

Macro Roundup Article

Headline: [Florida's Home Insurance Industry May Be Worse Than Anyone Realizes](#)

Article Link: <https://www.bloomberg.com/news/features/2024-04-24/home-insurance-with-lax-oversight-hides-florida-climate-risk?srnd=homepage-americas&sref=U3dOGIDF>

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Tweet: Florida's state-backed home insurer is now the largest in the state, and the remaining insurers may be weaker than expected: nearly 20% of insurers rated financially stable by Demotech went insolvent from 2009-20.

Summary: Nearly 20% of the companies doing business in Florida that Demotech rated as financially stable went insolvent during the period 2009 to 2022, according to a working paper by researchers at Harvard University, Columbia University, and the Federal Reserve. In their data sample, 99.7% of the ratings issued by Demotech were an A or above. That's a signal, the researchers said, that Florida's insurance market may be full of weak players and is even more precarious than already known. Demotech's president and co-founder Joseph Petrelli disputed that his agency's ratings are inflated in any way, calling the paper a "hit job." He said he was "as surprised as anyone" when those seven firms declared insolvency, and that the real problem with the state insurance market is consumer and contractor fraud. Related: A Hidden Crisis In US Housing and In Southwest Florida, High Home Insurance Rates Are Driving Away Would-Be Buyers and Rising Insurance Costs Start to Hit Home Sales

Primary Topic: Financial Markets

Topics: Financial Markets, GDP, Global Warming, Housing, News article, Science

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