FLORIDA SURPLUS LINES SERVICE OFFICE

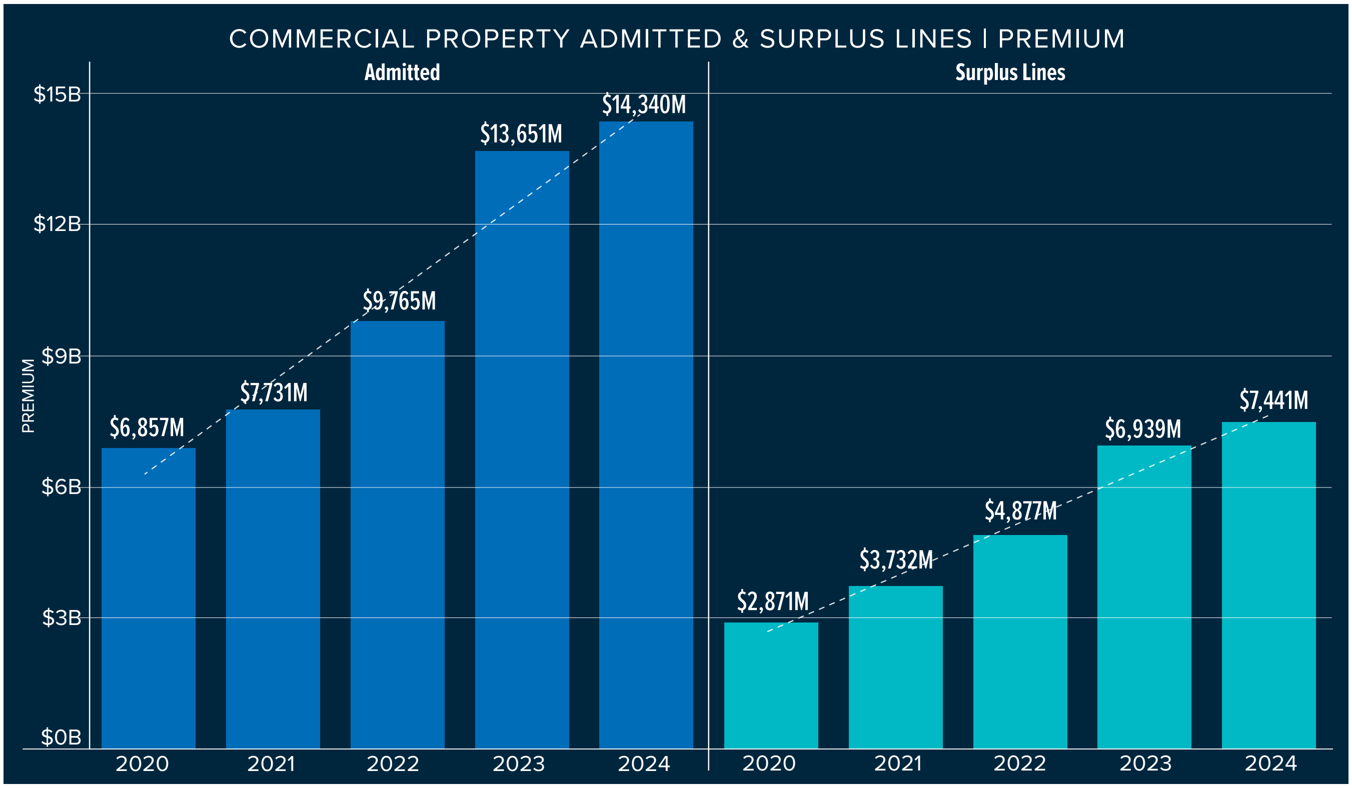
FLORIDA'S PROPERTY INSURANCE MARKET: EXCESS & SURPLUS LINES PERFORMANCE | 2020-2025

JUNE 2025

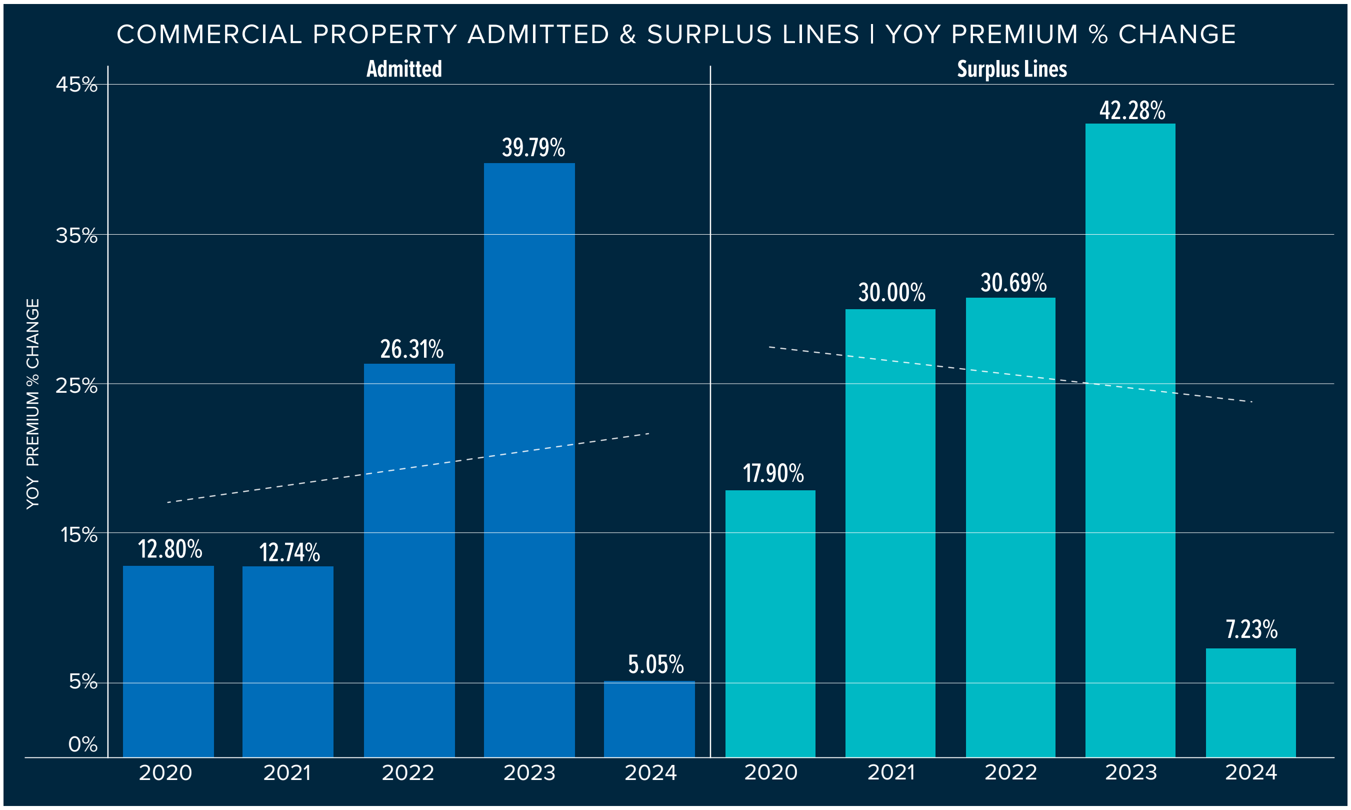
Drawing on data from both the Florida Surplus Lines Service Office (FSLSO) and S&P Global, this report analyzes premium and policy trends across Florida's property insurance market, with a focus on commercial and homeowners segments. These combined insights illustrate the evolving dynamics of admitted and non-admitted markets, highlighting shifts in premium growth, policy count, and market share over the previous five-year period.

COMMERCIAL PROPERTY | SLOW GROWTH ACROSS SECTORS

The commercial property insurance market in Florida posted another year of premium growth across both admitted and non-admitted sectors. Premium volume in the admitted market increased from $13.65 billion in 2023 to $14.34 billion in 2024, marking a modest 5.05% year-over-year increase. While still growing, this represents a significant deceleration from the 39.79% spike observed between 2022 and 2023.

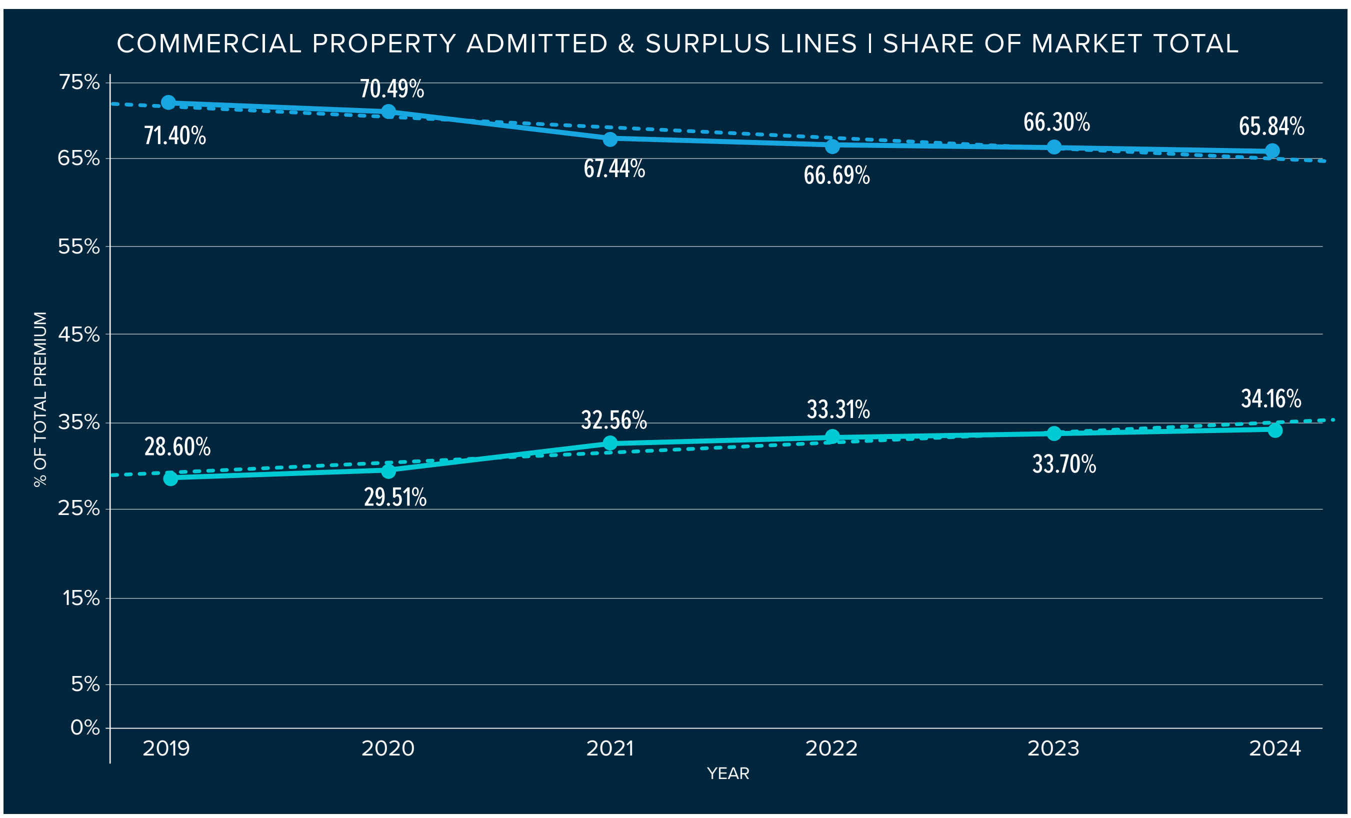


Similarly, the surplus lines market reported a premium increase from $6.94 billion in 2023 to $7.44 billion in 2024—up 7.23%. Though this growth was slower than prior years (42.28% in 2023), it reinforces the surplus lines market's role in Florida's commercial landscape.



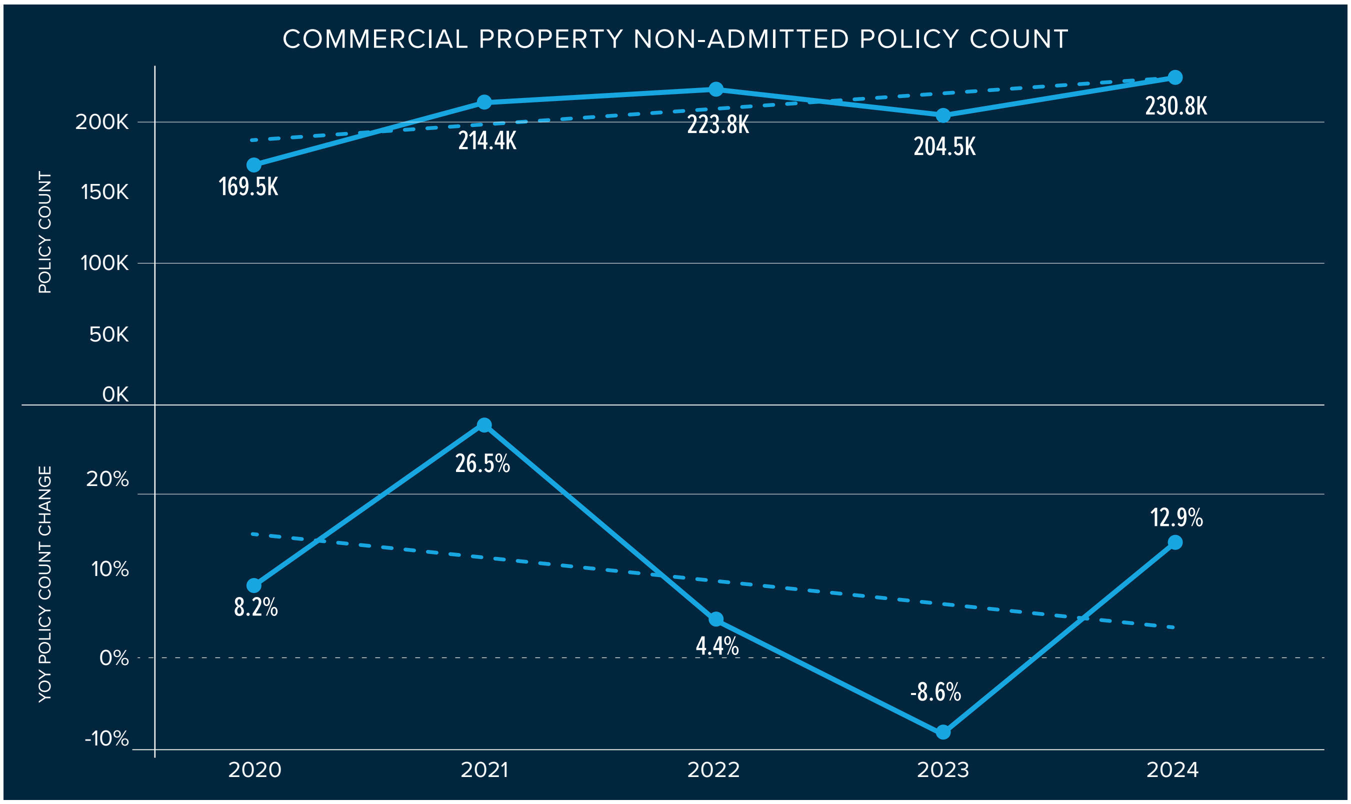
SHRINKING GROWTH GAP BETWEEN MARKETS

As both markets posted modest premium growth in 2024, the relative market share between admitted and non-admitted sectors also remained steady in 2024. While the most significant convergence in market share occurred between 2020 and 2021, growth trajectories have begun to run in parallel.



As illustrated in the chart on the previous page, the admitted and surplus lines markets are now increasing at similar rates—mirroring one another and suggesting a stabilizing relationship rather than continued narrowing of the gap. The admitted market continues to hold a larger share, though the surplus lines market has climbed from 29.5% of total commercial property premium in 2020 to 34.2% in 2024.

In 2024, non-admitted commercial policy volume increased to 230.8K—marking a 12.9% year-over-year rebound from 204.5K in 2023. However, this recovery followed a notable downturn from policy counts that had peaked at 223.8K in 2021 before dropping significantly over the next two years.



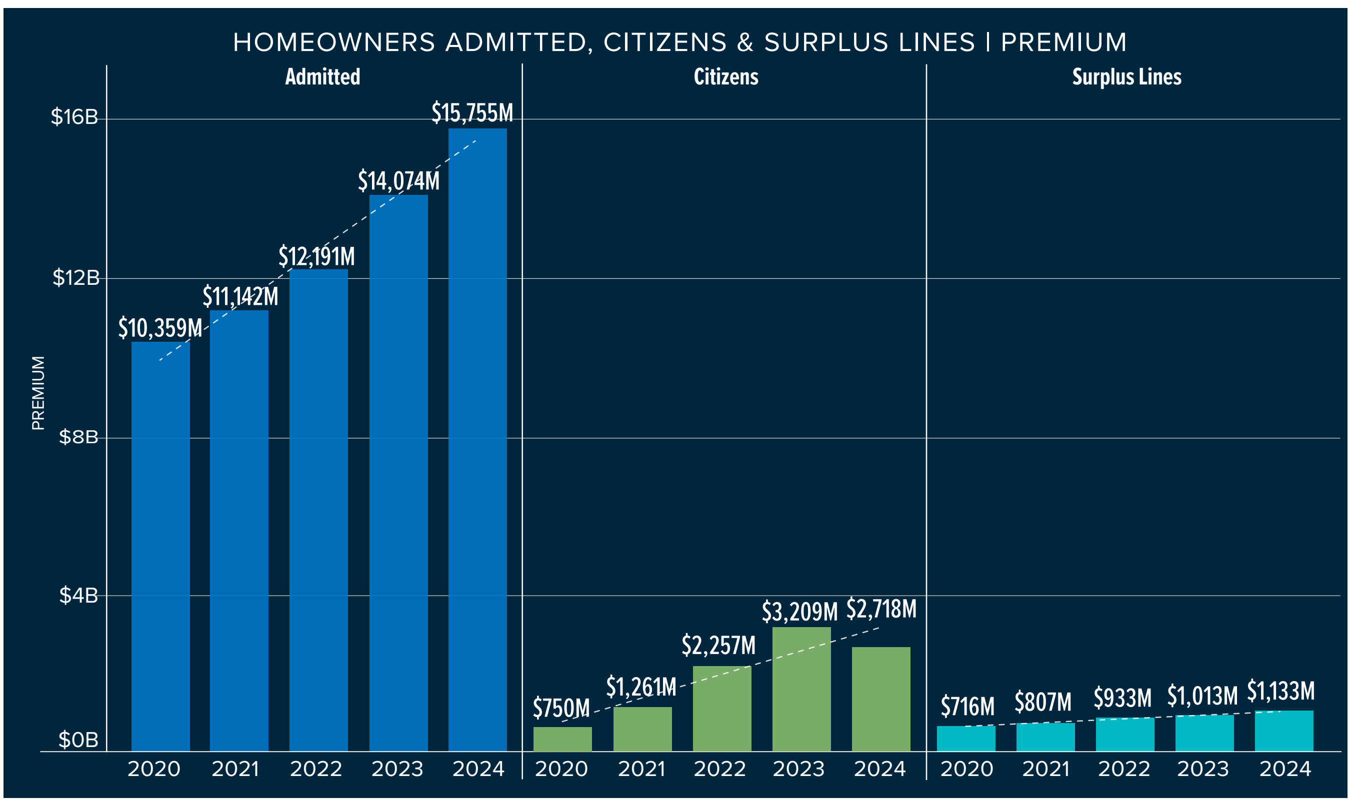
The sharp decline between 2021 and 2023 stemmed from a blend of global and regional pressures. Contributing factors included rising federal interest rates, reinsurers pulling back from catastrophe-exposed risks, and inflation-driven cost pressures. Even before Hurricane Ian in 2022, the reinsurance market was already hardening, with a supply-demand imbalance prompting some carriers to reduce or exit capacity during 2021 and 2022. Legislative reform has since contributed to early signs of stabilization by curbing litigation and encouraging renewed participation from private insurers.

HOMEOWNERS INSURANCE | CITIZENS DEPOPULATION SHIFTS MARKET BALANCE

In 2024, Florida's admitted homeowners insurance market experienced a year-over-year premium increase. As provided by the Florida Office of Insurance Regulation, the average homeowners policy in the admitted market at the close of 2023 was approximately $3,600. While growth in 2024 remained steady, it was a noted slowdown from the premium surge in 2023.

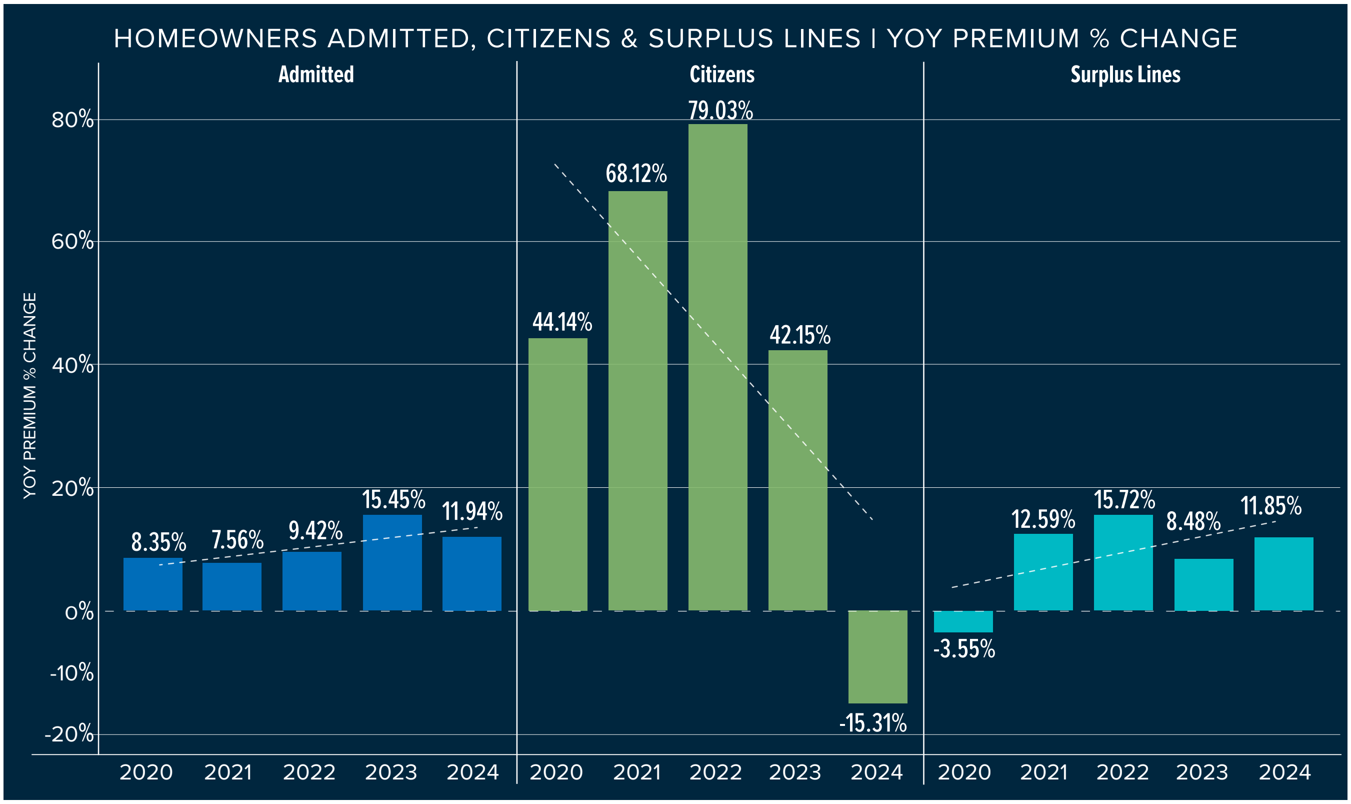
The 2023 year saw Florida's homeowners insurance market near a crisis point. A hardening reinsurance market, limited carrier capacity, and a post-Hurricane Ian surge in litigation made coverage increasingly unaffordable. As private insurers exited or restricted business, Citizens Property Insurance Corporation—originally the insurer of last resort—emerged as the state's largest residential writer, with premium volume soaring to meet unprecedented demand.

The passage of House Bill 837 in 2023 introduced substantial tort reforms that helped stabilize the market. By eliminating one-way attorney fees and tightening standards for bad faith claims, the legislation curbed frivolous lawsuits. These reforms eased legal pressures, improved insurer confidence, and contributed to a stronger financial outlook for the industry.



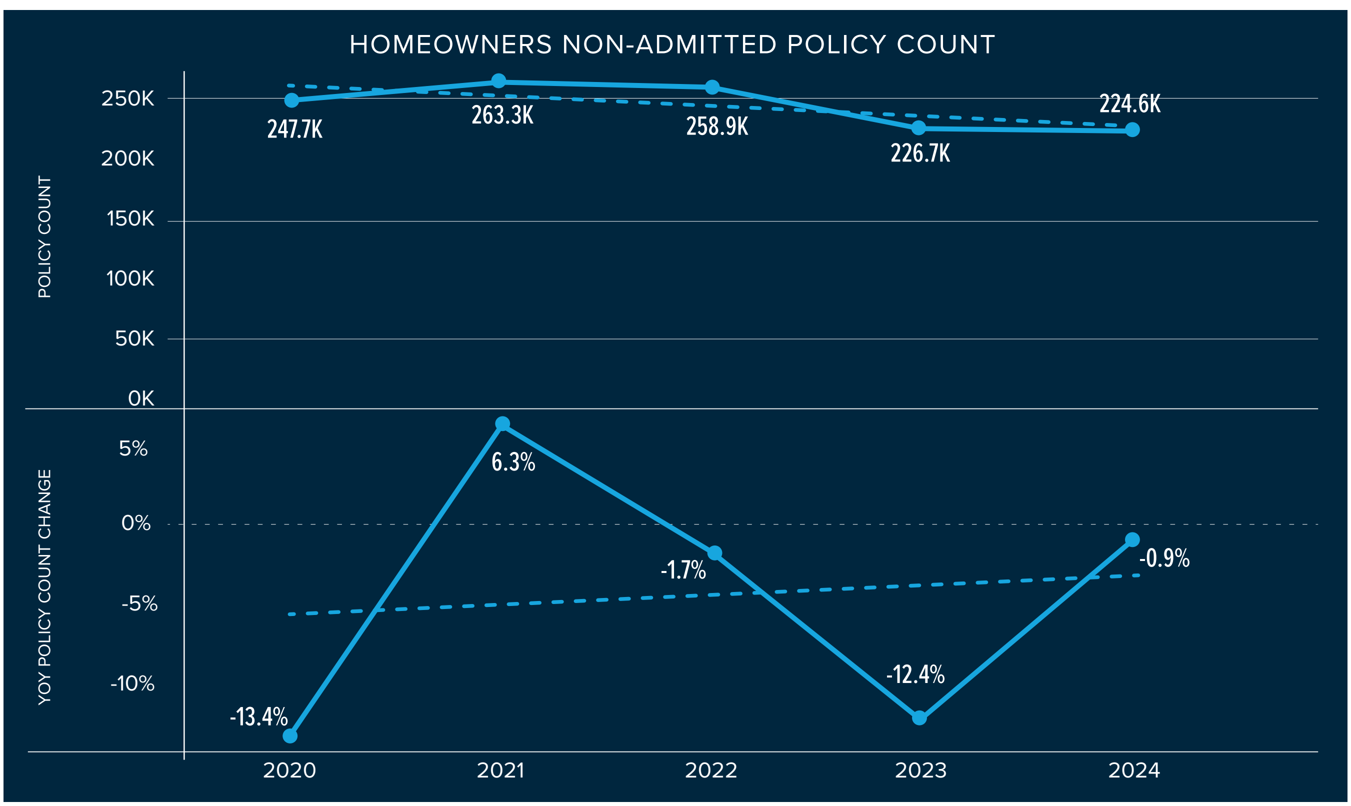
Citizens has reduced its exposure, cutting its policy count by nearly 20% and with premium volume falling from $3.21 billion in 2023 to $2.72 billion in 2024. Its market share declined from 17.54% to 13.86%, with many policies shifting back to private carriers in the admitted market.

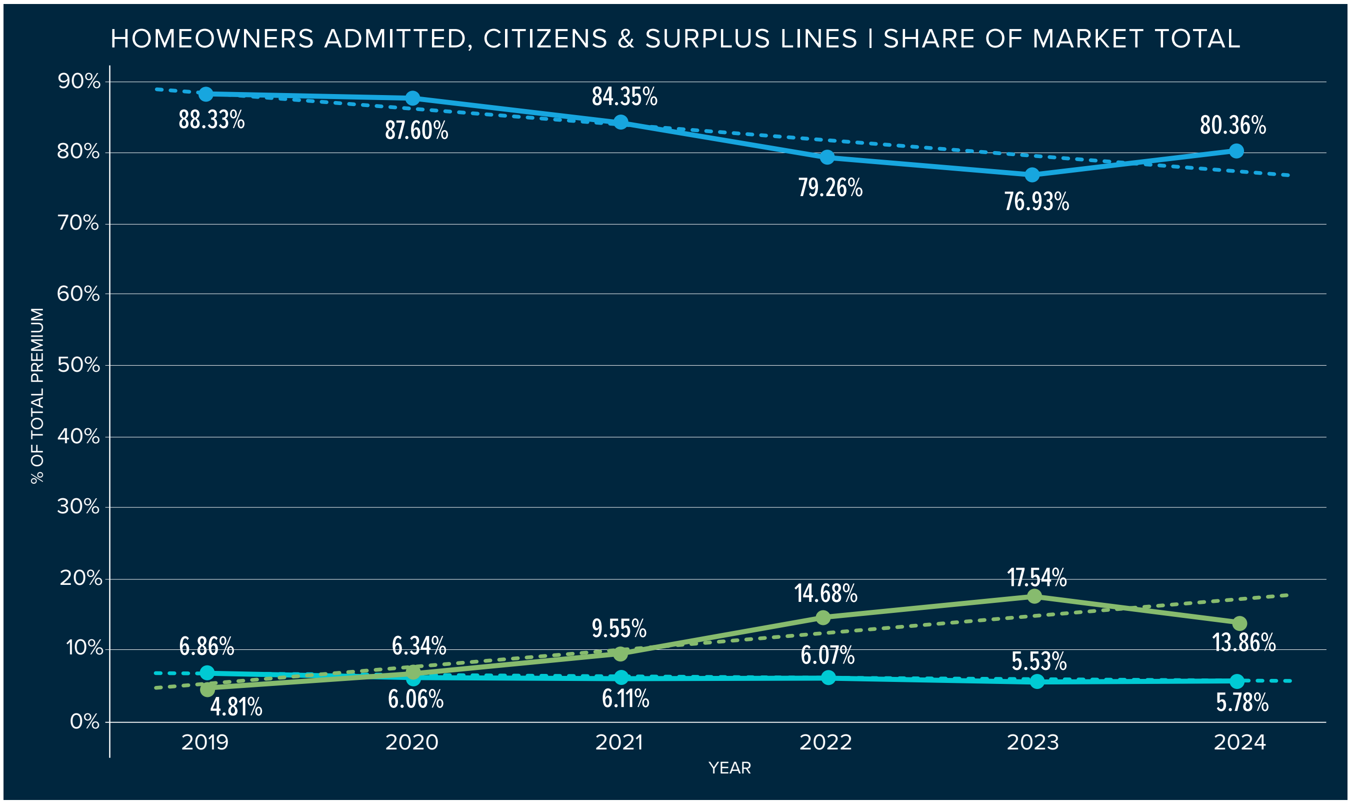
While homeowners insurance premiums in Florida remain high, the pace of increases has eased, with several companies now filing for rate decreases or maintaining flat rates—signaling a broader trend of stabilization across the sector.



SURPLUS LINES IN HOMEOWNERS | A FLATLINE IN CONTRAST TO PERCEPTIONS

In 2024, Florida's surplus lines homeowners market posted modest premium growth, increasing from $1.01 billion to $1.13 billion—an 11.85% gain. The average statewide non-admitted homeowners premium also continued to rise, climbing from $5,931 in 2023 to $6,259 to 2024. However, preliminary data from January to May 2025 shows a slight dip with an average of $6,026, suggesting that while premiums remain elevated, the pace of growth may be beginning to slow.





Despite this uptick in premium, policy count in the surplus lines homeowners segment remained relatively flat in 2024, increasing just 0.9% year-over-year to 224,600 policies. This continued a multi-year trend of gradual decline or stagnation, falling short of narratives that had predicted a stronger surplus lines push into residential coverage amid volatility in the admitted and Citizens sectors. As market conditions improved and policies began flowing back to private carriers in 2024, surplus lines' share of the homeowners market held steady at around 5.8%.

Under typical conditions, this steady pattern might be expected to persist. However, the recent removal of the diligent effort requirement introduces a meaningful shift in market dynamics—one that could open the door for surplus lines to play a broader role in residential coverage. Rather than serving solely as a last-resort option for consumers unable to secure admitted policies, surplus lines may increasingly appeal to those seeking customized or flexible alternatives. This regulatory change introduces new potential for product differentiation and expanded consumer choice in a space long dominated by admitted carriers. While surplus lines' market share has remained relatively flat in recent years, the environment is now positioned for possible expansion. Whether this results in a measurable shift remains to be seen, but the foundation for change has clearly been set.

MARKET-WIDE TRENDS POINT TO STABILIZATION

Florida's surplus lines insurance market continues to reflect signs of stabilization as we progress through the second quarter of 2025. The flattening trend first observed in the third quarter of 2024 has remained consistent across most lines of business, including both commercial property and homeowners. Year-to-date premium through May reached $7.8 billion—down 0.6% compared to the same period in 2024. While these shifts are modest, they reinforce a broader narrative of market leveling, with signs of softening visible across sectors.

In this environment, pricing competition, selective underwriting, and evolving risk appetites are likely to influence how both admitted and non-admitted markets position themselves through the remainder of 2025. The removal of the diligent effort requirement could prove to be an interesting turning point. How, when, and to what extent surplus lines moves into residential territory is a story still unfolding. We're here to watch it closely, track every move, and share what happens next.

DISCLAIMER: This report is based on information extrapolated from publicly available market data reports from the Florida Surplus Lines Service Office (FSLSO) and S&P Global. It is intended for informational purposes only and does not represent an opinion on current or future market conditions.

ABOUT FSLSO: The Florida Surplus Lines Service Office is a not-for-profit entity created by statute and regulated by the Florida Department of Financial Services and the Florida Office of Insurance Regulation. It is overseen by a nine-member Board of Governors and responsible for one of the largest surplus lines markets in the U.S., as measured by the billions in premium written annually by the industry in Florida.