2026 ATLANTIC HURRICANE SEASON OUTLOOK

EL NIÑO, HISTORY, AND THE LESSONS WE MUST NOT FORGET

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THE 2026 SEASON AT A GLANCE

As the 2026 Atlantic hurricane season commences on June 1, meteorologists, insurers, reinsurers, and insurance-linked securities (ILS) investors are closely monitoring one of the most important climate drivers affecting tropical cyclone activity: the **El Niño–Southern Oscillation (ENSO)**. Current forecasts suggest the potential development of El Niño conditions during the latter portion of the 2026 hurricane season, a factor that historically has been associated with reduced Atlantic hurricane activity. NOAA's official hurricane season outlook, released in May 2026, projects a below-normal season. However, while El Niño can influence the overall environment for storm development, it does not eliminate hurricane risk, and history provides several reminders that even "favorable" years can produce significant losses.

8-14 Named Storms	**3-6** Hurricanes	**1-3** Major Hurricanes (Cat 3+)	**55%** Below-Normal Probability

2026 Atlantic hurricane season forecasts released by NOAA in May 2026.

For comparison, historical averages from 1991–2020 indicate that a typical Atlantic hurricane season generates 14 named storms, 7 hurricanes, and 3 major hurricanes. NOAA's 2026 forecast represents a meaningful departure from those benchmarks. Colorado State University's Tropical Weather Research Group echoes this picture, forecasting 13 named storms and 6 hurricanes, citing El Niño as the dominant suppressing factor.

1. WHAT IS EL NIÑO, AND WHY DOES IT MATTER?

El Niño refers to an anomalous warming of sea surface temperatures across the central and eastern equatorial Pacific Ocean. This warming disrupts normal atmospheric circulation patterns globally, and its effects on Atlantic hurricane activity are well-documented and significant. El Niño is generally associated with stronger upper-level westerly flow over the Atlantic, leading to increased vertical wind shear, defined as changes in wind speed and direction with altitude. High wind shear acts like a powerful fan over developing storms, literally tearing apart the organized convective structure that hurricanes require to form and intensify.

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The 2026 El Niño began developing in late spring and is expected to intensify through the core of hurricane season, from mid-August through late October. Some forecast models suggest the potential for a 'strong' El Niño event, with Pacific sea surface temperature anomalies exceeding 1.5°C above average. A small but non-negligible chance, approximately 15%, exists for a 'Super El Niño,' where anomalies surpass 2.0°C. Should that scenario materialize, it would represent one of the most suppressive atmospheric environments for Atlantic hurricane development in decades.

🌡️ KEY MECHANISM: How El Niño Suppresses Atlantic Hurricanes

Warmer Pacific waters shift the Pacific jet stream southward and amplify upper-level winds over the Atlantic basin. The resulting wind shear prevents the vertical organization of tropical convection. Storms that do attempt to develop face hostile upper-level environments that shred their circulation before they can strengthen. Since the satellite era began in the 1960s, El Niño years have averaged roughly 10 named storms and 5 hurricanes well below La Niña averages of 15 named storms and 8 hurricanes.

2. A CRITICAL CAVEAT: EL NIÑO IS NOT A SHIELD

While El Niño has historically been associated with lower overall hurricane activity, it is important to distinguish between seasonal activity levels and landfall risk.

For insurers and catastrophe bond investors, losses are driven not by the number of storms that form in the Atlantic but by whether one or more storms strike populated and insured coastal regions. A single landfalling hurricane can generate losses that overwhelm the statistical benefits of a quieter season.

The relationship between hurricane counts and insured losses is therefore imperfect. Many seasons with elevated activity have produced relatively modest insured losses due to favorable storm tracks, while some quieter seasons have produced significant economic and insured impacts. In other words, El Niño may reduce the probability of an active basin-wide season, but it does not materially reduce the possibility of a major insured loss event. In fact, the storms that do organize and intensify during El Niño years sometimes do so with alarming speed, exploiting brief windows of reduced shear or pockets of exceptionally warm ocean water.

Nowhere is this lesson more painfully illustrated than in the events of August 1992, an El Niño year that gave the world one of the most devastating Atlantic hurricanes ever recorded.

THE ANDREW HURRICANE PRECEDENT: AUGUST 24, 1992

The 1992 Atlantic hurricane season unfolded during a transitioning El Niño environment. A moderate-to-strong El Niño had persisted through most of 1991 and into early 1992, gradually fading toward ENSO-neutral conditions by late summer. The season was, overall, quiet exactly what the climate pattern would predict. But for the residents of South Florida, 1992 was anything but quiet.

165 mph	922 mb	$27.3B	125,000+
Landfall Wind Speed	Minimum Pressure	Estimated Damage (1992)	Homes Destroyed or Damaged

Hurricane Andrew made landfall in the pre-dawn hours of Monday, August 24, 1992, just south of Homestead in Miami-Dade County as a ferocious Category 5 hurricane. Sustained winds of 165 mph and gusts reaching 174 mph swept a 25-mile-wide swath of near-total destruction through southern Florida. The town of Homestead was effectively leveled with more than 99% of its mobile homes were completely destroyed, and the adjacent Homestead Air Force Base was demolished, ultimately leading to its permanent closure.

Andrew went on to make a second landfall in south-central Louisiana as a Category 3 storm, adding further devastation. In total, the hurricane destroyed more than 63,500 homes, damaged over 124,000 others, left approximately 250,000 people homeless in Dade County alone, and caused an estimated $27.3 billion in economic damage and roughly $16 billon in insured losses in 1992 dollars. Verisk estimates that if Hurricane Andrew were to occur under current exposure and property value conditions, insured losses could exceed $100 billion, highlighting the substantial increase in insured coastal assets in South Florida over the past three decades.

It was the costliest natural disaster in United States history at the time, a record that held for 13 years until Hurricane Katrina in 2005. Andrew is one of only four tropical cyclones to make landfall in the continental United States as a Category 5 hurricane.

Importantly, Andrew demonstrated that even a quiet El Niño season can produce one of the most consequential hurricanes in history. For risk managers and investors, Andrew serves as a reminder that seasonal climate signals should be viewed as modifiers of probability rather than predictors of outcomes.

⚠️ ANDREW'S WARNING FOR 2026: One Storm Is All It Takes

Andrew formed during an El Niño-influenced, transitioning season with low overall activity. It spent much of its early life as a disorganized tropical wave, battling wind shear. Then, in a matter of hours, it underwent explosive rapid intensification, strengthening from a Category 1 to a Category 5 in less than 36 hours. Hurricane Andrew illustrates that significant insured losses may occur regardless of overall seasonal storm counts. Although some forecasts anticipate El Niño conditions during 2026, localized oceanic and atmospheric conditions may still support hurricane development and intensification.

3. ADDITIONAL FACTORS TO WATCH IN 2026

Beyond ENSO conditions, several other factors will influence hurricane activity during the 2026 season:

- **Atlantic Sea Surface Temperatures** - Sea surface temperatures across portions of the tropical Atlantic remain above long-term averages, although not at the exceptional levels observed during 2023 and 2024. Warm Atlantic waters provide fuel for hurricane intensification and can partially offset some of the suppressive effects associated with El Niño.

- **Saharan Air Layer Activity** - The frequency and intensity of Saharan dust outbreaks can affect tropical cyclone formation by introducing dry air into the tropical Atlantic. Enhanced dust activity during peak season can suppress development, while reduced dust activity may allow more storms to organize.

- **Storm Track Variability** - From a catastrophe loss perspective, storm tracks may ultimately be more important than storm counts. The location of high-pressure systems over the Atlantic and North America will influence whether storms recurve harmlessly into the open ocean or threaten highly exposed coastal regions.

- **Rapid Intensification Risk** - Recent hurricane seasons have highlighted the growing importance of rapid intensification events. Even if overall storm counts are reduced, warm ocean temperatures and favorable local conditions can still support rapid strengthening near landfall, limiting preparation time and increasing potential losses.

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4. IMPLICATIONS FOR CATASTROPHE BOND AND ILS INVESTORS

Historically, El Niño conditions have been associated with reduced Atlantic hurricane activity; however, seasonal climate conditions cannot predict insured loss outcomes or investment performance. While reduced hurricane activity has historically coincided with fewer storm formations, insured losses remain dependent on numerous factors including storm track, intensity, landfall location, and concentrations of insured exposure.

However, investors should avoid placing excessive weight on seasonal forecasts when evaluating portfolio risk. Catastrophe bonds remain exposed to low-frequency, high-severity events, and a single major landfall can dominate annual performance outcomes.

The lessons of Hurricane Andrew remain particularly relevant. Despite occurring during an El Niño year characterized by below-average activity, Andrew produced one of the most significant insured loss events ever recorded. Similar outcomes remain possible in any season regardless of forecasted activity levels.

Market participants often evaluate factors including:

- Geographic diversification
- Peril diversification
- Sponsor diversification
- Appropriate Expected Loss (EL) budgeting
- Careful management of aggregate hurricane exposure

CONCLUSION

The prospect of El Niño development during the 2026 Atlantic hurricane season introduces a potentially moderating influence on hurricane activity through increased wind shear and less favorable atmospheric conditions for storm development. Historically, El Niño years have tended to produce fewer hurricanes and lower overall seasonal activity.

Nevertheless, seasonal climate signals should not be interpreted as guarantees of lower loss activity. The experience of Hurricane Andrew in 1992 underscores a fundamental reality of catastrophe risk: a single hurricane can define an entire season.

Historical data suggest that El Niño conditions have often coincided with reduced Atlantic hurricane activity, although future outcomes remain uncertain. Insurers, reinsurers, and ILS investors should remain focused on the full range of potential outcomes. Effective risk management requires balancing favorable seasonal indicators with the recognition that extreme events can occur in any year, regardless of prevailing climate conditions.

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