

# Did Hurricane Season 2024 Live Up to the Hype?

Predictions for this year's hurricane season were considerably higher than in 2023 – forecasts projected 11 hurricanes, including five major hurricanes and 23 named storms. The season started off early, with Hurricane Beryl becoming the earliest category five hurricane to form in the Atlantic since 1920. However, through September, the number of tropical storms were average and there were no major hurricanes until Helene which was quickly followed by Milton.

## CONTACT

To learn more about how Amwins can help you place coverage for your clients, reach out to your local Amwins broker.

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*Courtesy of Amwins Group, Inc.*



## Impacts of Hurricane Milton vs. Hurricane Ian

Milton made landfall south of Tampa, FL and crossed the middle of the peninsula to exit back into the Atlantic, very similar to Ian. However, the market response has been dramatically different.

Hurricane Ian resulted in approximately \$40B in insured losses and fundamentally changed the property market. Reinsurance retentions increased significantly, attachment points and insurance to value (ITV) rates rose, and we saw numerous changes to terms and conditions. Industry experts widely agree that prior to Ian, insurance costs were largely inadequate (in many cases) to cover loss – resulting in rate increases across the board.

While both were significant weather events, **Milton's estimated insured losses** of \$36B are not likely to be a market changing event. The bulk of these losses are being absorbed by primary carriers, who largely consider them to be in the “acceptable” range. Earnings will be affected, but carrier balance sheets will not – **markets remain profitable** as highlighted in recently released Q3 results. And while we may see a slowing in the degradation of rates, we do still expect that most carriers will continue to grow.

The homeowners' and smaller TIV markets, however, are experiencing quite the opposite. There is more demand for coverage now than ever before as carriers have increased their use of CAT modeling and exited many high hazard areas. And with recent economic pressures, self-insurance is not an option for many.



## E&S response to increased CAT losses

Typically, when there are increased losses, we see increased costs. And we would expect those costs to be passed on in premiums, but so far that has not been the case. Here's why: losses seen during recent storm seasons have only mildly been reflected in treaties while, at the same time, investment income is up, capacity has increased and demand remains stable. However, if one of those factors changes, losses will matter more as there will be nothing to balance or decrease their impact on premiums.

You can read more about the impact of increased CAT activity and the subsequent increase in losses [here](#).

## A look at alternative risk solutions

As the complexity of property risks evolves, it can be hard for traditional insurance to adapt. Parametric policies can help fill this gap and round out the risk transfer to help cover the inevitable unknowns and unexpected.

Parametric insurance is a strong coverage option for a variety of perils. Policies pay out based on pre-defined thresholds and characteristics of an event (i.e., trigger). Triggers include windspeed, magnitude of seismic events, rainfall intensity, etc. If an event occurs and meets or exceeds the trigger, the solution pays according to the intensity and agreed payout function. While trigger events will depend on the policy, insureds follow a simplified "proof of loss" process to certify actual financial impacts allowing for payouts in under three weeks in most cases.

An added benefit of parametric insurance is that premiums are calculated based on the probability of an event. And, as these probability levels don't change frequently, premiums are stable.

The recent popularity of this coverage is expected to continue as exposures increase and outgrow traditional coverages.

[You can learn more about Amwins' parametric insurance solutions here.](#)



## We help you win

Primary insurance markets are still absorbing the majority of commercial losses and capital is still flowing into the insurance space. Supply is up and demand has remained stable.

Working with a partner like Amwins gives you an advantage. With the largest specialty insurance distribution platform in the industry, we stay on top of market conditions and trends to keep our retailers ahead of the game.

To meet your clients' evolving needs, we put our market relationships and clout to work to continuously develop proprietary products. Amwins' commercial property specialists collaborate on risks and draw on our global network to deliver unmatched insurance solutions to our clients.

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