

State of the Market

A focus on Healthcare

The healthcare industry continues to navigate a complex risk landscape. Rising claim severity, social inflation, workforce challenges and ongoing regulatory pressures are some of the largest challenges the healthcare market is currently facing.

While market conditions have stabilized in certain segments due to increased carrier participation and new capacity, underlying loss trends continue to influence underwriting strategies, pricing and coverage availability. Organizations across the healthcare spectrum are also adapting to emerging exposures associated with technology adoption, artificial intelligence and changing care delivery models.

As insurers balance growth objectives with deteriorating claims experience, healthcare buyers face a market characterized by both opportunity and uncertainty. Understanding the unique dynamics affecting each sector remains critical to securing appropriate coverage.





Senior care

This segment is becoming an increasingly litigious environment. California, Florida, New York and other historically litigious states continue to present underwriting challenges, with increased scrutiny in venues experiencing nuclear verdict activity.

Claim frequency and severity are still trending upward, driven by social inflation and rising defense costs. However, while established carriers continue to seek rate adequacy to address deteriorating loss trends and reserve pressure, significant new market capacity has entered the space. This has created heightened competition and ongoing soft market conditions despite underlying claims challenges.

Capacity remains broadly available for primary placements, with numerous carriers actively competing for business. Excess markets on the other hand, are taking a more cautious approach in challenging jurisdictions where they are often offering lower limits, requiring higher attachment points or limiting participation over newer entrants.

Coverage considerations remain a key focus. Senior housing accounts are increasingly encountering challenges related to emergency response and pull cord exposures, as some carriers view these exposures as professional liability rather than general liability risks.

Coverage responses vary significantly among insurers, making policy form analysis critical. Additionally, some carriers are introducing abuse and molestation coverage restrictions, including excess-layer exclusions or sublimits on primary policies.

Operational pressures persist for senior care providers. Many facilities continue to operate with lean staffing levels amid ongoing workforce shortages, while reimbursement pressures from Medicare and Medicaid create budget constraints. Although facilities are beginning to adopt new technology and AI-driven tools to support resident care and operations, adequate staffing remains essential to effectively respond to alerts, recommendations and resident needs.

Looking ahead, risk management practices and experienced claims handling will remain critical differentiators as claim trends continue to worsen. Retailers should carefully evaluate carrier commitment, financial stability and long-term experience within the segment, as newer entrants offering aggressive pricing may provide short-term relief but have yet to demonstrate performance through a full claims cycle. Established carriers with proven claims expertise and long-term market commitment may offer greater stability as the sector continues to navigate elevated loss costs and litigation pressures.



Human and social services

The human and social services sector continues to be one of the more challenging segments within healthcare liability, though market conditions have become somewhat more manageable compared to recent years as new E&S carriers introduce additional capacity and competition.

Placements involving youth-focused organizations, foster care, behavioral health and residential services continue to face significant underwriting scrutiny due to long-tail liability exposure. Sexual Abuse & Molestation (SAM) claims and evolving statute of limitations legislation allow historical abuse claims to resurface decades later.

Admitted carriers continue to reduce capacity, impose significant rate increases and push more risks into the E&S marketplace. While E&S renewals are generally experiencing more moderate rate movement, umbrella and excess liability capacity remains constrained for accounts involving youth transportation, developmental disability services and complex abuse exposures, often requiring layered structures and creative program design.

There are also more E&S markets willing to evaluate these risks on a case-by-case basis, providing additional options for insureds. While pricing differences between package and E&S placements remain significant, there are more viable paths to coverage than in prior years.

Coverage restrictions surrounding SAM, HNOA, transportation exposures and retroactive coverage continue to evolve as carriers reassess exposure within the sector. At the same time, inflation, staffing shortages and reduced government funding are forcing many organizations to lower limits, increase retentions or expand into unfamiliar service offerings, creating additional underwriting concerns.

Technology and AI are also becoming more prevalent within behavioral health and social service organizations, particularly in documentation, compliance and resource allocation. While some carriers view responsible AI implementation favorably, others are introducing additional underwriting scrutiny and AI-related coverage limitations.

In this environment, early engagement and detailed underwriting submissions remain critical to successful placements. Retailers and insureds that begin renewals 90 to 120 days in advance and work with experienced healthcare and social services specialists are best positioned to secure favorable outcomes in an increasingly complex market.



Life sciences

The life sciences sector remains generally stable, with ample capacity available across many product-focused and casualty-driven risks. Increased carrier participation and new market entrants have contributed to a competitive environment for lower-risk classes, though underwriting scrutiny continues to increase for organizations blending healthcare delivery, medical providers and emerging technologies into their operations.

Accounts involving direct-to-patient services, clinical trials, telehealth and provider-heavy operations are drawing increased attention from carriers, particularly within excess liability placements. While primary pricing remains relatively stable, excess markets continue to take moderate rate increases and deploy capacity cautiously for more complex healthcare-related exposures. Certain classes, including spinal devices, surgical mesh and pharmaceutical products, are also facing increased underwriting pressure due to severity concerns and evolving litigation trends.

AI-driven diagnostics, genetic testing and technology-enabled patient care remain key areas of focus within the sector. As AI becomes more integrated into clinical trials, treatment support and patient care, carriers are paying closer attention to technology governance, clinical oversight and risk management protocols.

Coverage structures are also becoming more nuanced, particularly where organizations maintain separate cyber, technology E&O and medical malpractice towers that can create potential coverage gaps for technology-related bodily injury claims.

Regulatory complexity continues to increase for organizations operating across multiple states or utilizing affiliated medical providers, particularly as direct-to-patient healthcare models expand. As these exposures evolve, experienced healthcare and life sciences specialists remain critical to navigating increasingly complex coverage structures and emerging technology risks.



Allied health

The market remains stable in this segment with increased competition driven by new carrier entrants. This added capacity continues to push rates down, as both new and incumbent markets compete aggressively for business. Despite this, challenges persist in higher-risk classes such as correctional healthcare, behavioral health and social services, where elevated claim frequency and severity are limiting carrier appetite.

Coverage scrutiny has also increased, particularly around sexual abuse and molestation and hired and non-owned auto, which are now more actively underwritten and priced. These coverages can be more difficult to secure within excess and umbrella layers, where carriers are also looking to limit capacity and reduce exposure.



Hospitals

Within the hospital industry, liability conditions continue to harden as carriers respond to worsening loss trends. While capacity remains available, many markets are reducing line sizes, increasing attachment points and tightening terms, especially for larger healthcare systems. Excess pricing has risen significantly, with greater scrutiny around sexual abuse and molestation coverage and reduced participation in higher layers.

These shifts are largely driven by rising claim severity fueled by nuclear verdicts, even as claim frequency trends lower. Challenging venues such as Cook County, New York boroughs, New Mexico and parts of the Southeast remain key areas of concern, with litigation pressures showing little sign of easing. Additionally, uncertainty around tort reform, including potential increases to medical malpractice caps, continues to add pressure to the segment.



Takeaway

Across the healthcare sector, increased market competition and additional capacity have created opportunities for many insureds, even more so within primary liability placements. However, rising claim frequency and severity, social inflation, litigation pressures and operational challenges continue to influence carrier appetite and underwriting discipline. As a result, favorable pricing conditions do not always translate to long-term stability or broader coverage.

In this market, organizations should look beyond premium savings and carefully evaluate carrier commitment, financial strength, claims expertise and coverage structure. Early renewal planning, strong risk management practices and collaboration with specialized healthcare insurance professionals remain essential to navigating an increasingly complex marketplace.



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