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Why Security Risks Are Becoming Harder to Place

Security firms are facing one of the most challenging liability insurance markets in recent years. As carrier appetite contracts, claims severity rises and underwriting becomes more selective, securing comprehensive coverage has become increasingly difficult. Programs that once provided broad liability solutions have exited the space, leaving fewer markets willing to write security risks and creating a more challenging placement environment.

At the same time, the security industry continues to evolve. New technologies, including robotic security devices and remote monitoring systems, are creating additional liability considerations, while high-profile incidents have increased public attention on the profession. Together, these factors have made specialized insurance solutions more important than ever.

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Fewer markets, more underwriting scrutiny

Historically, many security firms secured coverage through dedicated programs that offered primary general liability, commercial auto and significant excess liability capacity. As losses mounted, programs withdrew from the market. Capacity was reduced the volume of business competing for fewer carrier partners remained the same.

Today, standard and direct markets are offering less excess capacity while narrowing the types of security operations they are willing to insure. Coverage that was once broadly available, including assault and battery and sexual abuse and molestation liability, is increasingly subject to reduced limits, sublimits or exclusions.

Carrier appetite also varies significantly depending on the operation. Security firms working in higher-risk environments such as transit systems, ports, airports or public housing often face more limited options than their lower-hazard counterparts.

Claims are becoming more severe

The shift in underwriting appetite is driven largely by increased claim severity rather than claim frequency.

Security-related incidents often attract significant media attention and aggressive litigation, even when a security firm's responsibilities were limited to observing, reporting and contacting emergency responders. Plaintiff's attorneys continue to pursue larger settlements, and social inflation has pushed liability awards higher across many casualty lines.

As a result, insurers are seeing greater total incurred losses on claims where security firms may have fulfilled their contractual obligations but are nevertheless drawn into litigation because they were the security provider on duty.

Certain jurisdictions, including Florida and New Jersey, have become especially challenging due to these conditions, making placement more difficult for firms operating in those states.



Underwriters look beyond loss history

Operational controls have steadily become more important to underwriters as they evaluate risks.

Training programs, hiring and background screening practices, supervision protocols and clearly defined job responsibilities all help demonstrate a firm's commitment to risk management. Underwriters also evaluate the environments in which guards are deployed, the types of services they perform and the degree of physical intervention expected.

Operations centered on observe-and-report duties generally present a more favorable risk profile than assignments requiring guards to physically intervene, detain individuals or perform law enforcement-type functions. Likewise, contracts involving religious institutions, hospitals and other high-liability public venues often require specialized underwriting consideration because of their unique exposures.

Tailored liability solutions are increasingly important

Because no two firms have the same exposure profile, coverage structures are often tailored to each operation.

A comprehensive insurance program may include general liability, excess liability, professional liability and, where appropriate, assault and battery as well as sexual abuse and molestation coverage. Carrier appetite for these exposures varies widely, so designing an effective program often requires layered solutions built across multiple markets.

Larger security firms often require layered excess liability programs to support significant payroll and contract requirements, while smaller firms may need creative open-market solutions as dedicated outlets continue to disappear.

Partner with Amwins

As the security insurance market continues to evolve, finding the right coverage requires more than market access. It takes specialized expertise, established carrier relationships and a proven track record of successfully placing security risks.

Amwins helps clients navigate this challenging landscape by identifying carriers with an appetite for security risks, negotiating tailored coverage solutions and advocating for terms that align with each client's operations.

Whether securing layered liability programs, addressing complex contractual requirements or placing accounts in challenging jurisdictions, our specialists deliver the expertise and market access security firms need to move forward with confidence.

Insight provided by:

– **Andrew Streich**, SVP with Amwins Brokerage

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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