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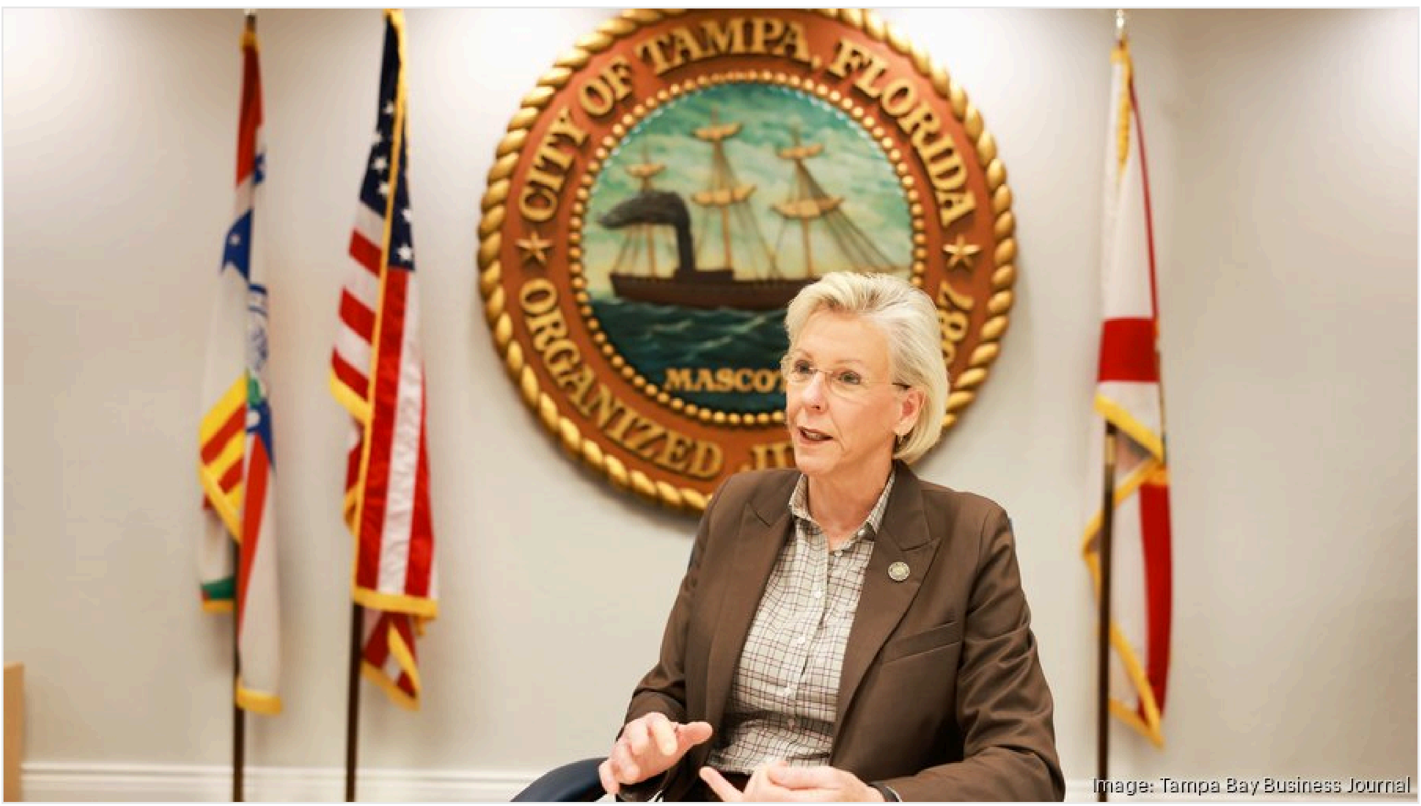
# As Florida insurance costs surge, Tampa mayor suggests a cap on corporate profits




Tampa Mayor Jane Castor addressed insurance costs in Florida during an event this week.

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By Christina Georgacopoulos – Reporter, Tampa Bay Business Journal
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Florida insurance companies are returning to profitability after raising homeowners' rates to record highs, and Tampa Mayor Jane Castor thinks state regulators should apply more scrutiny to how they manage those excess funds.

"It seems that there should be some kind of a cap on profitability. From my view, we have had a lot of insurance companies that come in and make a lot of money, and then an event occurs, they file bankruptcy and then they're out," Castor said during her annual Face the Chamber address on Tuesday at the Tampa Bay Chamber.

Castor suggested that when times are good, insurers should set aside a larger portion of profits in a rainy-day fund to shore up their financial strength before the next catastrophic storm hits Florida. She expressed a common view that more should be done to rein in corporate excess and prioritize policyholders on the list of who benefits from financial returns.

"Insurance rates just continue to skyrocket without, in my opinion, any attention being paid to that at the state level," she said. "We have to address this from every single angle. There are so many elements, and there's no single answer."

While Florida homeowners are paying nearly five times the national average for coverage, insurance executives have said the period of heightened costs will be a short-term discomfort as the market rebalances.

Carriers are dealing with their own surge in costs, from inflation to reinsurance, in addition to accounting for heightened climate risks, and it will take time to rebuild their financial strength.

"There are unbelievable barriers and financial requirements in terms of starting and running an insurance company," according to American Integrity Insurance CEO Bob Ritchie.

Ultimately, profits are a critical incentive for carriers to return to the state, and increased competition will drive down rates over the long term, he said.