

# How Healthcare Facilities **Plan for the Unpredictable**

When a hurricane strikes or a flood rises, the expectation is that hospitals will remain operational and ready to serve their community. That makes insuring them against natural disasters both essential and nuanced. While hospitals are generally seen as a strong risk class, the property market still demands diligence, especially as storm frequency and severity evolve.

Property insurance for hospitals and healthcare facilities has changed a lot in recent years, and it's not a one-size-fits-all approach. The key is understanding what makes these facilities different and how to protect them the right way.

## 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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## A challenging, yet strong class

In the world of commercial property insurance, hospitals are considered highly protected risks (HPR). Their superior construction, consistent capital investment and on-site maintenance teams make them one of the better classes of business for underwriters. Compared to other properties in the E&S market, hospitals typically meet or exceed engineering standards and risk mitigation best practices.

That said, location still matters. Coastal hospitals, for instance, introduce different challenges. Take Tampa General Hospital, uniquely built on Davis Islands, a spot surrounded by water and accessible only by bridge. While a beautiful location, from an ingress and egress standpoint, it's less than ideal during a severe storm. Because of its location, during Hurricane Helene, the hospital was able to install an AquaFence, making national headlines for keeping the floodwaters at bay.

## Business interruption insurance

What truly separates hospitals from other property types isn't the building, it's the business. When a storm hits an apartment complex, residents are displaced. But when a hospital shuts down, essential services come to a halt. That's where business income (BI) coverage becomes critical.

Hospitals often have contingency plans that allow them to shift operations to sister facilities or partner institutions, ensuring surgeries and emergency care continue uninterrupted. These redundancies can reduce the long-term financial hit and help maintain community trust. However, the BI restoration period is usually capped, often at 30 days, so coverage must be carefully structured to reflect operational realities.

## Making roofing a priority

Hospitals usually have large, flat roofs that make their roofing system a top concern for underwriters. Aging roofs, especially in hail-prone regions, pose a significant exposure. Carriers increasingly expect clients to commit to routine upgrades, every 15 years at minimum, and to conduct regular inspections. Some even bring in third-party engineers to verify that the roof can withstand specific wind speeds. Roofing, when left unchecked, can quickly become a major property loss.



## Disaster planning makes a difference

Disaster preparedness isn't just a box to check, it's key to underwriting consideration. Hospitals with documented plans for emergency response, water remediation and patient relocation are better positioned to attract carrier interest and favorable terms. These plans aren't just about protecting the building, they're about protecting lives and maintaining business continuity.

Carriers expect this level of preparedness, especially in CAT-exposed areas. Response frameworks that outline vendor relationships, relocation protocols and asset triage help insurers gauge the stability of the risk. When included in a submission, these details can also improve the hospital's access to broader market capacity.

## Shifting market conditions and capacity pressures

In recent years, CAT-exposed regions have seen insurers tighten terms – especially for wind and flood coverage. While the market has recently begun to soften, admitted carriers in coastal zones are still cautious. In many cases, hospitals have turned to wholesale brokers to access excess capacity, buy down deductibles or fill gaps left by admitted carriers scaling back.

Retailers working with public or broadly governed hospitals must be proactive when coverage terms are reduced. Boards often won't approve lower limits unless a clear case is made, which makes it crucial to offer options through the wholesale space.

With hospitals operating on slim margins, adequate coverage is not optional; it's a requirement.



## Future outlook

Recent inland flood events have challenged the traditional geographic assumptions carriers use when pricing risk. Areas like the foothills of Appalachia and Central Texas, once viewed as low-risk, are now on the radar for flood assessment. As a result, flood insurance has become more expensive, with tighter terms and greater scrutiny around drainage systems and runoff infrastructure.

Looking ahead, infrastructure mitigation, water management programs and accurate property valuations will only grow in importance. What were once recommendations are now must-haves in the eyes of underwriters.

## Takeaway

While hospitals aren't wildly complex to insure, they're not immune to a changing risk landscape. Roofing age, disaster response plans and business income contingencies all play a role in shaping insurability. As storms grow more frequent and flood zones expand, the pressure on healthcare facilities to prove their preparedness continues to rise.

Retailers should stay alert to these shifts and lean on wholesale partners to bridge any gaps. Whether it's placing excess CAT limits, providing deductible buybacks or facilitating market access, a coordinated approach can ensure healthcare clients remain protected and operational when it matters most.

## We help you win

Amwins mobilizes hundreds of healthcare insurance specialists across the country to place property, casualty, professional lines and group benefits coverages for a variety of classes and employer groups.

Through our longstanding commitment to the healthcare industry, we've forged significant relationships with top-tier, specialty carriers and have even developed exclusive products that address your clients' needs. Amwins works with you to secure the most comprehensive, competitive coverage for your healthcare clients.

### Insights provided by:

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