

[How Hurricane Helene could have widespread consequences for homeowners](#)

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When Hurricane Helene slammed into Florida on Thursday night, it made landfall in the state's sparsely populated Big Bend, far from the glittering cities with expensive waterfront property to the south. But that didn't stop Helene from becoming another multibillion-dollar superstorm.

The hurricane's massive size and record-breaking storm surge left an equally massive footprint of destruction across the Southeast, from Florida's Tampa Bay region to Georgia, Tennessee and the Carolinas. The storm probably caused \$15 billion to \$26 billion in property damage, as well as an additional \$5 billion to \$8 billion in lost economic output, Moody's Analytics said. Although it is too early to know the full extent of the damage, experts said the storm could have major consequences for homeowners, the private insurance industry and the federal flood insurance program.

"In Florida, we have seen so many companies go belly up because of disasters," said Amy Bach, executive director of United Policyholders, a consumer advocacy group. As some companies have abandoned the market, new ones have moved in. But Bach said these new players have less experience paying claims and less capital to draw from than the big national carriers. A wave of new insurance claims could send them into bankruptcy.

"None of this is good for anyone: victims, municipalities, FEMA, the market. It's a huge mess for everyone," Bach said.

Florida's insurance market had already been in crisis long before the storm, with many residents still waiting to settle their claims from Hurricane Ian, which struck in 2022. Before Helene hit, some insurance companies had already begun to doubt they could weather Florida's repeated superstorms. Others had stopped selling new policies in high-risk coastal areas.

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These shifts in the industry's risk tolerance were happening across the country as climate change fueled increasingly severe disasters. But this summer, Moody's said things appeared to be turning around. The property insurance market was stabilizing, as companies raised rates and reduced coverage. "Companies generally have solid balance sheets," the agency said in June.

The ratings agency offered a grimmer outlook after Helene, warning of spiking premiums in Florida and more property owners either forgoing coverage or leaving the state.

The cost of property insurance in Florida is already among the highest in the country. Three straight years of hurricanes striking Florida's Gulf Coast "reinforces growing concerns," said Adam Kamins, Moody Analytics's senior director of economic research. "Although climate hazards alone tend not to compel residents to move out of an area, further increases in insurance premiums might," he said.

In the end, private insurers are likely to be spared the worst losses from Helene because standard homeowners and renters insurance doesn't cover flooding, leaving residents who lack flood insurance with staggering rebuilding costs. The government-run National Flood Insurance Program is the main source of flood insurance in the United States and millions of households in risky areas rely on it. But as disasters worsen, the program is facing increasing financial strain and many homeowners in flood-prone areas don't buy protection.

Mark Friedlander, a spokesman for the Insurance Information Institute, an insurance industry trade group, said few homeowners in places such as Atlanta and Asheville, N.C., that sustained catastrophic flooding from Helene carry flood insurance. And in Florida's Big Bend, many of the storm victims do not even have home insurance, he said.

"Based on the landfall of Helene occurring in a sparse area of Florida's Big Bend, we expect this will be a very manageable event for Florida residential insurers," Friedlander said. Though wind damage from Helene could expose insurers in the state to a range of claims, he said the industry can handle that. "Florida property insurers are in their best financial position in many years because of recent legislative reforms," he said.

Florida's state-run insurer, Citizens Property Insurance, covers more homes in the state than any private insurer, and it probably has enough money on hand to cover the claims, Moody's analyst Denise

Rappmund said. The state-backed reinsurance provider should similarly be able to cope, she said.

The number of policyholders using Citizens has exploded in recent years because of carriers going insolvent and people not being able to afford coverage.

The question facing home insurers, experts said, is what happens if damage from Helene depletes their reserves for future disasters, especially if another hurricane hits Florida this season.

Even before Helene, some experts suspected the Florida home insurance market was more fragile than anyone thought.

Researchers at Columbia University, Harvard Business School and the U.S. Federal Reserve Board released a report last year warning that the state's insurance market was more unstable than it appeared because of the arrival of new "lower quality" insurers. These companies were selling policies in the riskiest areas, had less capital and 20 percent of them became insolvent. Yet they continued to work in the state because newer rating agencies with laxer standards were giving them high marks for financial stability.

The study looked at what happened in the aftermath of Hurricane Irma, which made landfall in South Florida in 2017. Claims spiked after the storm and some insurers went out of business, which led to more residents defaulting on their mortgages because they couldn't afford repairs.

A similar pattern could play out in the wake of Helene, said Parinitha Sastry, an assistant professor of finance at Columbia Business School and one of the paper's authors. Although early estimates suggest the storm did not cause as much damage as others, such as Ian, which was among the costliest U.S. storms at over \$118 billion, "it's still a huge shock," she said.

"This isn't going to meet the level of some of the prior storms we've seen," Sastry said. "But we have some very thinly capitalized insurers. We don't need another Ian to cause insolvency."