSantis then signed into law the same month.

That DeSantis got the opportunity to sign the bill into law in the first place is at least partially thanks to the insurance industry players who helped bankroll his pursuit of political office in Florida. Insurance industry employees donated at least \$3.9 million to his gubernatorial race and to the “Friends of Ron DeSantis” political committee between January 2018 and December 2022. Additionally, a Heritage

Insurance subsidiary and People's Trust Insurance together donated a total of \$125,000 to DeSantis's 2023 inaugural celebration, according to a May 2023 report by the American Federation of Teachers union and three other advocacy groups.

"He gets a lot of money from insurance companies," says Michael DeLong, an insurance expert at the Consumer Federation of America. "He wants to keep them happy."

Stettin's home insurance woes aren't an anomaly in Florida. The state's shape and location make it especially prone to hurricanes, which cause large repair bills, and therefore, large insurance claims.

Hurricane Andrew, the state's first Category 5 storm in 57 years, was a turning point for the industry. Home insurance carriers in the state faced more than \$16 billion in insured losses from the 1992 hurricane—which destroyed more than 50,000 homes and caused 23 direct deaths—a circumstance the insurance carriers thought was "highly unlikely and were not prepared for," according to research funded by the National Science Foundation, an independent agency of the federal government.

After that, big storms kept hitting—both the state and the pockets of Florida's home insurance companies. Hurricane Charley, a Category 4 storm, pummeled Florida in August 2004. Over the next 14 months, four Category 3 storms followed. A 10-year-lull preceded Florida's annihilation: Category 4 Irma hit the state in 2017. Category 5 Michael hit in 2018. And Category 4 Ian hit in 2022.

"The problem in Florida," says Birny Birnbaum, an insurance industry expert who leads the Center for Economic Justice, "is that it's a tremendously catastrophe-prone location that has gotten more catastrophe-prone in the era of climate change."

The recent uptick in major hurricanes has exacerbated the trend that started with Andrew: insurers struggling to keep up with claims payouts. Many of the companies have since gone under, or they opted to exit the state before they went out of business, leaving homeowners with fewer policy options.

Eighteen Florida residential insurers are on the state regulator's watch list due to poor financial health, according to the Insurance Information Institute (III). In mid-July, one of the state's largest remaining insurers, Farmers, announced its decision to vacate Florida, leaving about 100,000 policyholders scrambling for new policies elsewhere. At least a dozen property insurers have left Florida or become insolvent since 2020.

That's what happened to Freda Holland, of Riviera Beach, Florida. Her home insurance carrier left Florida about a year-and-a-half ago. Her family's mortgage lender—like most—requires borrowers to have property insurance, so when Freda couldn't find a rate close to the \$2,000 annual premium she had been paying, her home lender force-placed \$4,000 property coverage on top of their mortgage.

Their new premium is close to the state's average of \$4,231, which is approximately three times the national average. Things don't stand to improve anytime soon. Ill predicts premiums in Florida will increase another 40 percent, on average, in 2023. The major price increase means the Hollands risk losing the quaint, olive-green ranch they've called home for the last 25 years—a tangible embodiment of Freda's work as a nursing assistant and her husband's long career as a construction worker. If the Hollands fall behind on their exponentially increased bill, they could default on their mortgage. "Where am I gonna get all this money?" asks Freda, 63.

Theoretically, Holland should be able to switch to a Citizens policy, which might be cheaper. Though DeSantis' December 2022 statute changes bring new restrictions to Citizens plans: If she receives an offer from an authorized insurance company on the regular market that is less than 20 percent higher than what Citizens offers, she is not eligible. The same is true when someone attempts to renew their Citizens policy. Before a Citizens policy expires, Citizens will seek offers from private-market insurers, and if any of them offer a rate that is less than 20 percent more expensive than Citizens, that customer will get kicked off Citizens.

There's another caveat, too. Between 2023 and 2027, all Citizens policyholders must purchase flood insurance on the private market, with their deadline based on their home's insured value. The change increases the overall insurance costs that made Citizens a more affordable option for homeowners in the first place, and sends more money to the private insurance sector.

When DeSantis visited areas impacted by Hurricane Ian a couple days after the storm, he didn't blame worsening or more frequent hurricanes for the state's rising premiums. He told a reporter for CNN the issue was policyholders and the lawsuits filed on their behalf.

Florida has long allowed policyholders to transfer their right to sue to other parties that have more wherewithal to go after insurance companies. There is a documented history of roofing contractors taking advantage of this by offering homeowners roofing inspections, persuading the customers to sign over their rights to file a claim to replace their roof, and then suing when the insurance company denies the

claim because the roof is not badly damaged. The insurance companies often settle the claim, but the legal costs can be more than what it would have cost to replace the roof in the first place. “You need to get rid of the scams and the litigation and I’m willing to do that,” DeSantis told the CNN journalist.

The special session DeSantis called in December removed the ability to transfer this power to contractors in most cases, but it also scrapped a policy that has been on Florida’s books since at least 1893: the one-way attorney fee system that allowed policyholders who successfully sued their insurance company to recover their legal costs. These policies were meant to discourage powerful insurance companies from failing to fulfill policyholders’ claims with sufficient payouts. It’s one reason Stettin was able to sue Heritage. (His case is currently in the discovery process.)

This previous structure was important, says DeLong, because “the balance is pretty far tipped in favor of the insurance companies, which have really big resources, versus the individual or even groups of consumers.”

A March 2023 Washington Post investigation revealed how insurance companies in Florida use their upper-hand to shortchange their customers on claims. The story documents how regional insurance companies in Florida were “aggressively seeking to limit payouts to policyholders by altering the work of licensed adjusters,” reducing the amount the initial adjuster estimated by as much as 97 percent.

Undoubtedly, the insurance law rewrites DeSantis orchestrated in 2022 will decrease the number of policyholders who seek legal recourse against their insurers, including firms acting in bad faith. “You’d have to be either so rich that you don’t care about losing money, or you’d have to be some kind of crusader, because it’s going to be so expensive,” says Bach.

By decreasing legal risk for insurance carriers, DeSantis argues there will be more competition among carriers, which could eventually decrease premium costs for consumers. “If we do get more people to come and offer policies, you are finally going to have, potentially, choices,” he said at the bill signing.

But experts are highly skeptical the changes will do anything beyond buoy insurance companies’ bottom lines. Some don’t even think litigation was a driving cause of rising premiums across the marketplace. In 2021, Birnbaum analyzed data on lawsuits from Florida’s Office of Insurance Regulation and found that high levels of litigation were concentrated in a handful of insurance companies, suggesting that those companies should be investigated for their claims settlement practices.

“If litigation was the problem, you’d expect every company to be experiencing high levels of litigation,” says Birnbaum.

“If you’re not going to accept climate change as a reality, then you’re left with making up false villains, like litigation, as the driver of higher rates,” he adds. The recent tort overhaul is “not going to do anything to reduce insurance premiums because it’s not doing anything to reduce claim costs.”

Another reason to be skeptical of the rampant-litigation theory, says Benjamin Keys, an economist and professor of real estate and finance at the University of Pennsylvania’s Wharton School of Business, is that “we’re seeing costs rise elsewhere in the country that don’t have the same litigation problems.”

Nationally, Insurify predicts annual premiums will increase an average of 9 percent in 2023, up from the 7 percent they rose in 2022. In other words, coastal states aren’t the only ones that need to be paying attention to rising insurance costs.

In order to mitigate their losses, insurance companies prefer to write fewer policies in areas with higher weather risk. But the proportion of homes across the US that fall into that category are rising as fast as sea levels are. A February Washington Post analysis of property data, topography, and computer-modeled hurricane tracks created by the nonprofit First Street Foundation found that nearly 30 million Americans across 18 states in the contiguous US will soon face threats from hurricane-force winds. By 2053, a third of Americans—including those as far inland as Illinois and Tennessee—could risk property-damaging gusts.

“The problems that are affecting places like Florida and Louisiana, those are going to be growing problems elsewhere in the country,” says Keys. Such is the case in California: While there has always been risk of wildfires and earthquakes out West, Tropical Storm Hilary proved the state has to prepare and respond to fierce winds and floods, too.

And regardless of whether a state ever sees property damage from hurricane-strength winds, property owners in all states will see their premiums rise as a result of weather events elsewhere.

“The premiums paid in one state do not pay out the claims in that state. Insurers operate on a national scale. You can think about the way they set their premiums as safer people cross-subsidizing riskier people,” Keys says. “The insurance market in particular spreads the costs to other policyholders

elsewhere.”

As climate-related disasters and home insurance prices rise everywhere, future US presidents will increasingly face the challenge of regulating the home insurance industry in a way that protects consumers but also enables insurance companies to survive more high-claim payouts. DeSantis’s response to the crisis in Florida may prove to be a vulnerability in his own 2024 campaign. Donald Trump has already attack him on this issue. “RINO Ron DeSanctimonious is delivering the biggest insurance company BAILOUT to Globalist Insurance Companies, IN HISTORY,” Trump wrote on social media in March. “He’s also crushed Florida homeowners whose houses were destroyed in the Hurricane — They’re getting pennies on the dollar... This is the worst Insurance Scam in the entire Country!”

Experts say improving the system would require taking climate change much more seriously; passing laws that force insurance companies to offer premium reductions for weather-proofing modifications homeowners make; setting up a reinsurance program run by the federal government that provides a backstop against mega-catastrophes, such as the reinsurance program the government created for terrorist events after the September 11, 2001 attacks; and enacting stricter accountability laws for insurers.

A bipartisan group of Florida lawmakers did pass a bill aimed at increasing the accountability of home insurance providers in May, roughly two months after the Post’s investigation revealed how the state’s insurance companies were aggressively slashing the claims payouts adjusters recommended.

As of July 1, insurance companies can no longer change adjusters’ reports without explaining the changes in documentation that must be retained. Insurance companies on the state’s watchlist for poor finances can no longer grant their executives bonuses, and all insurance companies must submit their claims processes to Florida insurance regulatory bodies, which have to produce regular reports about how they are implementing the regulatory changes.

But the Center for Economic Justice’s Birnbaum isn’t holding his breath that Florida’s insurance regulators will keep the insurance companies in line with these new rules. He points to Florida’s last top insurance commissioner, David Altmaier, who abruptly resigned from his insurance watchdog role in December for a new job lobbying on behalf of insurance companies. His stepped through the revolving door just a few days before a law barring ex-Florida officials from lobbying their old agencies for six years took effect. (Altmaier’s current work, according to his LinkedIn, is “leverag[ing] over a decade of experience to help

insurance and insurance-adjacent entities.”)

“You can pass all the laws that you want,” Birnbaum says, “but if you don’t have an insurance department that’s willing to enforce it or able to enforce it, it’s not going to make a difference.”

Jonathan Stettin is also dubious the new insurance rules will protect him and Jeanie. After Hurricane Ian destroyed his shingle roof, he opted to replace it with a metal one that cost significantly more but should better protect his home the next time a hurricane hits. At that point, suing will not be an option for him.

“Although I pay for insurance,” Stettin says, “in reality, with the new law, I have no insurance.”