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Fitch: Florida (Re)Insurers', Citizens' Ratings Unlikely Affected by Hurricane Helene

Fitch Ratings-New York/Chicago-27 September 2024: Hurricane Helene, while resulting in the tragic loss of life and significant economic losses in affected areas, is not likely to affect credit ratings for property/casualty (P/C) (re)insurers, Citizens Property Insurance (Citizens; AA) or the Florida Hurricane Catastrophe Fund (FHCF; AA), Fitch Ratings says. This assessment is based on our initial estimate of an insured loss range from \$5 billion to \$10 billion, with anticipated individual insured losses that should remain within ratings sensitivities, ample capital levels and insurers' ability to increase premium rates.

Hurricane Helene, which made landfall in the sparsely populated Big Bend region of Florida as a Category 4 hurricane and moved through the southeast U.S. as a tropical storm, is expected to generate considerable economic and insured losses. Florida will be meaningfully affected by heavy rainfall, storm surge, flooding and high winds. However, Georgia's losses may exceed Florida's due to strong sustained winds across highly populated areas. The Carolinas, Tennessee and Kentucky are also likely to experience losses.

Standard homeowners' insurance does not typically cover flood damage. Private market flood insurance has grown, but remains less than 1% of industry direct premiums written, with the relatively small exposure limiting industrywide potential for loss. Fewer than 15% of homeowners buying insurance purchase primary flood insurance, with even lower take-up rates away from the coasts with less historical flooding. However, mortgage lenders require flood insurance if a homeowner has a federally backed mortgage and lives in a Federal Emergency Management Agency (FEMA) high-risk flood zone or if they have received prior FEMA compensation for flood damage.

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