Insurance Marketplace Continues to Harden

For 2021, the insurance market continues to harden with significantly higher pricing. After approximately 20 years of a soft, buyer-friendly insurance market, the past few years have seen a firming or hardening market—one that is less friendly to insurance buyers.

While the effects of this hardening insurance market on long term care will depend on a variety of factors, most facilities will see premium increases for their insurance coverage overall. In fact, most facilities may see double-digit rate increases at their renewal.

Compounding the issue, all of this is unfolding at a time when the coronavirus (COVID-19) pandemic has upended life and business as we know it. This has exacerbated the already hardening insurance marketplace. While the full human and economic cost of the COVID-19 pandemic has yet to be seen, it's clear that it has had a profound influence on businesses across the country. Facilities are facing challenges related to operational changes, the health and safety of their workforce, new compliance requirements and lower revenue forecasts. The COVID-19 pandemic is sure to influence the P&C insurance industry, likely from both an operating model and pricing perspective.

In addition to COVID-19, the following factors were already impacting the insurance marketplace:

- **Catastrophic (CAT) losses —** Floods, hurricanes, wildfires and similar disasters are increasingly common and devastating. Years of costly disasters like these have compounded losses for insurers.
- **Inconsistent underwriting profits –** Both frequency and severity of insurance claims have increased.
- **Eroding investment returns —** Insurance companies also generate income through investments but that has decreased.
- **Litigation Funding –** One of the factors driving social inflation has to do with increased litigation and insurance claims.
- **Plaintiff-friendly Legal Decisions and Large Jury Awards –** The overall public sentiment toward large businesses and corporations is deteriorating, and anti-corporate culture is more prevalent than ever.

While this is unwelcome news for many facilities, they are not powerless. Now more than ever, it's essential for facilities to take a proactive approach when it comes to their risk management efforts and their insurance policies. Put another way—in an insurance and risk environment with many unknowns—facilities should focus on addressing the factors they can influence.

It's important to remember that you are not in this alone. To help you navigate the hardening market, you need a broker who understands your business and its unique risks and will advocate on your behalf. Secondly, you need an insurance broker who can tell your risk story to insurance carriers in a way that will best position your facility come renewal time. Finally, you need a broker who understands your industry inside and out, the dynamic insurance landscape and how to provide targeted loss control solutions.

Remember, in these uncertain times, the LeadingAge NY Insurance Program through Cool Insuring Agency, Inc. is here to provide the guidance and expertise your business needs. While not immune from the current insurance climate, the increases are significantly lower than the general marketplace for long term care facilities and there are financial and coverage benefits not available elsewhere.