

State of the Market

A focus on Hospitality

The current hospitality market presents us with a divided outlook.

- Property insurance conditions have shifted decisively in favor of buyers, supported by increased capacity, moderate rate reductions and broader terms.
- Casualty insurance tells a more challenging story. Liability premiums continue to rise as social inflation, nuclear verdicts and expanding exclusions strain capacity and underwriting appetite.



Property market overview

The hospitality property market remains firmly in a soft cycle. Increased global and domestic capacity, coupled with a 2025 storm season that didn't see any hurricanes make landfall in the continental U.S., has enabled insurers to compete more aggressively on pricing and terms. Many carriers are taking larger line shares, applying reductions to layered programs and revisiting underwriting guidelines that were previously restrictive. As a result, insureds are seeing broader coverage and improved flexibility over most occupancy types.

Hotels and hospitality properties in favorable geographies are commonly achieving premium reductions in the range of 15% to 25%, with some accounts also benefiting from higher available limits. Carriers are returning to classes they had previously avoided, restoring competition that had been lacking during the hard market conditions of the prior decade. This shift constitutes a clear reversal from the steep premium increases that, in some cases, exceeded 150% during earlier renewal cycles.

While overall capacity is strong, regional considerations are important. Wind and hail exposure still affect underwriting outcomes, particularly from the Gulf Coast through the Midwest. Catastrophe-prone portfolios may still encounter higher deductibles, but even these risks are benefiting from improved layering options and deductible buybacks compared to prior years.



Property claims trends

Property claims activity in 2025 defied some historical patterns. Guest-related fire claims emerged as the leading source of loss, followed by water intrusion events affecting multiple floors due to plumbing failures and similar issues. Weather-related losses were more localized than in previous years, with storm activity largely confined to corridors in North Texas, Oklahoma and parts of the Denver area where hail claims increased in both frequency and severity.

These loss patterns have influenced carrier focus on maintenance, infrastructure quality and loss prevention measures. Roof condition, plumbing framework and fire protection remain central underwriting considerations as insurers balance aggressive pricing with discipline around loss drivers that directly impact hospitality operations.



Casualty market overview

General liability and liquor liability pricing has softened modestly for certain restaurant, bar and nightclub risks, but this relief is uneven and often paired with tighter coverage terms. Excess and surplus carriers are actively competing on renewals, frequently undercutting one another, while admitted markets have become more aggressive on larger restaurant accounts, expanding placement options in select segments.

Despite this competition, overall liability capacity is still constrained by the effects of social inflation and nuclear verdicts. These forces are driving carriers to reevaluate attachment points, reduce available limits and impose exclusions that materially affect coverage quality. Risk purchasing groups (RPGs) continue to pull back from the hospitality space, further shrinking alternatives for insureds relying on program structures.

Casualty claims trends

Slip, trip and fall claims remain the most significant driver of liability losses for hospitality risks. Once considered nuisance claims, these incidents now routinely produce settlements in the high six- to seven-figure range, driven by inflated jury awards and extended litigation timelines. Weather-related conditions can worsen these risks, mainly in regions affected by snow and ice accumulation.

Beyond slip and fall losses, carriers are carefully monitoring claims arising from assault and battery, abuse and molestation, human trafficking, liquor liability, bed bugs, Legionella and carbon monoxide exposure. These recurring loss drivers play a growing role in underwriting decisions and are directly changing both pricing and coverage availability.



Underwriting trends

Underwriting is becoming more nuanced as carriers look beyond basic risk characteristics and focus more closely on how accounts are operated day to day. While property underwriting remains competitive with strong capacity for well maintained risks, casualty underwriting continues to be more selective, particularly for accounts with alcohol exposure, event-driven revenue or higher frequency loss profiles.

In practice, this means hotels, boutiques and resorts with clearly defined operations are continuing to place smoothly. Accounts with layered or more complex exposures are still viable, but they require earlier engagement, stronger positioning and a more thoughtful approach to the market. Submissions that clearly communicate how a risk operates, rather than simply listing exposures, are standing out and receiving more favorable consideration.

For MGAs and carriers, the hospitality sector continues to demand speed and discipline. As claims develop and large verdicts reshape the landscape, underwriting appetite can shift quickly. This places greater importance on accurate data, strong loss control measures and independent validation of risk characteristics such as crime scores and location-specific exposures.

Coverage structure is also playing a larger role in underwriting outcomes. Compared to other sectors, hospitality risks are often more sensitive to terms and exclusions than price alone. Coverage for assault and battery, abuse and molestation, human trafficking and similar exposures can be a deciding factor in whether an account moves forward.

Strong broker relationships remain central to success. Clear communication around expectations, early alignment on strategy and high-quality submissions allow underwriters to move more efficiently and focus on building long-term partnerships rather than transactional placements.



Emerging risks

THC Beverage liability

A considerable emerging exposure across the hospitality sector is the rise of hemp-derived THC beverages. These products are federally legal for now, distinct from state-regulated marijuana and are increasingly being served on premises alongside alcohol in bars, restaurants, hotels and entertainment venues. Mainstream adoption is charging ahead despite a looming federal ban set to take effect in November unless Congress reverses course. Regulatory treatment varies greatly by jurisdiction, creating compliance challenges and liability uncertainty for operators.

To address this exposure, THC impairment liability coverage is now available for hospitality accounts and is designed to sit alongside general liability and liquor liability policies. Submissions from major venues, stadiums, well-known restaurant chains and beverage brands signal rapid market adoption. As with other specialty risks, complete submissions continue to be critical in securing competitive terms.

POS systems and cyber risk

Point of sale systems are now central to hospitality operations, and they present growing exposure as they become more integrated with reservations, loyalty programs and inventory systems. This expanded connectivity has made hospitality businesses a frequent target for cyber threats.

Common risks include payment card skimming, ransomware attacks that disrupt operations, credential compromise and vulnerabilities tied to outdated systems or third-party vendors. These incidents are increasing in both frequency and severity, driven by the value of payment data and the rise of more accessible attack methods.

The impact of a POS event extends beyond technology. Financial losses can include fraudulent transactions, PCI fines and legal costs, while operational disruptions can prevent businesses from processing payments and serving guests. Reputational damage can also be significant in a highly competitive environment.

Traditional property and general liability policies typically do not respond to these exposures, making specialized cyber coverage increasingly important. Carriers are placing greater emphasis on controls such as network segmentation, multi-factor authentication and vendor management, with stronger security directly influencing pricing and terms.



Best practices

Risk quality continues to separate well-performing hospitality accounts from those facing the steepest insurance challenges. Geography plays a major role, with hotels in hurricane-exposed regions, highly litigious jurisdictions or areas associated with human trafficking at risk of facing higher premiums and more restrictive terms. Carriers are also increasingly sensitive to outdated property valuations, incomplete exposure data and gaps in risk transfer with vendors.

Operators that invest in proactive risk management are consistently rewarded with better outcomes. Regular property inspections, infrastructure maintenance, expanded surveillance, stronger contractual risk transfer and enhanced employee training, especially around human trafficking awareness, materially improve underwriter confidence. On the casualty side, higher deductibles and self-insured retentions are becoming more common as insureds seek to balance premium control with adequate limits.

Takeaway

The hospitality market in 2026 requires a more nuanced approach. Property insurance offers meaningful opportunities for cost savings and improved coverage, while casualty insurance calls for careful structuring and calculated trade-offs. As emerging exposures such as THC beverages intersect with long-standing liability concerns, hotel owners and operators must remain engaged, informed and proactive to manage an increasingly complex risk environment.



We help you win

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