

# Florida Issues Emergency Fraud Prevention Rule to Protect Policyholders in Wake of Catastrophic Storms

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Last week, just before Hurricane Milton made landfall, Florida state officials issued an emergency decree to all licensed insurance adjusters in the state to protect homeowners against “unfair and deceptive acts” and “post-storm fraud” by insurance carriers. According to [The Washington Post](#), the Florida Department of Financial Services is requiring that all claim adjusters provide an explanation for each change they make to a consumer’s loss estimate, document those changes, and retain all versions of the estimate and identify who made those revisions. When processing claims, adjusters must also use an electronic estimating system that provides an itemized report of all damage, as well as labor, materials, equipment and supplies. Those costs should be consistent with what a contractor or a repair company in that particular area would charge.

“Property damage from Hurricane Milton will be catastrophic and may result in billions of dollars in property losses,” the emergency rule states. “Fair and transparent loss estimates and claims adjustments will be crucial to ensure Floridians are properly and fairly compensated under the terms of their property insurance contracts, while also ensuring ongoing insurer solvency after potentially momentous financial losses.”

A 2021 [investigation](#) reported that some policyholders had their claims cut by more than 80 percent by insurance companies, some without the adjuster’s knowledge or permission, following Hurricane Ian. According to the investigation, adjusters contracted by regional insurance carriers said that managers were altering their work by lowering totals, rewriting descriptions of damage and deleting accompanying photos without their approval.

This is not the first Florida law introduced to address deceptive claims-handling practices and protect consumers against bad actors. On May 31, 2023, [Governor DeSantis signed three insurance bills](#) aimed at increasing insurer accountability and transparency in the marketplace. The new emergency rule drills down on aspects of that law, focusing specifically on the behind-the-scenes process of pricing the cost of damage.

Adding complexity to insurance claims is the fact that Hurricane Milton made landfall bringing damaging winds and ocean surges just two weeks after another major hurricane, Helene, pummeled

Florida's Gulf Coast. The insurance industry is categorizing the storms as two separate events, meaning anyone who did not or could not document damage from Helene could face even greater odds that their claim will be denied if they were hit by both storms.

### Tips to Maximize Your Insurance

In addition to state regulatory efforts to curb post-storm fraud, Florida policyholders can be vigilant in documenting and supporting claims in the wake of Milton. One critical step is providing insurers with a completed "proof of loss" form. Those forms generally ask for a list of the damaged property and the cost to replace or repair such property, among other details. Attorneys and claims adjusters can help coordinate these efforts to ensure all items are properly catalogued and valued.

- **Document the Damage and Loss:** Policyholders should keep records for all losses suffered, including documenting all physical damage to the extent possible. Policyholders should also make certain they keep all claim-related communications, which can be helpful weeks, months, or even years later in the event of a dispute.
- **Mitigate Losses:** Policyholders should take all reasonable and safe efforts to mitigate the property losses following a hurricane. Policyholders should also keep track of and document all those mitigation efforts.
- **Be on Time:** Insurance policies generally place a time limit on filing claims. In fact, one of the most common reasons for denied claims is late notice to the insurer. Policyholders should read their policies carefully and submit insurance claims within the time periods identified by their policies.

### Conclusion

Florida insurance officials have already recognized that "[f]air and transparent loss estimates and claims adjustments will be crucial to ensure Floridians are properly and fairly compensated under the terms of their property insurance contracts, while also ensuring ongoing insurer solvency after potentially momentous financial losses." We will continue monitoring important regulatory updates impacting claims, but in the interim, policyholders will be well advised to take proactive steps to understand and follow their policy when submitting and supporting claims.

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