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S&P: Florida State Finances And Insurance Mechanisms Help Absorb The Blow Of Another Major Storm

Key Takeaways

- Hurricane Milton is the second major hurricane to make landfall in the State of Florida this year, with 51 counties placed under the pre-emptive disaster declaration that authorizes the Federal Emergency Management Agency to coordinate all disaster relief efforts and provide assistance to individuals in need.
- Florida (AAA/Stable) entered hurricane season with exceptionally high reserves totaling approximately 33.4% of operating revenue. In addition, it has a well-embedded emergency response apparatus to support short-term localized needs and enhance rebuilding efforts.
- The scale of damage remains highly uncertain from hurricanes Milton and Helene, but it could be substantial, leading to significant insured losses that are likely to place near-term pressure on the state's statutorily created entities: Citizens Property Insurance Corp. (not rated), Florida Hurricane Catastrophe Fund (AA/Stable), and Florida Insurance Guaranty Assn. (A/Stable [FIGA]).
- We continue monitoring how these events will affect Florida's general credit and insurance landscape, and if these entities will need to take additional measures (e.g., draws on pre-event bond proceeds, levying assessments, or new debt issuance) to help stabilize the property insurance market.

Continue reading.

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