

## Neptune Flood Research Group – Issue 1

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### Navigating the Aftermath of Hurricanes Helene and Milton

As the largest private flood insurer in the United States, Neptune Flood provides critical insights into the evolving flood insurance landscape in the wake of Hurricanes Helene and Milton. These storms not only highlight the immediate challenges of managing catastrophic losses but also reveal deeper systemic issues in the U.S. flood insurance market that demand urgent attention.

Neptune’s President & CEO Trevor Burgess noted, “Our mission is to increase the number of families and businesses with flood insurance across the country. Based in St. Petersburg, in Pinellas County, Florida, we’ve seen our employees, friends, and neighbors deeply affected by recent hurricanes. Those without flood insurance face significant recovery challenges, underscoring the critical need for our mission to promote flood coverage awareness and expansion. This report, the first from our internal Neptune Research Group, is designed to elevate the national conversation around flood insurance.”

#### Helene’s Historic Impact and NFIP 2024 Loss Expectations

Hurricane Helene has already proven to be a landmark event for the [National Flood Insurance Program \(NFIP\)](#). With **over 55,000 NFIP claims filed** as of November 4<sup>th</sup>, 2024, and this number expected to grow past 60,000, Helene has surpassed the 48,732 NFIP claims from Hurricane Ian—which had been the fourth largest storm in NFIP history. The NFIP’s **average payout per Ian claim was \$106k and from Harvey was \$117k**, suggesting that total losses from Helene could range between **\$6 billion to \$7 billion** before accounting for loss adjustment expenses. With such a loss, Helene will eclipse Ian’s **\$4.9 billion loss** and become a larger financial hit for the NFIP.

Meanwhile, the NFIP has received **over 18,000 claims so far related to Hurricane Milton**, providing expectations that the event will result in around 30%-50% of the loss associated with Helene, and aligning with past events like Hurricane Ida (**28,317 claims**) and Hurricane Irma (**33,339 claims**), likely placing it within the NFIP’s **top ten loss events**.

These events compound the more than **20,000 NFIP claims filed year to date on events other than Helene and Milton, including, among others, Hurricane Beryl, Hurricane Debby, and Hurricane Francine**. As such, considering the NFIP has around \$4 billion of premium in force, expected **losses between \$8.2-10.5 billion for the year** will result in a **2024 NFIP loss ratio north of 200%** before accounting for loss adjustment and other expenses.

2024 FLOOD EVENT	NFIP CLAIMS AS OF 11.4.24 (1)	NFIP PROJECTED TOTAL CLAIMS	NFIP LOSS ESTIMATE
HELENE	55,202	60,000+	\$6-7bn
MILTON	18,052	20,000+	\$1.5-2.5bn
OTHER (INC. BERYL, DEBBY, FRANCINE)	20,984	22,000+	\$650mm - \$1bn
<b>TOTAL</b>	<b>94,238</b>	<b>99,000+</b>	<b>\$8.2-10.5bn</b>

(1) Source: [FIMA NFIP Redacted Claims - v2 | FEMA.gov](#)

## Private Market Losses and the Shift in Insurance Dynamics

The **private flood insurance market** in Florida has also sustained considerable losses from the two major events. As of November 8<sup>th</sup>, 2024, the **Florida Office of Insurance Regulation (FLOIR)** reported **6,183 private flood claims** across [Helene](#) and [Milton](#), with **1,976 claims paid totaling \$197 million**. Projections suggest a **total private flood insurance market loss over \$500 million** before loss adjustment expenses, with around \$300 million associated with Hurricane Helene and \$200 million associated with Hurricane Milton.

The shift toward private coverage is accelerating as policyholders, frustrated by the limitations of the NFIP, seek more comprehensive options. The NFIP provides only **\$250,000** for building coverage and **\$100,000** for contents on residences, with no coverage for temporary living expenses, swimming pools, or detached structures. These limits have failed to keep pace with inflations and are often insufficient for homeowners, especially in areas with elevated real estate values like coastal Florida. In contrast, the private market offers higher limits and more flexible policies, filling crucial gaps in coverage.

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## Pinellas County: A Case Study in Insured and Uninsured Risk

The situation in **Pinellas County, Florida** underscores the significant exposure faced by homeowners. The largest flood events in Pinellas County history were Hurricane Eta in 2020, which led to **\$51 million** in NFIP payouts and, more recently, **Hurricane Idalia** in 2023 resulted in **\$136 million** in NFIP losses. Eta NFIP claims in Pinellas totaled 1,065 while Idalia totaled 1,986. In the aftermath of Helene, however, **over 22,000 NFIP claims have been filed**, representing 40% of all claims filed on the event, with expected payouts surpassing **\$2 billion**. **Milton has resulted in the filing of over 2,000 additional claims in Pinellas**, this count already being higher than that from Idalia.

Alarming, a post storm surveys by the county identified over **40,000 buildings impacted by floodwaters**, far exceeding the number of claims, suggesting tens of thousands of properties were uninsured or self-insured.

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## Challenges with the NFIP and Risk Rating 2.0

Since the NFIP implemented **Risk Rating 2.0** in 2021, which replaced outdated risk rating methodologies with more accurate risk-based pricing, the NFIP has seen a **continued decline in the insured base from 4.08 million buildings to 3.53 million in 34 months**. Although the new methodology raises premiums toward actuarially sound levels, as of December 31<sup>st</sup>, 2022, according to the [Government Accountability Office](#), **only 34% of policyholders** were paying their full risk premium due to a congressional cap limiting annual increases to **18%**. It will take until **2037** for 95% of policies to reach their full premium and until **2047** for full compliance.

Since Risk Rating 2.0 there has been [a decline in NFIP policies](#) across **41 states** and Washington, D.C., as more homeowners opt to drop coverage or move to private flood options. However, **Florida**, driven by a **2022 legislative mandate requiring flood insurance for Citizens property insurance policyholders**, accounts for **86% of policy growth** among the nine states where NFIP enrollment has increased in the last 12 months. This growth in policies is a surprisingly low 18,695 across those nine states.

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## Outdated Flood Maps and Education Gaps

One of the NFIP's biggest challenges remains the reliance on **outdated flood maps** to determine coverage requirements. While Risk Rating 2.0 no longer uses these maps for pricing, homeowners with federally backed mortgages are still required to purchase flood insurance if located in **Special Flood Hazard Areas (SFHAs)**. A stark example is **Broward County, Florida**, which updated its flood maps for the first time in **40 years** in 2024, adding **88,000 new properties** to SFHAs. In fact, more than 3,000 FEMA flood maps are more than 15 years old. New technology-based mapping solutions are available that could replace or enhance the current map creation process, helping to more quickly and accurately educate homeowners about their flood risk.

Education also plays a critical role in addressing coverage gaps. Many homeowners mistakenly believe their standard property insurance policies cover flood damage or assume they are not at risk if outside FEMA-designated SFHAs. In reality, all properties are in flood zones, and the growing severity of storms puts **14.6 million U.S. buildings** at substantial risk of flooding according to the [First Street Foundation](#), of which **5.9 million are not located in SFHAs**. First Street also identifies an additional 8.9 million buildings at risk of flooding over the next 30 years.

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### **A Path Forward: Building Resilient Communities**

As Florida rebuilds from Hurricanes Helene and Milton, the landscape of flood insurance will continue to evolve. Many properties inundated by these storms are being sold for **land value**, with new, more flood-resilient homes rising in their place. However, for others, rebuilding may be financially unfeasible, forcing homeowners to patch damaged homes and remain vulnerable to future storms.

FEMAs [Substantial Improvement and Substantial Damage](#) rule requires that damage to buildings exceeding 50% of the structure's market value must result in the building being brought in line with current building codes. FEMA has recently shown a willingness to penalize non-compliance with this rule through actions taken in Lee County post-hurricane Ian, and thus impacted counties from both Helene and Milton are likely to strictly enforce the requirements on building permit filings. Hampering this effort, SBA disaster loans could be used by homeowners to raise or fix their properties however the program is currently out of money awaiting potential funding in the next Congress.

Addressing the challenges of the flood insurance market will require **collaboration across multiple stakeholders**—insurers, reinsurers, private capital providers, and government agencies.

Additionally, other states can learn from Florida's legislative efforts to mandate flood insurance for certain homeowners, reducing the burden on public programs and increasing resilience across the U.S. **Updating flood maps**, increasing public awareness, and ensuring that more properties are adequately insured are essential steps toward removing the financial burden from taxpayers and building a sustainable flood insurance ecosystem.

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### **About Neptune Flood, the Nation's largest Private Flood Insurance Company**

As the largest provider of private flood insurance in the United States, **Neptune Flood** continues to expand rapidly, offering a competitive alternative to the NFIP. Today, Neptune provides nearly **\$100 billion in coverage** across over 220,000 residential and commercial properties, demonstrating both scale and stability within the flood insurance marketplace.

Central to Neptune's success is its innovative **ecosystem that connects global capital allocators with insureds** in the U.S. market. This model offers **fair pricing** for homeowners and businesses while ensuring the sustainability and growth of the private flood market. Neptune's team emphasizes that efficient underwriting can only be achieved through **advanced data science**, leveraging **machine learning models** and **AI-driven processes** to accurately assess risks and streamline the customer experience.

At Neptune Flood, we remain committed to providing innovative solutions that bridge the gap between government and private insurance markets. Together, we can build a more resilient future—one where homeowners are not only insured but also prepared for the evolving risks of a changing climate.