

Last Updated: April 11, 2012 07:06pm ET

## Commercial Property Premiums On Rise in Florida

By *Jennifer LeClaire*



**Marsh's Dean Klisura reports the average rate of increase on insurance premiums will continue to rise month over month."**

TAMPA, FL—Insurance rates are on the rise. Call it a perfect storm. A number of factors are driving up property premiums.

Indeed, **Marsh** reports global property insurance rates continued to firm in the first quarter of 2012. Despite the absence of major natural catastrophes during the first three months of the year, rates rose for both catastrophe-exposed and non-catastrophe exposed risks in most geographies.

"First, was the industry's implementation of the new RMS Catastrophe Model, which increased carriers loss estimates by as much as 110%," **Matthew Harrell**, managing director of **Franklin Street Insurance Services**, tells GlobeSt.com. "The new model was revised based on claims from Hurricane Ike which had a large number of unexpected roof failures in low wind speeds as well as excessive damage to inland areas due to lack of understanding and enforcement of building codes."

Another issue is the large number of global catastrophic events that occurred in the past 24 months totaling \$150 billion of insured losses. These losses combined with poor investment return provided a diminishment of insurance company capital. Harrell says the entire country is seeing rate increases, but the most affected areas are Florida, the Gulf Coast, Texas and the Mid-Atlantic. He's seeing property insurance renewals increase anywhere from 5% to 60%.

"Carriers are increasing their premiums across the board on all renewal business, however we see still see them competitive on new business," Harrell says, noting that owners should get competing proposals from several insurance companies. He also suggests large owners consider purchasing a loss limit or some other type of alternative program structure that could drive down pricing.

"The global commercial property insurance market is continuing to show signs of upwards rate trends, especially for catastrophe-exposed risks," **Dean Klisura**, U.S. risk practices leader at Marsh, said in a statement. "In the U.S., the property market continues to be in a state of transition with insureds more likely to experience rate increases than those renewing with flat or modest rate decreases. We believe that this trend will continue in the short term, with the average rate of increase continuing to rise month over month."

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