

## Florida's Home Insurance Crisis Deepens

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The housing market in the United States faces a litany of challenges, including skyrocketing mortgage rates, restrictive zoning laws, and labor shortage, but one issue looms larger than the rest, according to billionaire investor Mark Cuban.

In a recent post on Bluesky, Cuban warned, “Home insurance in areas hit by repetitive disasters is going to be the number one housing affordability issue over the next four years. And possibly going into the midterms. More so than interest rates. Florida, in particular, is going to have huge problems.”

His stark assessment points to a growing crisis in the Sunshine State, where soaring insurance costs threaten homeowners and prospective buyers alike. The root of the problem lies in two unrelenting forces: inflation and climate change.

Since the pandemic, the cost of construction materials like drywall, concrete, and steel has surged, despite some stabilization in lumber prices, according to the National Association of Home Builders. For homeowners with replacement cost policies, this means insurers face steeper payouts to rebuild homes without factoring in depreciation. Naturally, these rising costs translate into higher premiums for consumers.

Compounding the issue, climate change has intensified the frequency and severity of natural disasters. Hurricanes, wildfires, and floods now batter Florida with alarming regularity, forcing insurers to recalibrate their risk models. The Insurance Information Institute reports that cumulative replacement costs for homeowners' insurance jumped 55% between 2020 and 2022. Major insurers like Farmers and Progressive have responded by either exiting Florida entirely or scaling back their exposure in high-risk areas. Mark Friedlander of the Insurance Information Institute estimates that up to 15% of Florida homeowners may now lack property insurance, based on feedback from agents statewide.

This leaves homeowners in a precarious position. Going without coverage is a gamble, especially in a state prone to catastrophic weather events. Yet, securing adequate insurance is increasingly unaffordable.

There are, however, steps homeowners can take to mitigate costs. Shopping around for insurance quotes remains one of the most effective strategies. Research from Freddie Mac in 2023 found that homeowners who obtained two rate quotes saved up to \$600 annually, while those who compared four or more quotes saved as much as \$1,200. Platforms like MediaAlpha simplify this process, allowing users to input basic information about their home and receive tailored insurance offers in minutes.

For those considering a move to Florida, evaluating climate risks is critical. The Federal Emergency Management Agency provides flood maps to assess a property's vulnerability. Homeowners already in high-risk areas can invest in protective measures, storm shutters, elevated structures, or fire-resistant materials, which may qualify them for premium discounts.

When private insurance isn't an option, state-backed programs like Florida's Citizens Property Insurance Corporation serve as a last resort. However, these plans often come with higher costs and limited coverage, underscoring the need for broader solutions.

Beyond homeownership, the crisis is reshaping how Americans approach real estate investment. Platforms like Homeshares offer accredited investors access to the \$36 trillion U.S. home equity market with a minimum investment of \$25,000. Their U.S. Home Equity Fund provides exposure to owner-occupied homes in top markets, boasting risk-adjusted returns of 14% to 17% without the burdens of property management. For non-accredited investors, crowdfunding platforms like Arrived lower the barrier to entry, allowing investments in rental and vacation properties starting at just \$100. Backed by investors like Jeff Bezos, Arrived curates properties for appreciation and income potential, offering a hands-off way to build wealth in real estate.

Florida's insurance crisis is a stark reminder of the challenges facing the housing market. As costs rise and insurers retreat, homeowners and investors must adapt to a new reality, one where resilience, research, and strategic planning are non-negotiable.