

LOOKING FORWARD



**2025 AGING SERVICES
INSURANCE &
RISK LANDSCAPE**



WHAT'S NEXT FOR AGING SERVICES IN 2025

The Aging Services industry is up against significant insurance and risk hurdles that will increase total cost of risk and make it difficult to keep costs at bay in 2025:

U.S. commercial property insurance costs are expected to double in extreme weather states by 2030, fueling climate-driven property rate increases and limited coverage for (many aging) buildings.¹

An increasing threat of cyber-attacks looms over the healthcare sector that has been the costliest industry for cyber breaches for over two decades.²

Workforce management issues and employment liability claims continue to surge, and at least one occupational injury is reported in approximately 93% of nursing homes each year.³

Climbing auto liability costs and a rise in nuclear verdicts bring further complications. What's more, from 2022 to 2050, the number of American seniors aged 65+ is projected to increase from 58 million to 82 million.⁴

This unprecedented growth, paired with a challenging aging services landscape, is driving facility owners and operators to seek proactive, flexible risk management strategies that address heightened exposure across property, liability, auto, cyber, and workforce management. Effective solutions prioritize employee training and implementational success to enhance existing organizational capabilities, materially reduce insurance rates, and ultimately influence an organization's total cost of risk.

Resilient businesses will rise above the tumultuous aging services insurance landscape with a more focused and innovative risk approach that will secure improved business, employee, and client outcomes in 2025 and beyond.

¹ Deloitte "[Climate change impacts elevate U.S. commercial real estate insurance costs](#)," May 29, 2024.

² IBM "[Cost of a Data Breach Report 2024](#)," July 2024

³ National Institute of Health "[Occupational Injuries in the US Nursing Homes](#)," May 1, 2024.

⁴ Population Reference Bureau "[Fact Sheet: Aging in the United States](#)," January 9, 2024.



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PROPERTY RISK

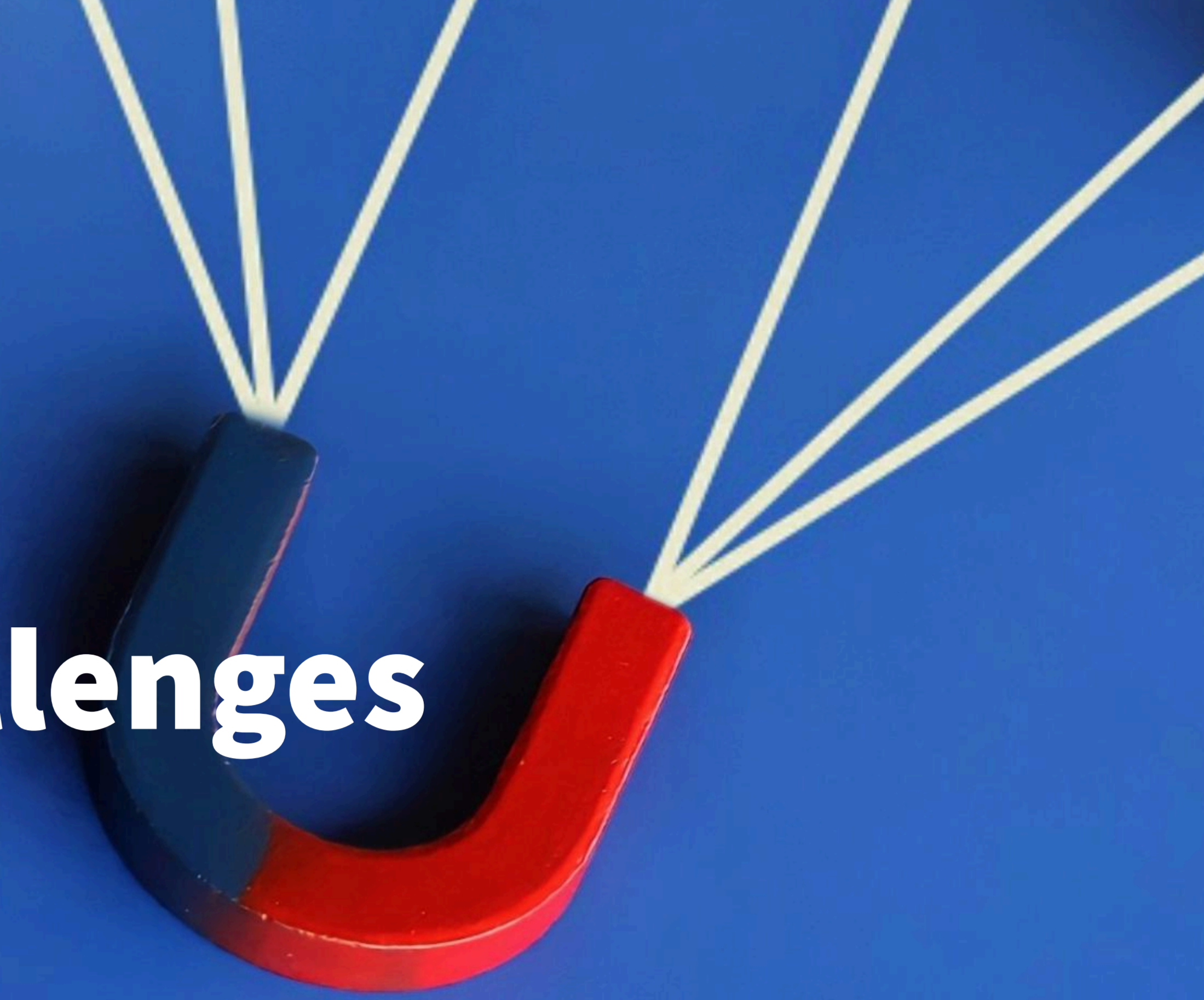
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BOLSTER PREVENTION EFFORTS TO MITIGATE CLIMATE-FUELED RISKS

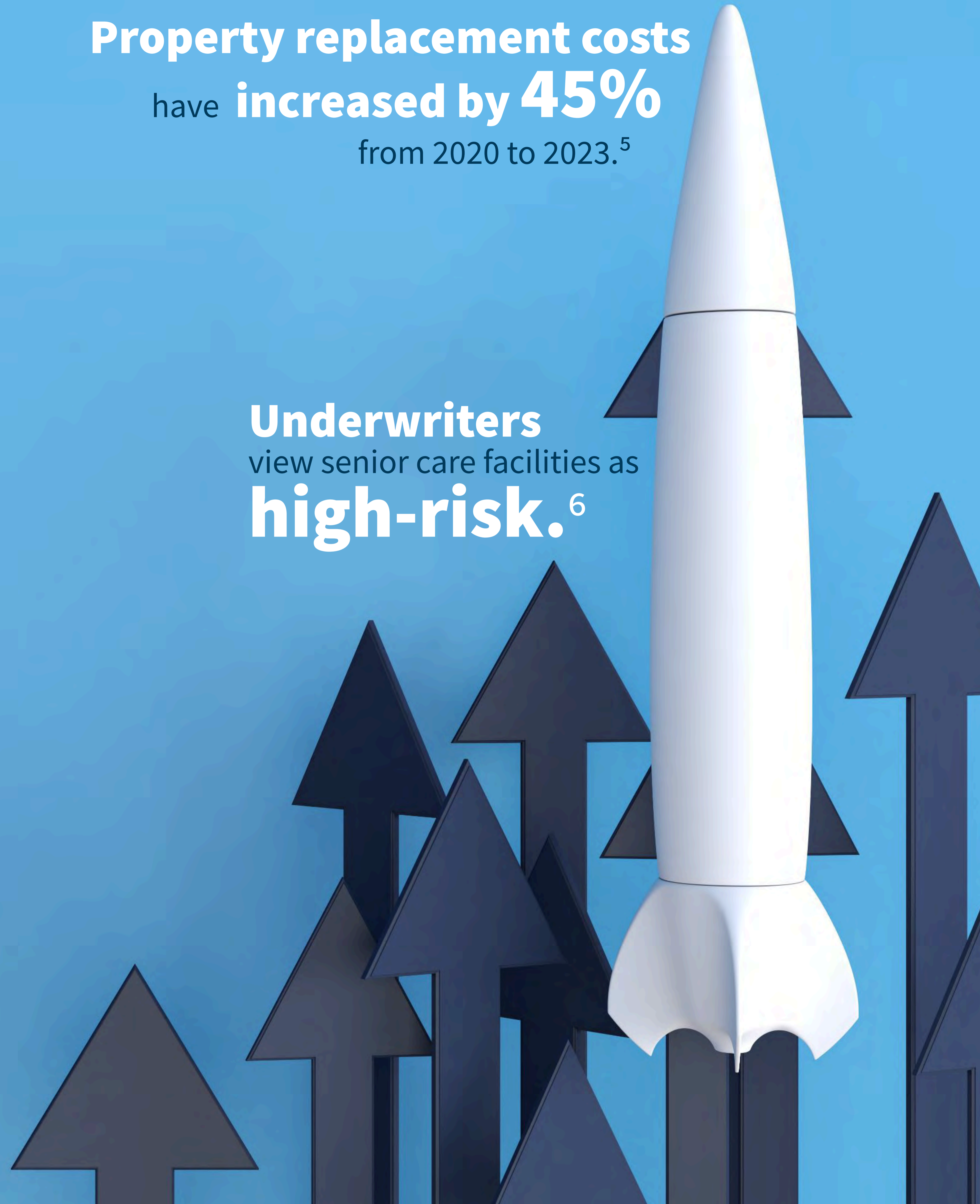
Devastating weather events and aging properties are pushing facility insurance rates and deductibles skyward, especially in disaster-prone areas. Many facilities operate in 20- to 30-year-old buildings that further increase insurance and maintenance costs.

Property replacement costs
have **increased by 45%**
from 2020 to 2023.⁵

Underwriters
view senior care facilities as
high-risk.⁶

⁵ Insurance Information Institute "Inflation, High Interest Rates, and Catastrophes Contribute to 2023 Underwriting Loss for P&C Industry, New Triple-I/Milliman Report Shows," November 2, 2023.

⁶ National Investment Center for Seniors Housing & Care "Insurance Trends in the Senior Housing and Care Sector," July 18, 2024.



Coverage Options Diminish Nationwide

Insurance for flood, wind, and hail is becoming more difficult to obtain, particularly in earthquake- and hurricane-prone areas across the Midwest, and in Florida, Texas, and Louisiana.

Facilities in less disaster-prone areas are likely to soon feel the sting of limited coverage at higher costs, too. With many large, national carriers operating across the country with billions of dollars in insurance losses, all facilities will likely be subjected to increased rates and decreased coverage regardless of their location.

Rising Property Values Drive Rates Up

In the face of older buildings, inflation, increased construction costs, supply chain shortages, and high demand, carriers will remain focused on reassessing property values and adjusting insurance coverage limits, rates, and premiums accordingly.

Auto Rates Are Rising Too

Large passenger vans are following in facilities' footsteps as they too are becoming more difficult and costly to insure.

Conduct regular driver safety trainings, perform timely vehicle maintenance, utilize telematics to monitor driver behavior, and implement senior-focused safety measures like vehicle handrails to help prevent damaging and costly events from occurring.

TAKE ACTION

Prepare your business and employees for potential property mishaps:

- Develop a holistic property risk management program in collaboration with your broker.
- Understand property and vehicle life cycles, plan updates, and perform regular equipment maintenance.
- Install flood sensors, barriers, and seals to protect facilities.
- Establish evacuation procedures and separate protocols for residents unable to leave during emergencies.
- Ahead of renewal, work with your broker on the best way to present your story of safety.

CYBER THREATS LOOM LARGE

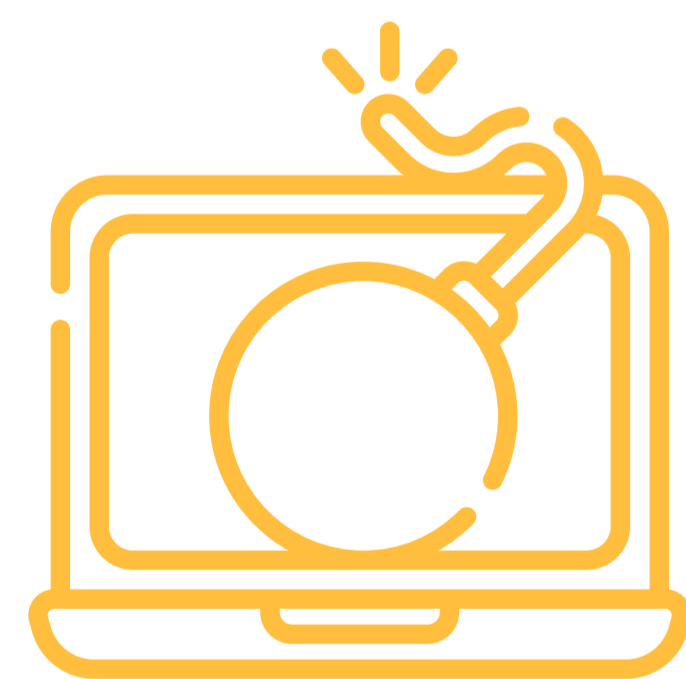
WIN THE RACE AGAINST TIME WITH A COMPREHENSIVE CYBER ATTACK RESPONSE PLAN

Skilled nursing homes are heavily reliant on robust digital networks to manage day-to-day operations, collect and analyze important data, and even operate machinery. Because large amounts of private personal information (PPI) are stored on these platforms, facilities are ripe for cyber-attacks that steal sensitive patient data and disrupt essential healthcare operations.



It's Getting Harder to Get Cyber Coverage

With the increase in sophistication and prevalence of cyber crime, cyber insurance is becoming less attainable and more expensive at the same time. This coverage is heavily underwritten, and deductibles continue to rise. Cyber insurance is most available to organizations that can provide exhaustive details about their systems and technology, often requiring an on-staff IT expert to navigate the numerous qualification requirements.



The healthcare industry average breach cost in 2024 is **\$9.77 million.**²



Global ransomware attacks in the healthcare sector **nearly doubled from 2022 to 2023.**⁷



TAKE ACTION

Consider your people, processes, and technology to mitigate cyber exposures:

- Use firewalls and two-factor authentication for high-risk health and identifying information.
- Limit employee access to sensitive data based on role-specific requirements.
- Train staff regularly on HIPAA, data security, and cyber risks.
- Create a streamlined cyber-attack response plan with clear, immediate actions.

⁷ Office of the Director of National Intelligence “Ransomware Attacks Surge in 2023; Attacks on Healthcare Sector Nearly Double,” February 28, 2024.

NUCLEAR VERDICTS POSE BIG PROBLEMS

**ARM YOURSELF WITH CLEAR VISIBILITY ACROSS
THE ENTIRE BUSINESS**

Nuclear verdicts have surged in recent years, leading to exits by large carriers and a more precarious environment for remaining insurers. Facilities with multiple locations, staffing challenges, and resident fall risks, face high levels of exposure that drive major hikes in personal and general liability coverage limits.



Geography Impacts Severity of Verdicts

Nuclear verdicts pose significant threats to facilities in regions with plaintiff-friendly legal environments, such as parts of California, Florida, Georgia, Illinois, New York, and Texas. Facilities located in these and other states with higher litigation occurrences are faced with steeper rates and coverage limits than those in other areas of the country.

There's a Greater Focus on Solutions

Lawmakers are working to promote fairness in the justice system through legislation that addresses jury timing for inflammatory evidence, venue reform, limits on punitive damages, and misleading lawsuit advertising.

Medical liability
is one of the
top three
types of nuclear verdicts in
personal injury and wrongful
death cases, accounting for
20.3% of
nuclear verdicts
from 2013 to 2022.⁸

TAKE ACTION

Proactive efforts can reduce your risk of a verdict when an event occurs:

- Conduct compliance reviews and train teams on reporting procedures.
- Implement surveillance that can be used to gather information for defense if needed.
- Utilize cloud-based technology to improve timeliness and accuracy of patient care documentation.
- Analyze claims to develop new protocols that prevent future incidents.
- Stay current on regular vehicle maintenance and updates.
- Consult with your broker to ensure you have adequate umbrella coverage for your total risk profile.

⁸ U.S. Chamber of Commerce Institute for Legal Reform “Nuclear Verdicts An Update on Trends, Causes, and Solutions,” May 2024.

WORKFORCE CHALLENGES FUEL CLAIMS

STRENGTHEN HIRING PRACTICES TO ATTRACT SKILLED
TALENT AND REDUCE POTENTIAL LITIGATION

A low supply of — and high demand for — talented employees has caused massive workforce concerns in the aging services industry. Less skilled employees in caregiving roles, coupled with low workplace morale and high burnout rates, lead to poor employee-resident interactions that can cause significant problems across the organization.

99%
of nursing homes are
**seeking employees
for open jobs.⁹**

⁹ American Health Care Association “[State of the Nursing Home Sector](#),” March 2024.



Hiring and Retaining Employees Has Become a Vicious Cycle

Healthcare and aging services organizations are investing a tremendous amount of time and energy in workforce management without reaping the benefits. Hiring for direct care roles is expensive and not yielding sufficient results. Facilities are operating with lean teams, which leads to staff becoming overworked and terminating their employment. Less skilled employees are then filling these roles and further increasing training costs.

Employment Practices Liability (EPL) Claims Are Rising

These dire workforce issues have prompted a rise in discrimination and wrongful termination lawsuits filed by employees that have been terminated from their positions. Often these disgruntled employees have been let go for performance-related issues, but they are finding grounds to sue the business anyways

New Legislation Raises the Stakes

Effective June 2024, [new staffing requirements](#) for long-term care facilities participating in Medicare and Medicaid dictate that at least 3.48 hours of nursing care be provided per resident per day.¹⁰ This new mandate puts increased pressure on facilities to fill skilled caregiving roles.



Employment claims cost an average of **\$75K to settle,** and **juries award** an average of **\$217K** for employment-related cases.¹¹

TAKE ACTION

Diligent hiring practices are key to weathering these rocky workforce waters:

- Conduct thorough background checks on all candidates.
- Match employees' strengths with the right roles.
- Provide comprehensive onboarding that covers key risk areas (including cyber, property, and crime).
- Implement clear reporting structures for fast issue resolution.
- Focus on delivering top-tier clinical and patient care.

¹⁰ American Hospital Association “[CMS finalizes minimum staffing standards for nursing homes,](#)” April 22, 2024.

¹¹ Gen Re “[EPLI Is a Critical Tool For Employers, Now More Than Ever,](#)” June 12, 2024.

CREATIVELY REDEFINE RISK MANAGEMENT IN 2025

Business owners that prioritize effective risk management in the face of record growth for aging populations and a complicated aging services landscape will set themselves up to thrive amid uncertainty in 2025. Proactive risk mitigation comes with challenges, though, and the size of your aging services organization will likely dictate many of the obstacles you face. Working through these obstacles, executives will rely on their insurance brokers to both build out a right-sized coverage plan and also to advise them on reducing risk across their properties, the cyber risk environment, the potential for nuclear and throughout workforce challenges, in the first place.

CONTACT US

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Contact us for an evaluation of your insurance program and access to our carrier panel, built to reduce your costs.



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We hope you enjoy the report!