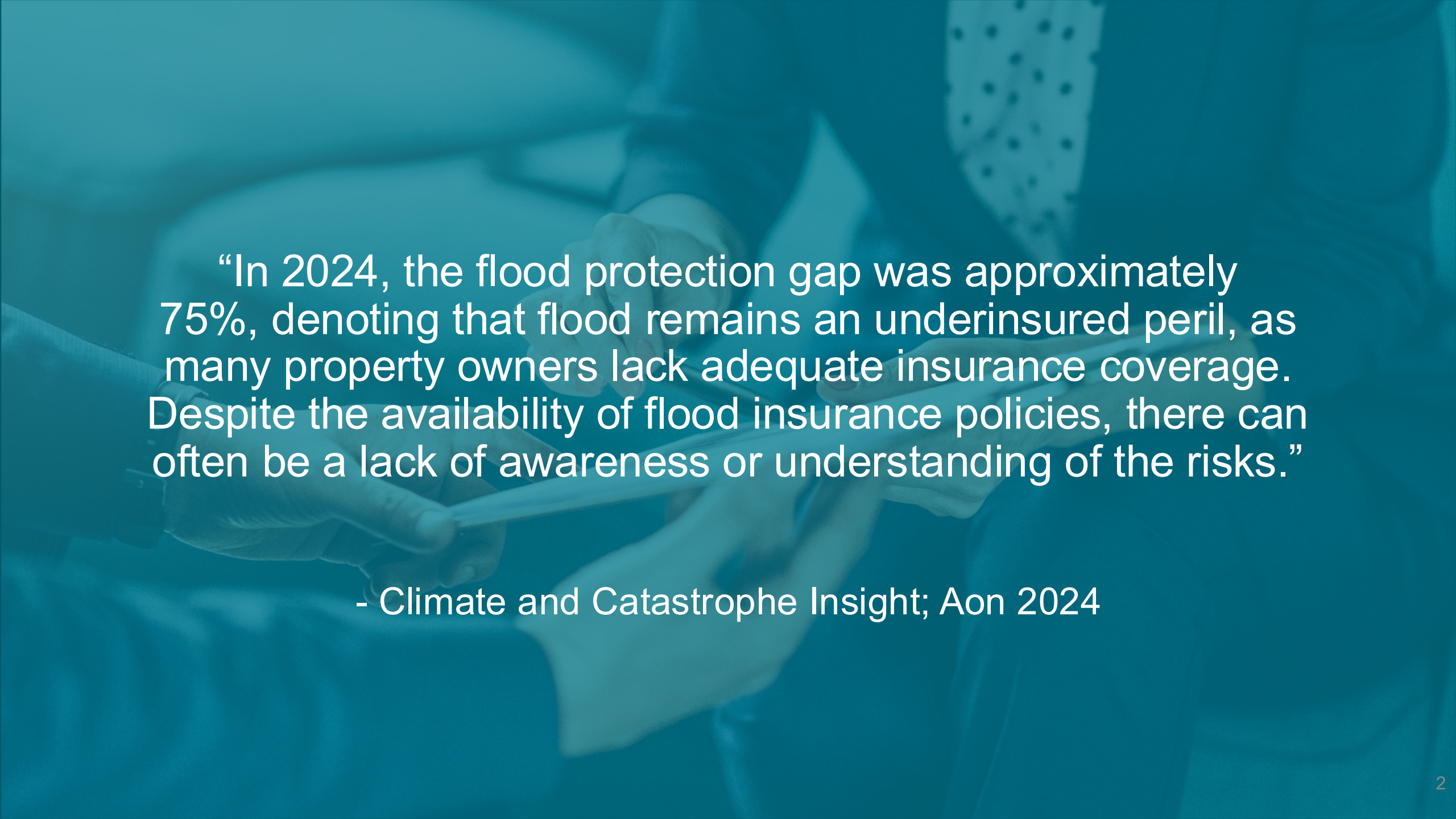




# The Rising Tide of Risk: Why Flood Insurance Matters

Dana Sutton  
NFP, an Aon Company  
AVP, Atlantic Region Flood Practice Lead



“In 2024, the flood protection gap was approximately 75%, denoting that flood remains an underinsured peril, as many property owners lack adequate insurance coverage. Despite the availability of flood insurance policies, there can often be a lack of awareness or understanding of the risks.”

- Climate and Catastrophe Insight; Aon 2024

# Top 10 Global Economic Loss Events in 2024

Date	Event	Location	Death	Economic Loss (2024 \$B)	Insured Loss (2024 \$B)
09/25 – 09/28	Hurricane Helene	U.S., Mexico, Cuba	243	75.0	17.5
10/08 – 10/11	Hurricane Milton	U.S., Mexico	35	35.0	20.0
01/01	Noto Earthquake	Japan	489	18.0	1.0
10/27 – 10/30	Valencia Floods	Spain	231	16.01	3.9
06/09 – 07/14	South, Central China Floods	China	470	15.7	0.4
09/01 – 09/09	Typhoon Yagi	China, Southeast Asia	816	12.9	0.7
07/01 – 07/11	Hurricane Beryl	U.S., Caribbean, Canada	70	7.7	3.7
09/12 – 09/16	Central Europe Floods	Central Europe	29	7.5	2.1
01/01 – 12/31	Drought	United States	N/A	7.1	3.5
05/06 – 05/10	Severe Convective Storm	United States	6	6.6	5.2
All Other Events			~15,700	166.4	87.0
Totals			~18,100	368	145

Hurricane Helene was the costliest natural disaster of 2024, causing an estimated **\$75 billion in direct damages.**



# Hurricane Helene

**Hurricane Helene became the costliest event of the year from an economic loss perspective with an estimated \$75 billion in total direct damage.**

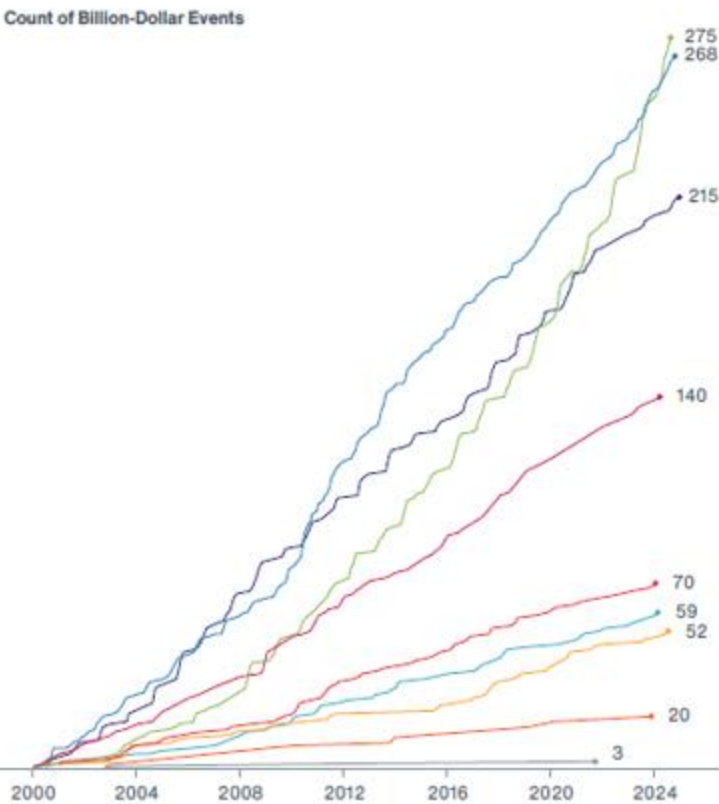
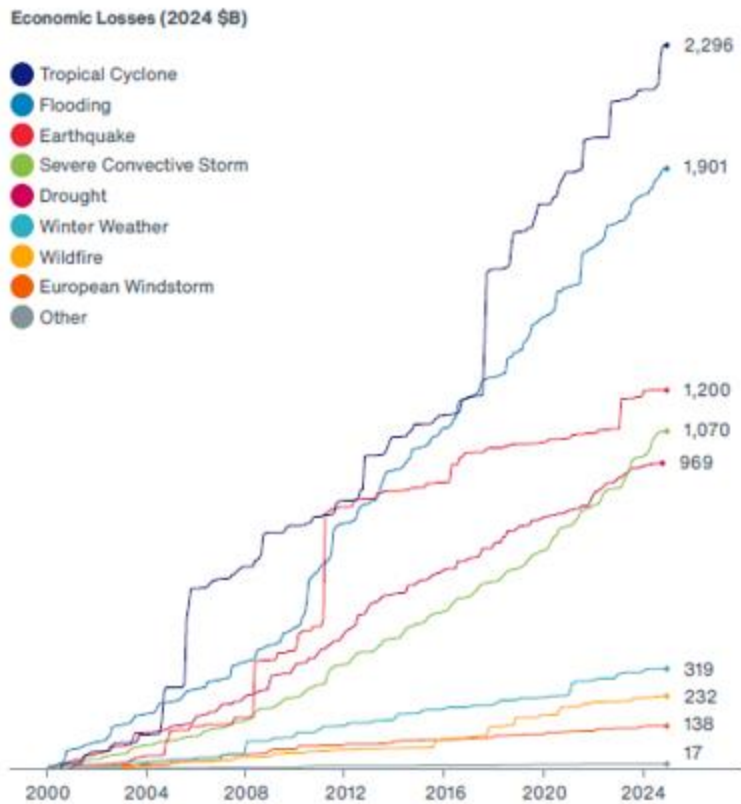
While it impacted Florida as an unusually large and strong Category 4 storm, landfall point was in a relatively sparsely populated area and the majority of the financial impact actually incurred in North Carolina due to widespread and devastating floods. Helene ranks among the 15 costliest natural disasters globally since 1900 on a price-inflated basis and among the eight costliest tropical cyclones.



# Flood Insurance Policies Have a 4% Uptake Rate

Cumulative Global Economic Losses by Peril

Natural Disaster Events and Loss Trends



Data: Aon Catastrophe Insight

Cumulatively, tropical cyclone remains the costliest peril of the 21st century, with global price-inflated losses since 2000 currently running at \$2.3 trillion. More than \$145 billion was added in the calendar year of 2024, in what was one of the top five years, yet well below the record losses of 2017 (\$404 billion) and 2005 (\$312 billion). The flooding peril follows with about \$1.9 trillion.

Earthquake, SCS and drought perils are now responsible for roughly \$1 trillion in global economic losses since 2000. While growth of earthquake losses is driven by rare, individual catastrophic events, SCS shows accelerating increase and strong seasonality. SCS perils now lead in the total number of events above \$1 billion in economic losses.



# Why? The Unintended Consequences of the National Flood Insurance Program (NFIP)



## Misunderstanding of flood zones and associated risks

- A strongly held belief that you are either in a flood zone or you are not
- 84.5% of flood losses occur outside the Special Flood Hazard Area (SFHA), according to the Center for Geospatial Analytics
- 51% of the population is two times more likely to have a 1-in-100-year flood than current maps indicate (First Street Foundation)
- Over eight million properties outside of the SFHA are at risk of flooding from rain (First Street Foundation)

# Why? The Unintended Consequences of the NFIP (continued)

- Subsequent lending regulations surrounding the mandatory purchase of flood for a federally backed loan
- A belief that if the government doesn't require it, the insured doesn't need it

Chase (Mail Code OH4-7328)  
3415 Vision Drive  
Columbus, OH 43219-6009



January 20, 2025



Wilmington NC 28411 0000

Flood insurance is no longer required on your loan

Account:

Property Address: [REDACTED]  
Wilmington NC 28411

Dear [REDACTED]:

Your property is no longer located in a Special Flood Hazard Area (SFHA), so flood insurance isn't required on your mortgage loan.

#### Here's what happens next

- \* We strongly recommend that you speak with your insurance agent to decide if you want to continue or cancel your flood insurance policy. If you keep your policy, you'll pay premiums directly to your agent.
- \* If we bought your policy, we'll cancel it and refund any unused portion.
- \* If you have an escrow account and we used it to pay your flood insurance, we'll stop collecting your premiums. This will change your monthly escrow payment, which you'll see on your next escrow analysis or online at chase.com.

# Why? The Unintended Consequences of the NFIP (continued)



- A belief that FEMA will step in and pay for losses
- A belief that coverage is included on a homeowner's policy
- A misunderstanding of the definition of flood
- Misunderstanding of what constitutes adequate limits (\$250,000 on the dwelling, \$100,000 in contents)
- A lack of confidence in the private market due to the federal government's financial strength and stability of rates and availability



# A Solution on Standby: The Private Flood Market

- The private market is growing
- The surplus lines market has over \$1B in flood insurance (mostly commercial)
- Many states have approved forms and rates for ADMITTED private flood options
- The private market often offers broader coverage than the NFIP
- Innovation in the flood space
  - Use and implementation of AI and new technologies
  - Parametric policies



# Takeaways from Hurricane Helene



## **Hurricane Helene caused \$75 billion in total direct damage**

Hurricane Helene became the costliest event of the year from an economic loss perspective with an estimated \$75 billion in total direct damage.



## **Financial impact incurred in North Carolina**

While it impacted Florida as an unusually large and strong Category 4 storm, most of the financial impact was incurred in North Carolina due to widespread and devastating floods.



## **Helene ranks among the 15 costliest natural disasters globally**

Helene ranks among the 15 costliest natural disasters globally since 1900 on a price-inflated basis and among the eight costliest tropical cyclones.



## **Tropical Cyclone 8 caused \$100M in flood damages**

It was the SECOND 1000-year flooding event experienced in North Carolina within a two-week time span. The first was Tropical Cyclone 8. Not even a named storm, Tropical Cyclone 8 hit southeastern North Carolina, mostly impacting New Hanover and Brunswick County. Although it hit a relatively small geographic area, it caused an estimate \$100M in flood damages.

# Takeaways from Hurricane Helene (continued)



## **22 feet of water reported**

Reports from our insureds ranged from their having 22 feet of water in structures to bodies wedged on their properties with no one able to reach them to remove them.



## **Flood insurance not purchased**

Many of these people could have purchased flood coverage from \$250 to \$500 a year.



A modern office interior featuring a prominent glass and metal staircase. In the foreground, a woman in a dark suit is walking down the stairs, carrying a black briefcase. In the background, two people are standing on an upper level, and two others are seated at a small table on a lower level. The entire scene is overlaid with a semi-transparent green filter.

**Questions or Comments?**



# Contact



448

## Dana Sutton

NFP, an Aon Company

AVP, Atlantic Region Flood Practice Lead

[Dana.Sutton@nfp.com](mailto:Dana.Sutton@nfp.com)

910.782.3820



**NFP.com**

© 2025 NFP Corp. All Rights Reserved