

AON

**State of Florida
Insurance and
Reinsurance
Markets**

June 10, 2026

Proprietary & Confidential



The Current State of the Florida Homeowners Insurance Market

Florida Homeowners Market Today

Financial Carrier Strength

- Over past five years, Statutory Capital position has almost doubled for \$4.6B to \$9.5B
- This does not account for any profits generated by carrier MGA's, captives or affiliated TPA's.
- Financial ratio improvement continues across the universe of Florida HO carriers to levels not seen in years

Loss Costs Reduction

- The legislative changes made in 2022 are working. Loss costs are down for both CAT and non-CAT.
- Milton and Helene have proven the “social inflation” that drove up previous CAT events in Florida is no longer there
- Additionally, non-cat loss ratios continue to trend downward settling in below 20% for most carriers

Distribution Paramount

- Citizen's exposure peaked September 2023, when they had over 1.4m policies. Today, they have less than 300k.
- Over 20 new personal lines Florida companies have been launched since the Legal reforms in 2023 many formed with large take-outs from Citizens
- Given current risk left in Citizens, the take-out distribution model is not viable any longer

The Most Robust and Stable Homeowners Insurance Market Florida has seen in Many Years



Source: Aon Securities
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Florida's Homeowner Carriers Financial Strength

Entering the 2026 Renewal Season with Strong Balance Sheets and Reduced Leverage

Aon's FL HO Composite Change in PHS

in USD millions

	Starting PHS	+ Net Income	+ Capital Contributions	+ Dividends	+ Other	= Ending PHS
2021	4,635	(379)	434	(20)	368	5,038
2022	5,038	(813)	552	(49)	251	4,979
2023	4,979	5	514	(23)	254	5,729
2024	5,729	818	127	(35)	584	7,222
2025	7,196	1,998	69	(216)	442	9,489
2021 - 2025	4,635	1,629	1,695	(342)	1,899	9,489

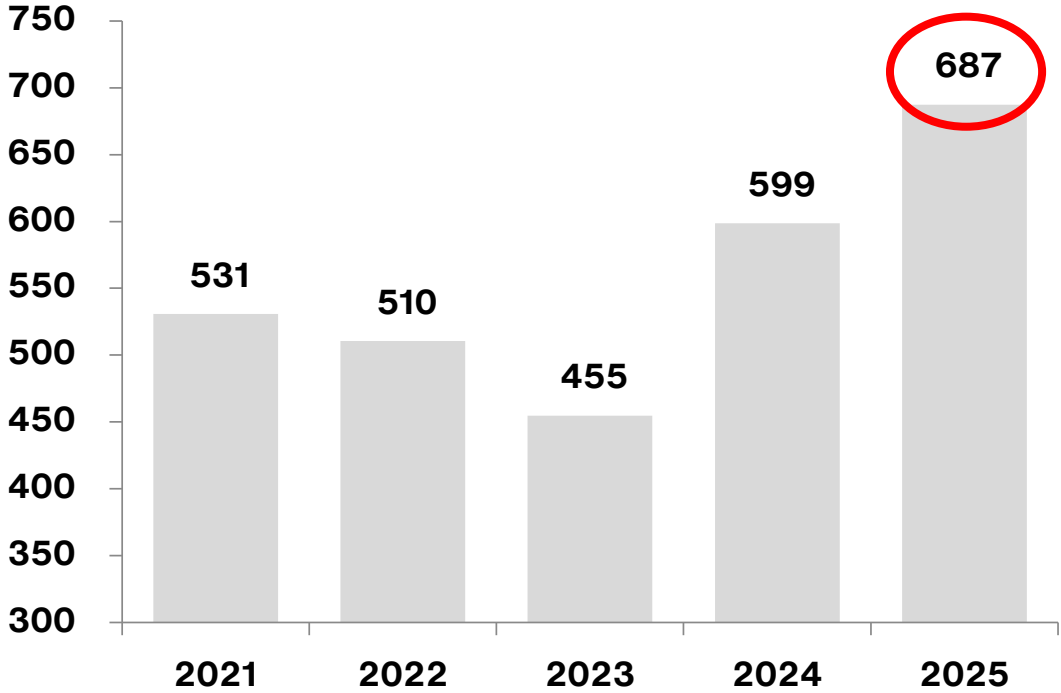
"Other" represents unrealized gains and losses, change in net deferred taxes, change in admitted assets, etc.

Over Past Five Years, Statutory PHS has Almost Doubled Growing \$4.45B, or 88%

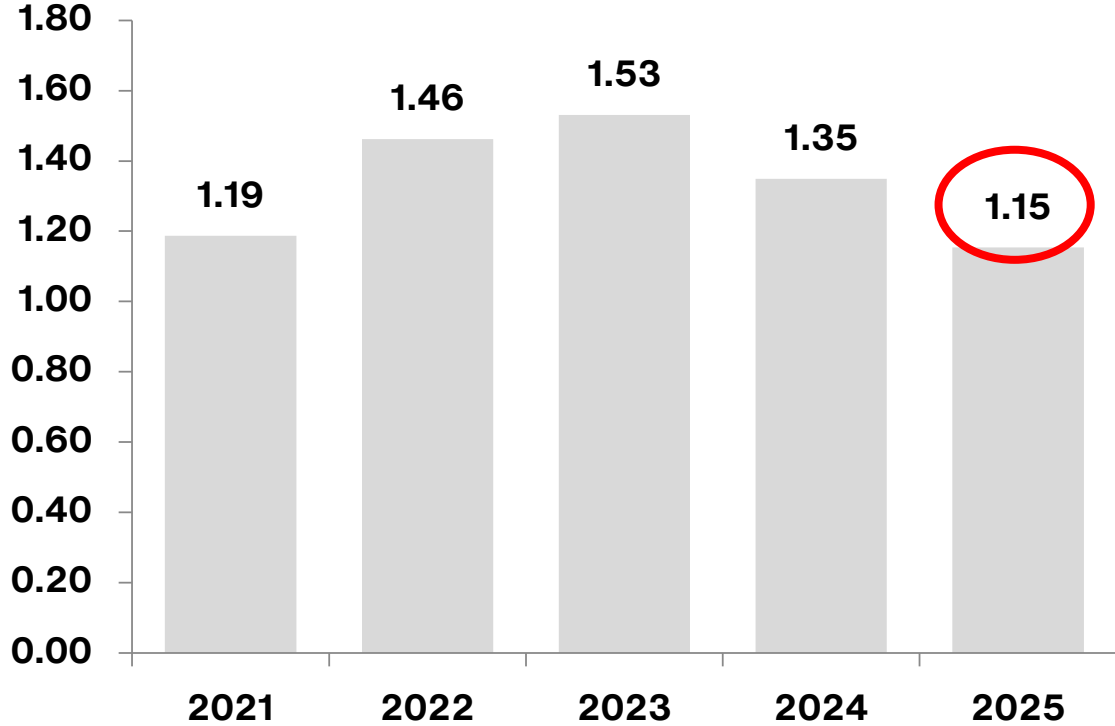
Florida's Homeowner Carriers Financial Strength

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RBC Trend



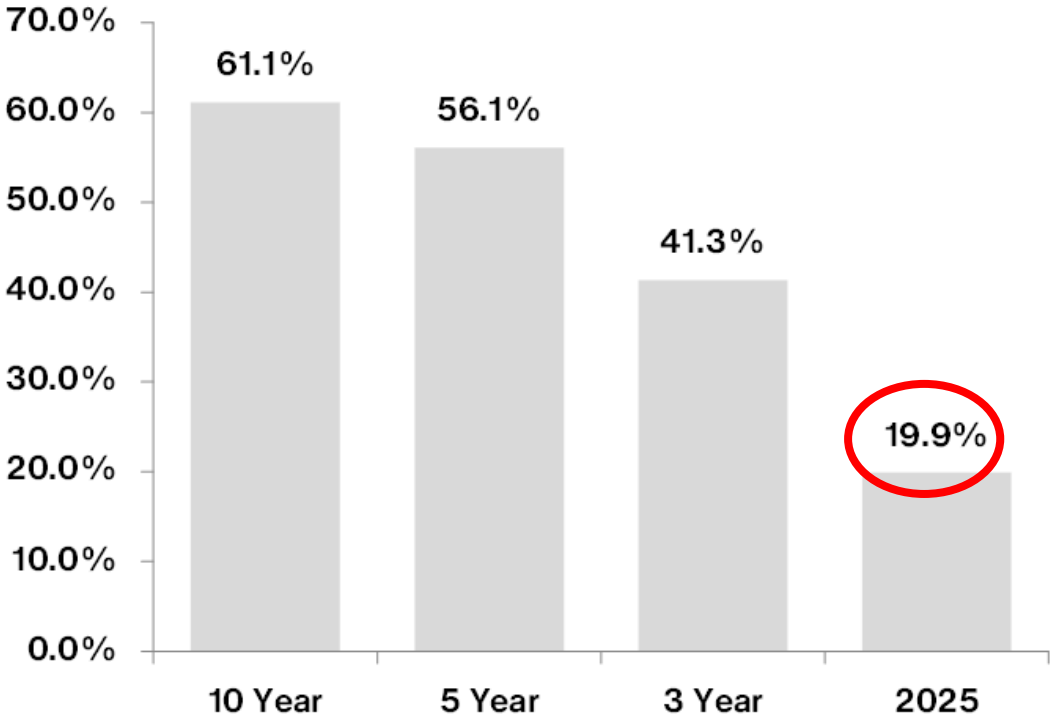
NWP to PHS Trend



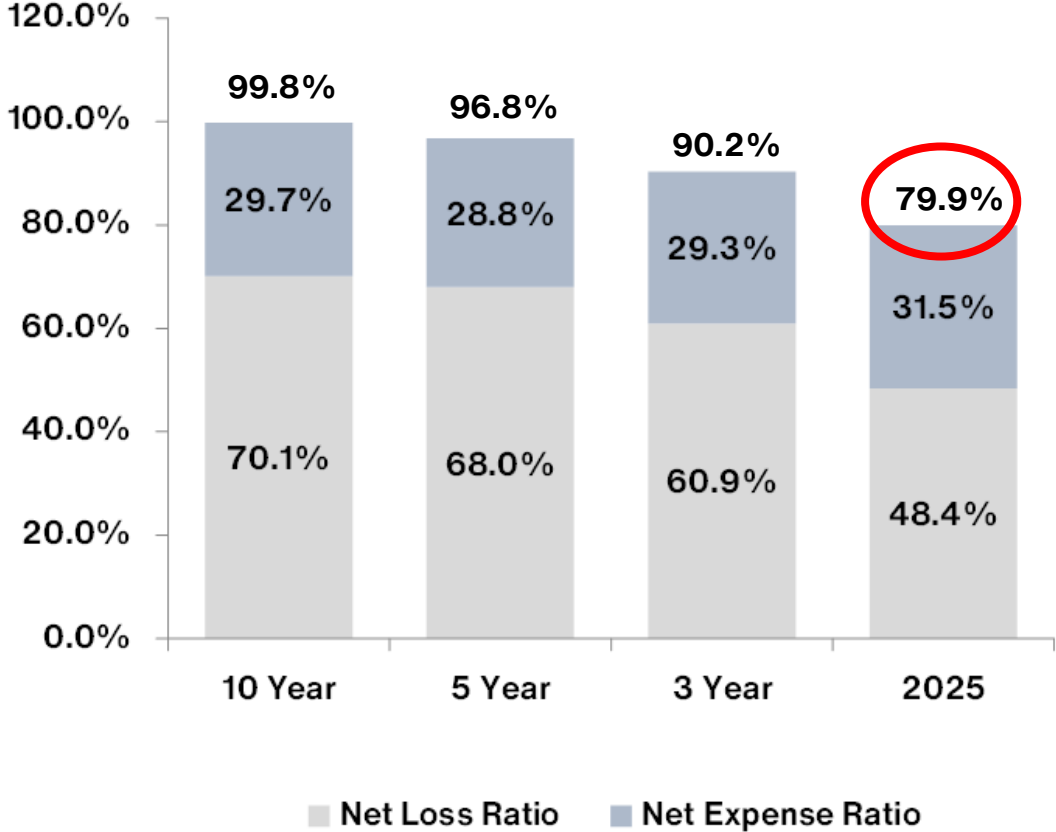
Florida's Homeowner Carriers Financial Strength

Legal Reforms are Working

Direct Loss Ratio Trend



Net Underwriting Trend

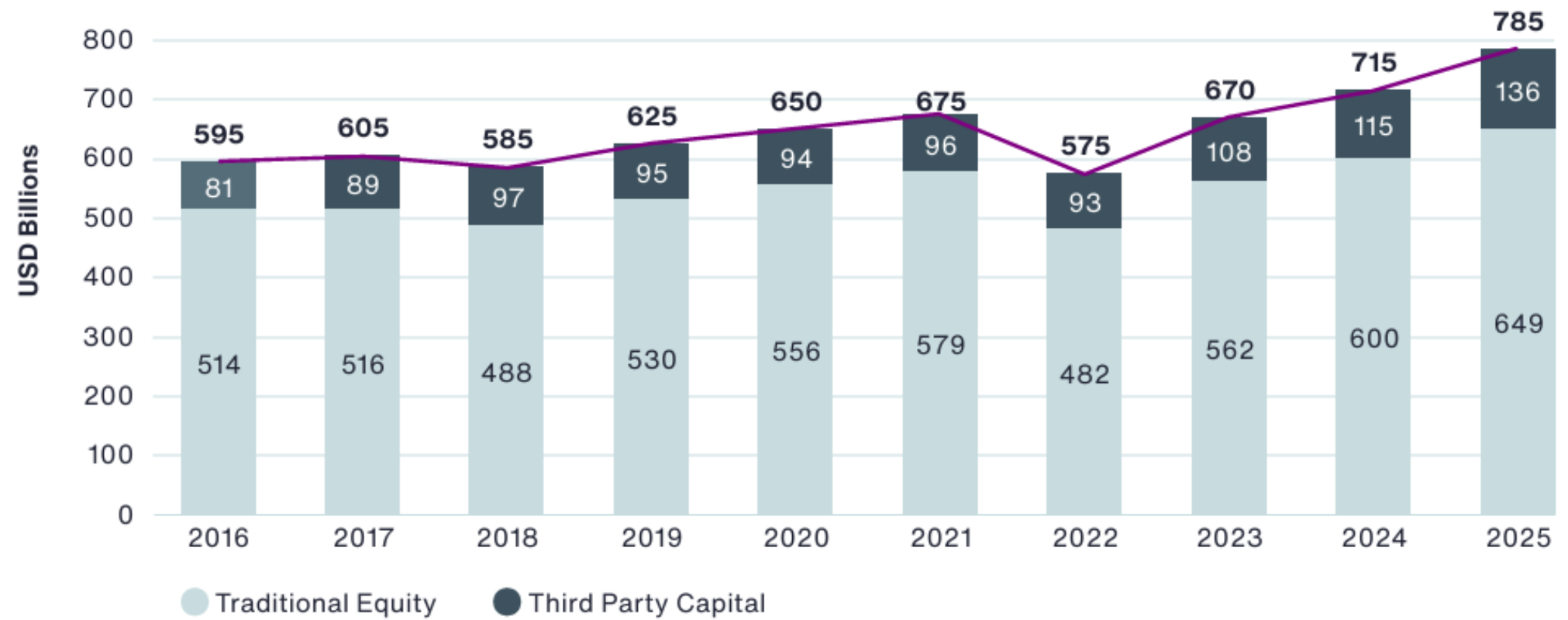


Current Reinsurance Market Update

Reinsurance and Third-Party Capital Growth Over Time

Third party capital growth (5.5% per annum) is double Reinsurer balance sheet growth (2.3% per annum)

Exhibit 1: Global Reinsurer Capital

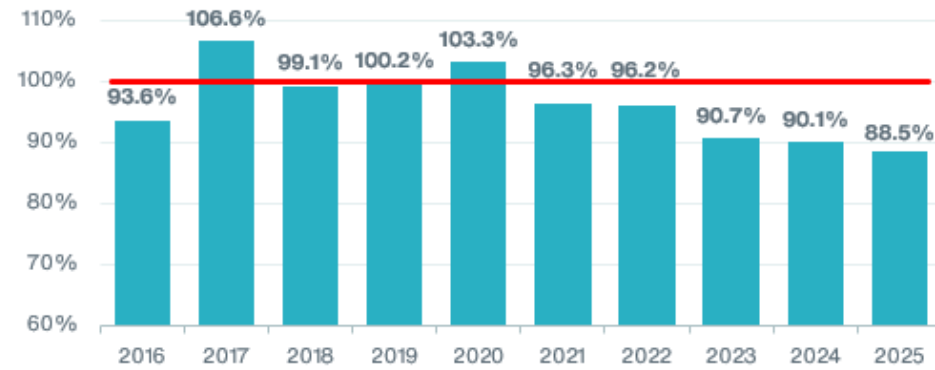


Sources: Company financial statements/Aon's Reinsurance Solutions/Aon Securities Inc.

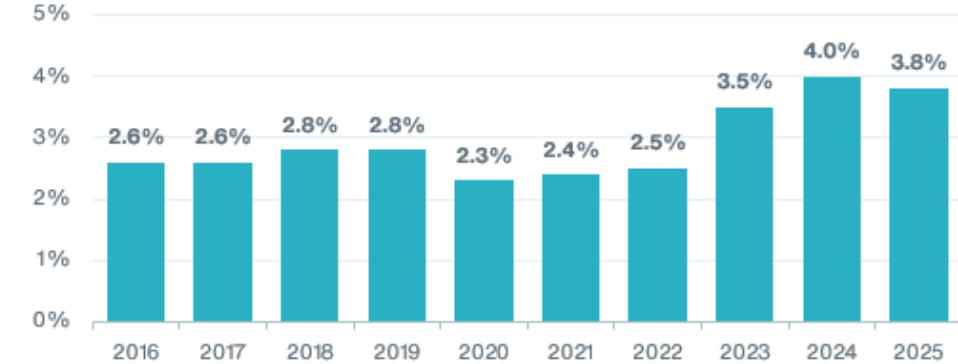
Global Reinsurers – Strong Results Since 2023

Return on equity averages 16.7% over the last three years

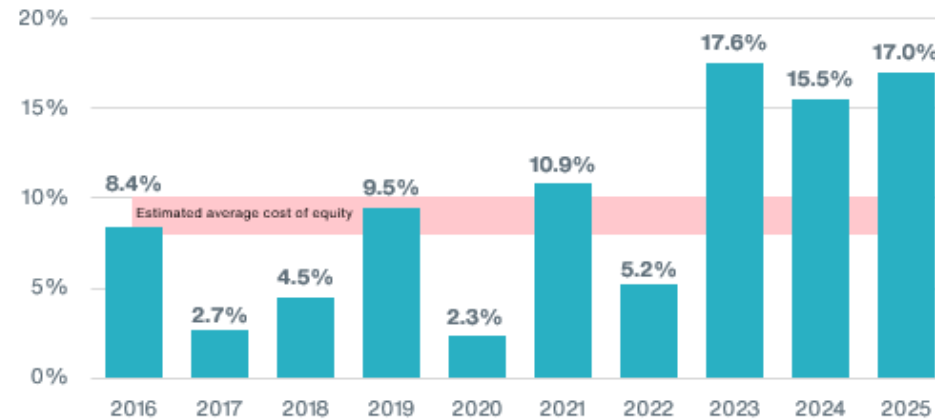
P&C Re Combined Ratio



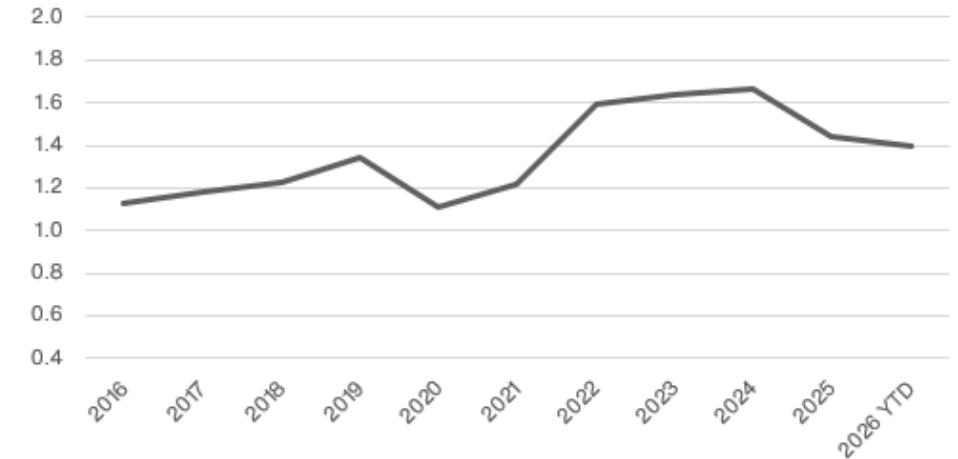
Ordinary Investment Yield



Return on Equity



Price to Book Ratio



Notes: Results based on Aon's Reinsurance Aggregate for the 2015-2022 period and Aon-calculated averages subsequently.
Source: Aon / company disclosure.

US Property Cat: Spring 2026 Renewals

Increased competition from traditional insurers and ILS markets helped drive double-digit pricing reductions and easily absorbed increased demand

-15.0% to - 20.0%
RARC

Capacity
Abundant

+10%
Placed Limit

Stable to Improving
Terms and Conditions

Spring Renewals

Demand – U.S. insurers renewing at April 1 sought to take advantage of competitive pricing and increased reinsurer appetite. Insurers strategically purchased additional limits to support growth or expand catastrophe protection.

New product exploration was a particular focus, with clients purchasing new frequency and aggregate covers, as well as proportional reinsurance solutions.

Capacity – Overall, capacity was abundant at April 1, resulting in widespread oversubscription for property catastrophe risks. **Competition was greatest for lower layers as reinsurers focused on achieving top-line growth.** Competition from third-party capital added to pricing competition as **ILS players continued to expand their appetite for a broader range of perils and risk profiles** in catastrophe excess of loss compared with previous renewals.

T&Cs – Terms and conditions continued to improve following the hard market of 2023. Retention levels were broadly flat, although there was **growing interest from insurers in frequency products, including third and fourth event covers and buy-down retentions for multiple events.**

Rest of Year Outlook

Florida – Ahead of the mid-year renewals, **Florida-based insurers are expected to purchase an additional \$5-\$7 billion of additional limit** to support the ongoing transfer of homeowner policies from Florida’s insurer of last resort, Citizens, to private insurers, as well as reflect recent model changes and inflation. With no U.S. Hurricanes making landfall in 2025, **new players continue to enter the Florida reinsurance market**, encouraged by the success of recent legislative reforms. Many Florida insurers opted to **execute renewals early to take advantage of favorable conditions** and the benefits of an off-cycle renewal.

Mid-year Renewals – Reinsurers are keenly focused on mid-year renewals as it represents the last opportunity for them to deploy meaningful capacity and meet premium budgets for 2026. **We expect pricing to continue falling in lock step with the January and April renewals, with many reinsurers looking to move down into lower layers to generate additional premium year-on-year.** Terms and conditions will continue softening with many reinsurers agreeing to the removal of most, if not all, non contingencies, offering more enhanced coverage features for frequency protection and offering multi-year capacity for a portion of their lines.

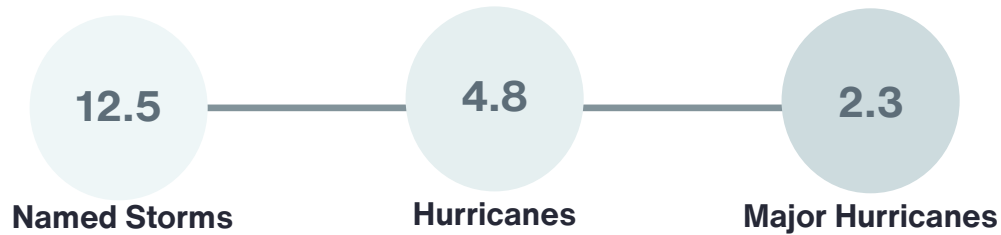
[Read the Full Reinsurance Market Dynamics Report](#)

2026 Official North Atlantic Hurricane Season Forecasts

The latest forecasts call for below to near average activity for the 2026 season

Parameter	CSU	TSR	All Others [†]	NOAA	Average 1991-2020
Named Storms	13	12	9-16	8-14	14
Hurricanes	6	5	3-7	3-6	7
Major Hurricanes	2	1	1-4	1-3	3
Forecast Date	4/9/2026	4/9/2026	Mar/Apr 2026	5/21/2026	

[†]includes WeatherBELL, WeatherTiger, AccuWeather, ECMWF.



Average Atlantic Hurricane Activity in Similar Conditioned Hurricane Seasons*

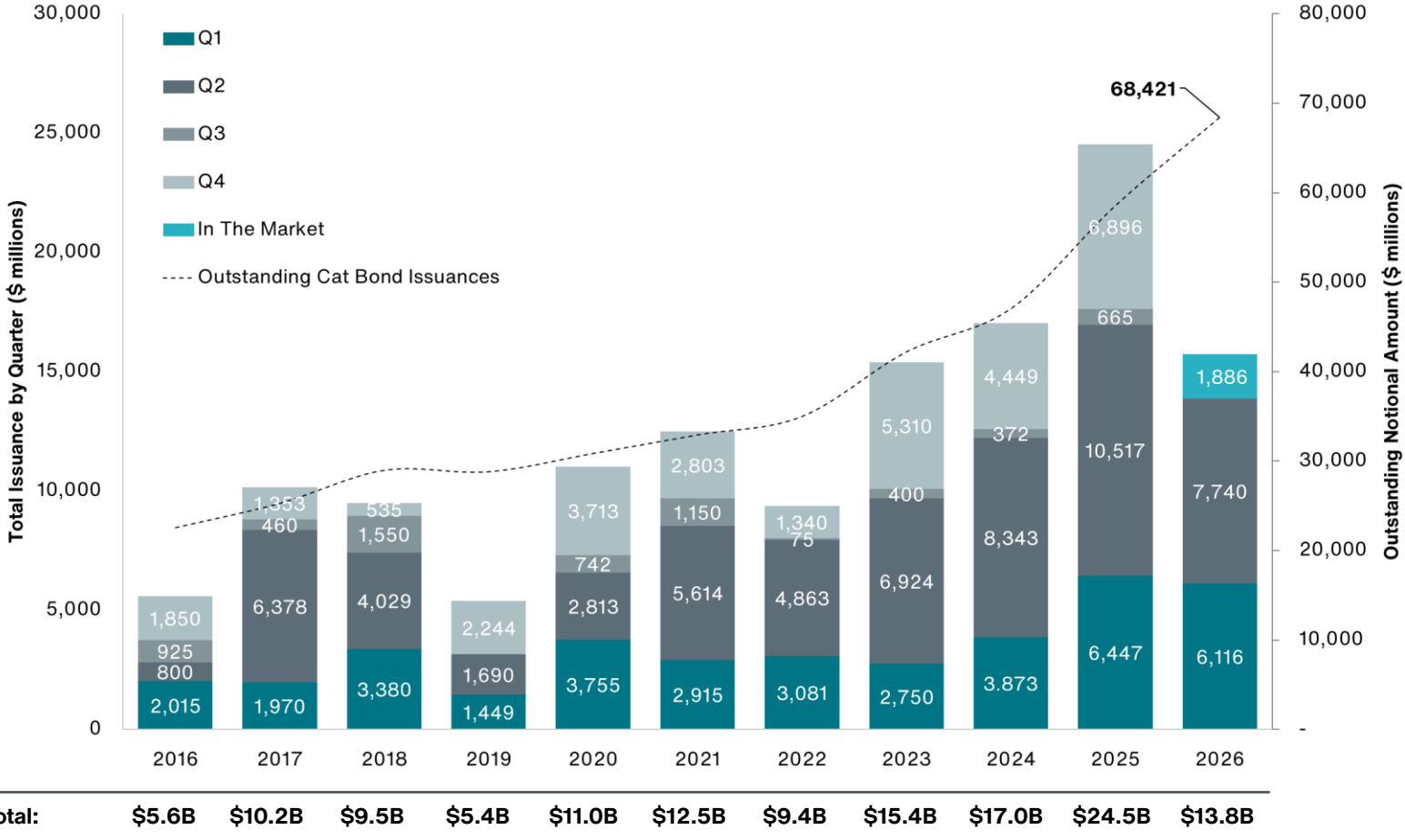
* 2026 Historical Analogue Years from CSU: 2006, 2009, 2015, 2023

- 95+% chance of El Niño conditions during the peak of hurricane season (ASO) according to NOAA's Climate Prediction Center. *El Niño conditions are associated with higher wind shear in the North Atlantic which is unfavorable for tropical development.*
- Sea surface temperatures across the Atlantic main development region (MDR) are currently 1-2°F above average. Pockets of cooler than normal waters observed in far eastern basin. *Warmer oceans fuel storm development and intensification.*
- Recent historical analogs* had below average hurricane activity (3-7 hurricanes and 2-3 major hurricanes).

Current State of the CAT Bond Market

Catastrophe Bond Market Outlook

Property & Casualty Catastrophe Bond ~20%¹ CAGR since YE 2016

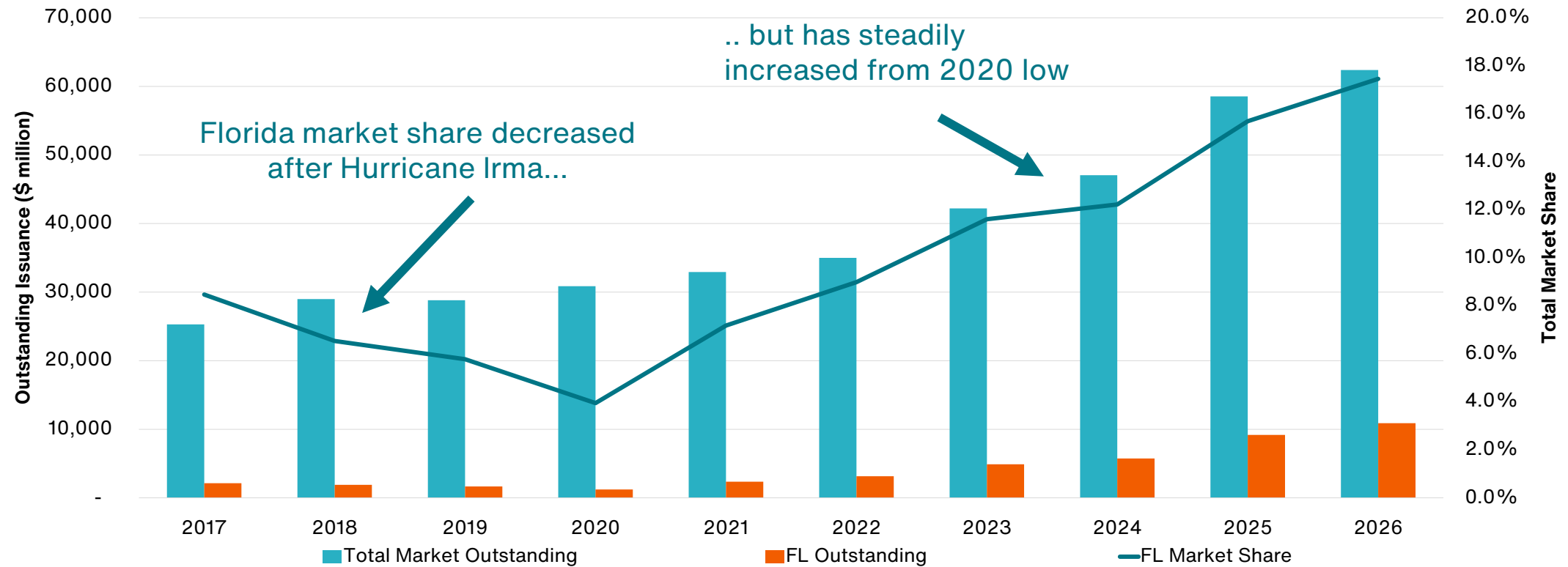


Q2 2025	
32	Total clients
33	Total transactions
\$10.5B	Total issuance
\$318.6	Average deal size
Q2 2026	
23	Total clients
23	Total transactions
\$7.74B	Total issuance
\$336.5M	Average deal size
Q2 2026 Deals in the Market	
12	Clients
12	Transactions
\$1.88B	Issuance in Market
\$157.2M	Average deal size

Investor Appetite for Florida Risk Continues to Grow¹

Share of cat bond market with Florida exposure is over 4x higher than in 2020

Increasing Florida market share reflects improving investor comfort with FL market and increased appetite



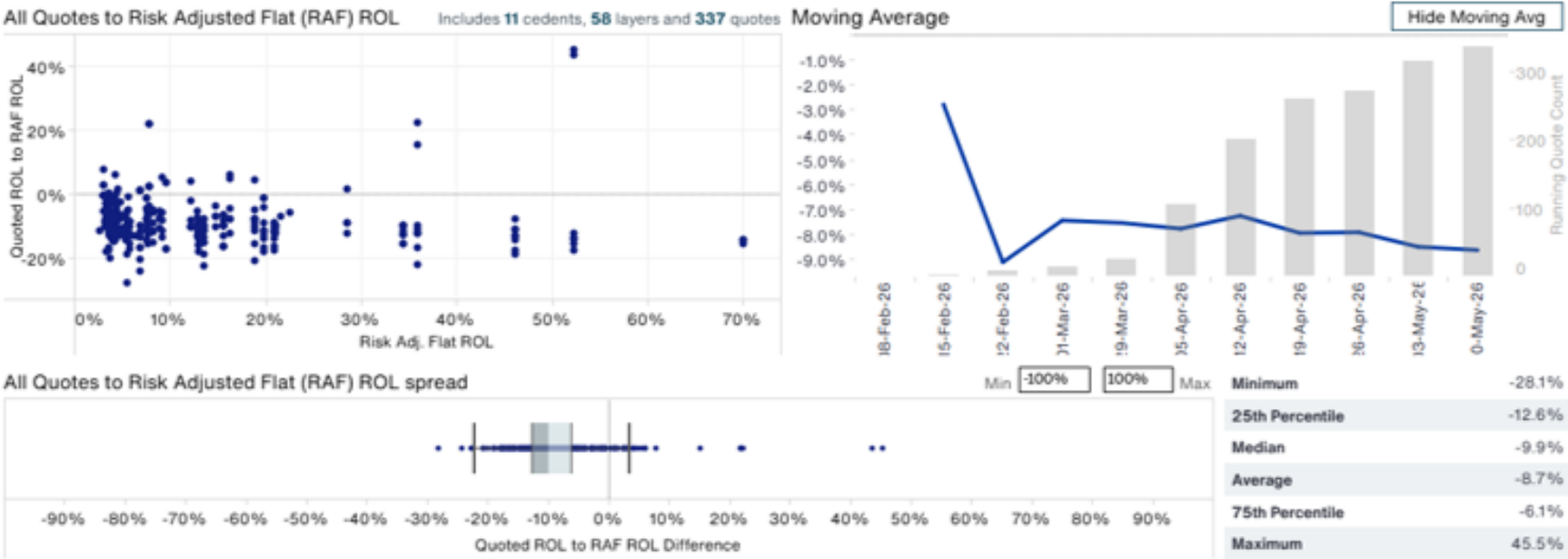
1. As of 05/26/2026

Source: Aon Securities
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Early Feedback on June 2026 Property CAT Renewals

Reinsurer Quoting Behavior on Risk Adjusted Flat ROL

QuoteMetrics Dashboard



May–June renewals show **337 quotes with RAF indications**, with markets quoting on average **9.9% below RAF**, in line with January and spring renewals.

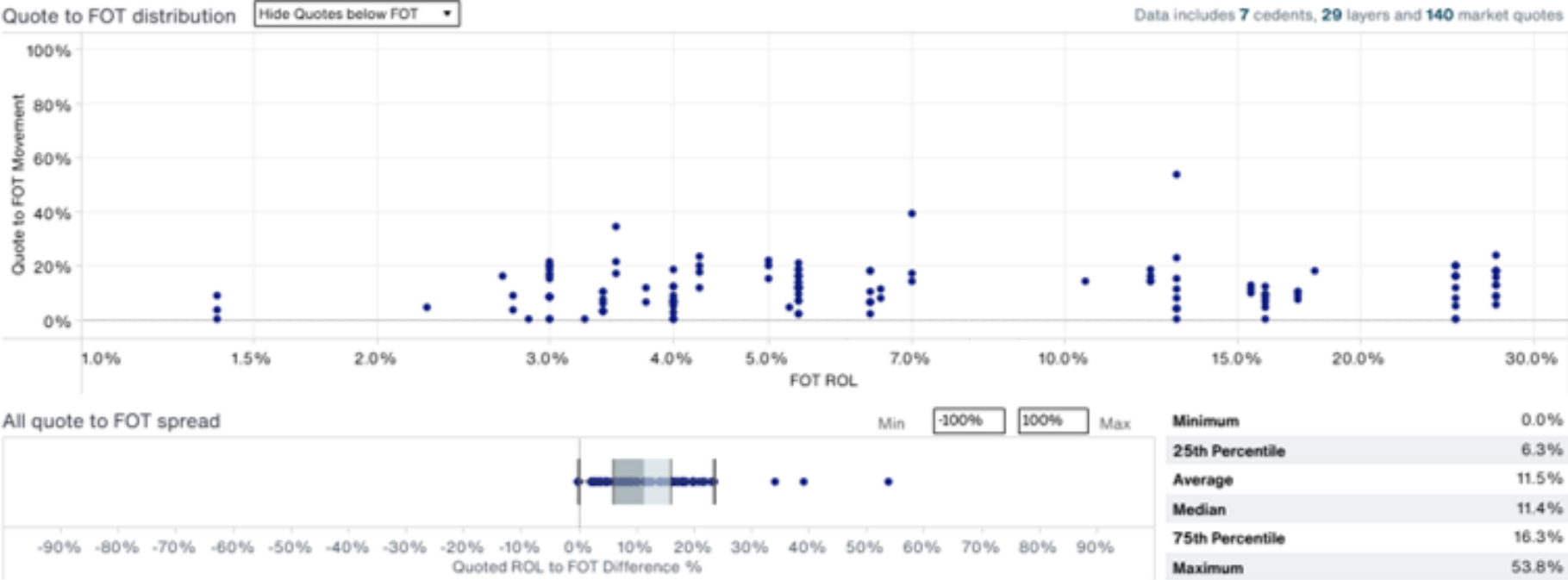
Consistent with early-2026 behavior, markets are quoting further below RAF as the renewal period progresses.

By contrast, for **May–July 2025 renewals**, markets were quoting on average **8% above RAF**.

Treaty year 2026, May – June renewals, GRU = United States, shown by reinsurer entity

Reinsurer FOT Price Movement from Their Quotes

FOTMetrics Dashboard



Treaty year 2026, May – June renewals, GRU = United States, shown by reinsurer entity

Tracking ~40 placements with renewals from **May 1 to July 1**; **more than half** have FOT'd or already bound.

Aggregate weighted rate change is trending just south of **-20%**, with **Nationwide and Florida** seeing the largest decreases and **regional accounts** generally down **15%-20%**.

To meet FOTs, markets are **coming off initial quotes by an average of 11.5%**.

Average **over-authorization of 116%**, with notable variation by layer (upper vs. lower) across programs, and **more pricing non-concurrencies** than we saw at 1.1 or 4.1.



US Property Cat: June 2026 Renewals

Increased competition from traditional insurers and ILS markets helped drive double-digit pricing reductions and easily absorbed increased demand

-15.0% to - 25.0%
RARC

Capacity
Abundant

\$5-\$7B
Additional Demand

Stable to Improving
Terms and Conditions

Demand – For the mid-year renewals, **SE wind insurers purchased an additional \$5-\$7 billion of additional limit** to support the ongoing transfer of homeowner policies from Florida’s insurer of last resort, Citizens, to private insurers, as well as reflect recent model changes and inflation. With no U.S. Hurricanes making landfall in 2025, **new players continue to enter the Florida reinsurance market**, encouraged by the success of recent legislative reforms. Many Florida insurers opted to **execute renewals early to take advantage of favorable conditions** and the benefits of an off-cycle renewal.

Capacity – Overall, capacity more than meet the increased demand at June 1, resulting in rather orderly renewal for property catastrophe risks. **Competition was greatest for lower layers as reinsurers focused on achieving top-line growth.** Competition from third-party capital added to pricing competition as **ILS players continued to expand their appetite for a broader range of perils and risk profiles** in catastrophe excess of loss compared with previous renewals. CAT Bond investors absorbed roughly half of the \$5-\$7B of additional demand.

T&Cs – Terms and conditions continued to improve following the hard market of 2023. Retention levels were broadly flat, although there was **growing interest from insurers in frequency products, including top & Drops, cascading coverage, third and fourth event covers and buy-down retentions for multiple events.**

Pricing – Quoting behavior improved with reinsurers acknowledging a softening market. **Firm order terms continued to come inside the lowest quote with Aon client’s seeing overall capacity coming around 110-125% of the ordered limit.** Reinsurance broker “coaching” on firm order price was crucial in limiting any significant over-placement. **Risk adjusted pricing was seen down 15-25%.**

Challenges/Surprises – with 17 new company formation since the legislative legal reforms, 2026 brought about many “new” cat program placements. While a few of these “new” programs were either with or partnering with existing Florida Insurance Companies, reinsurers were hesitant to support “new” lines in a softening market rather focus on their renewal lines despite the desire to deploy additional capacity. As a results, **new programs saw less reinsurer syndication with rates decreases at the lower end of the range.**

Looking Ahead

Florida Homeowners Market of Tomorrow

Financial Carrier Strength

- Underwriting results are expected to diminish given new business competition
- Further under-levered balance sheets will look for expansion in other states, other product lines, etc.
- Talent will become an even bigger issue. 20 new carriers plus the massive reduction in Citizens PIF will stress the insurance labor market

Loss Costs Reduction

- Rate decrease continue to become more prevalent given lower non-cat losses and reduced cat reinsurance costs
- Rate decrease supports “affordability” push and likely keeps the unwinding of litigation reform from gaining any momentum
- Any future hurricane losses need to settle out within modelled expectations supporting removal of “social inflation” loads from reinsurers

Distribution Paramount

- Citizen’s no longer a source for new business production having less than 300K policies in force.
- New companies will struggle with systems, agency relationships, etc. to get “good at bats” leading to unbalanced portfolio and under-performing financial results
- New entrant capital will become impatient and push top line to meet return hurdles

The Stability of the Florida Homeowners Insurance will be Tested with New Capital, Lower Rates and Growth Expectations



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Thank You