



## 2026 Property & Casualty Report

### HEALTHCARE

Authored by: Kevin Murray

Healthcare organizations have always operated under pressure. Regulatory oversight, workforce shortages, rising costs, and heightened patient expectations are not new.

**What's changing is how tightly these pressures are interconnected.** Small breakdowns in staffing, documentation, technology, or facilities are more likely to escalate into larger claims, regulatory scrutiny, and tougher renewal conversations. For organizations already balancing care delivery, access, and financial sustainability, the focus is not eliminating risk. It is understanding where everyday operations, coverage, and decision-making may be drifting out of alignment, and how those gaps tend to show up when pressure hits.

### ON THE HORIZON.

*Key shifts influencing risk, highlighting where pressures are building and expectations are changing.*

#### Claims severity continues to outpace frequency

Healthcare organizations may not see more incidents day-to-day, but when something goes wrong, the consequences escalate. Rising legal costs, longer recovery periods, and reputational impact are pushing claims further than they did even a few years ago.

Carriers are responding by placing greater emphasis on severity potential (how large a loss could be) rather than frequency alone. That shift is influencing limit expectations, excess capacity, and underwriting scrutiny across healthcare segments.

**From what we're seeing in claims reviews and renewals, potential severity is increasing the driver of unexpected program changes.**



Top medical malpractice verdicts in the US:

**+\$50M**

*American Medical Association*

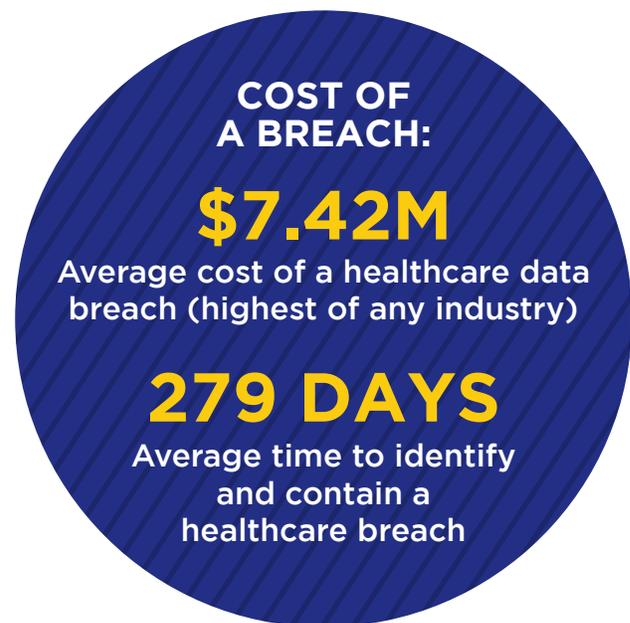


## When technology becomes operational risk

Electronic health records, remote monitoring, connected medical devices, and third-party platforms are now embedded in daily operations. These tools improve care and efficiency, but they also increase dependency. For many organizations, technology is no longer a support function, it's central to how care is delivered and documented.

More organizations have now lived through some form of cyber or technology disruption, whether it's a ransomware event, system outage, or third-party failure. As a result, questions around coverage specifics, exposure scenarios, and operational impact are becoming more informed and more urgent.

As care delivery relies more heavily on digital tools, many organizations are re-examining whether their insurance programs fully reflect how critical those systems have become.



Source: IBM Cost of Data Breach 2025 Report



What we're seeing most often is healthcare organizations asking much more specific questions about how coverage actually responds. It's no longer just, "Do we have cyber insurance?..." it's 'What happens if systems go down, care is delayed, or third-party vendors are involved?' That shift toward scenario-based thinking is leading to better decisions.

— **Matt Thomson**, Director of Cyber Liability, M3 Insurance



## Workforce strain is increasing variability

Staffing shortages, reliance on temporary or agency labor, and burnout continue to affect healthcare organizations across settings. The risk isn't simply staffing levels, it's consistency.

Variation in training, supervision, handoffs, and documentation across shifts or locations increases vulnerability when incidents occur. In many claims, the focus isn't whether care was provided, but whether it was provided consistently and documented clearly.



## COVERAGE TO WATCH

Professional liability programs are being tested by evolving care delivery models and operational complexity, shifting the focus from pricing to whether program design aligns with how care is actually delivered and where new exposures are emerging.

## OVERLOOKED RISKS.

*Where those shifts are already affecting outcomes, creating friction across claims, recovery, and financial impact.*

### Gaps in operational consistency are surfacing at claim time

Healthcare risk is increasingly evaluated through consistency. Policies and procedures matter, but so does how they're applied across people, departments, and locations.

When documentation varies, supervision is uneven, or informal workarounds develop, those gaps tend to surface during claims, audits, or regulatory review, even in organizations delivering high-quality care.

Healthcare operations continue to evolve. Expanded outpatient care, virtual services, in-home treatment, and value-based arrangements are changing how and where care is delivered, often faster than insurance programs are reviewed. When operations shift without corresponding coverage alignment, misalignment often shows up at renewal or after a loss. Carriers are focusing less on historical performance and more on how well coverage reflects current operations.

### Facilities and transportation are under greater scrutiny

Aging facilities, deferred maintenance, and expanded transportation services continue to be common sources of loss. What has changed is how much tolerance there is for inconsistency. Carriers and regulators are paying closer attention to how these programs are actually managed day to day, not just whether they exist on paper. Maintenance tracking, vehicle oversight, camera systems, and incident reporting tools are increasingly viewed as signs of operational discipline rather than nice-to-have additions. The real risk is not a lack of systems, but a gap between what is in place and how consistently it is used.



## WHERE M&A CAN CREATE HIDDEN RISK

Nearly 44% of healthcare M&A transactions now involve financially distressed organizations, increasing the likelihood that documentation, supervision, and care delivery standards vary across acquired entities. Without early risk review, those gaps often surface later through claims, audits, or renewal scrutiny.

**Learn more about M3's M&A Risk Solutions and how we help identify and address risk considerations before and after close.**



## WHERE HEALTHCARE RISKS OFTEN START



Facilities



Patient Mobility



Transportation



Documentation

## Regulatory and reimbursement changes are creating downstream exposure

Shifts in reimbursement and regulatory oversight continue to influence everyday decisions across organizations. Staffing models, vendor relationships, facility investments, and service expansions are often evaluated through a financial lens, sometimes without a parallel look at how those choices affect risk or insurance coverage. When operational changes move faster than compliance planning or coverage review, misalignment tends to show up later through audits, claims, or renewal discussions rather than at the moment decisions are made. Organizations that take time to pressure-test these changes alongside risk considerations are better positioned to avoid surprises and maintain stability.

## M3 LENS: CLOSING THE GAP BETWEEN RISK AND REALITY.

When pressure hits, make sure your organization is positioned to respond with confidence. M3's Healthcare practice group works alongside healthcare leaders to help ensure insurance programs reflect how care is actually delivered today, not how organizations operated years ago. That means connecting workforce realities, operational change, and technology dependence to coverage structure, underwriting expectations, and renewal strategy.

Now is the right time to step back and assess whether your insurance program reflects how your organization operates today.



**Connect with an M3 client executive or risk manager** to review upcoming changes, emerging pressure points, and opportunities to strengthen alignment.

