



Marsh McLennan
Agency

Senior care risk and insurance report

2026

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Overview

The senior living industry in 2026 faces a fast-changing, complex environment shaped by aging populations, new technologies, and economic challenges. According to U.S. Census Bureau projections, the number of people aged 80 and older worldwide is expected to grow by more than 55% by 2035. Thus, it creates a strong demand for senior housing and care. This benefits current operators but also brings tougher operational and risk management challenges.

Innovative risk management strategies are emerging as critical tools to sustain resilience and financial health. This report provides an updated overview of key areas to help senior living operators anticipate and address current and future trends.



Five key areas to help senior living operators anticipate and address current and future trends

1
Property insurance

2
Employee health and benefits

3
Cyber liability risks

4
Professional and general liability

5
Reduce total cost of risk

Property insurance: Global rate declines but high-risk premiums persist

The global commercial property insurance market saw overall rate declines due to increased capacity and reinsurance capital. However, properties in high-risk areas like Florida, Texas, and California face higher premiums from natural disasters, aging infrastructure, and rising replacement costs.

9%
average decrease
in commercial
property insurance

Premium changes: Global commercial property insurance rates declined by about 9% in late 2025¹. However, properties in high-risk areas are experiencing premium increases driven by catastrophe exposure and replacement cost inflation.

Cost drivers: Material prices have jumped over 15% year-over-year, and shortages of skilled workers make rebuilding more expensive².

Mitigation efforts: Insurers and operators are working together on prevention technologies like ember-resistant vents and better sprinkler systems in wildfire areas. These have been shown to reduce losses by 20-30% in test programs³.

Source: ¹Marsh Global Insurance Market Index 2025, ²NAIOP, ³ABC Southern California

Cost control tips



Invest in advanced fire and flood prevention systems.



Join programs focused on loss control and risk management.



Focus data analysis on the highest-risk exposures in your property portfolio.



Consider bundled policies or a captive to stabilize costs



Manage claims carefully to avoid extra premium charges.

Employee Health & Benefits trends: Managing rising premiums and prescription drug costs

Employers face rising premiums near 20% and increasing prescription drug costs, driven by specialty therapies and GLP-1s, requiring strategic prescription benefit management and cost controls.



Premium trends: Employers are experiencing higher renewals and premium increases ranging from 15-30%, with an average closer to 20% in the fully insured local market¹.



Prescription drug impact: Pharmacy costs are projected to increase over 10% in 2026, rising faster than overall medical costs. GLP-1 medications are cited by 41% of employers as a significant cost driver in 2026, with 96% of employers concerned about their long-term cost implications¹.



Regulatory environment: Operators must navigate evolving EH&B requirements, including expanded coverage for behavioral health and telehealth services, which improve resident care but add cost complexity. Lack of transparency in Prescription Benefit Manager (PBM) pricing and distribution also remains a top concern for employers.



Cost management: Employers should explore biosimilar-first and tiered approaches to managing high-cost specialty drugs. GLP-1 coverage expansion should include clear criteria and required lifestyle support programs to sustain outcomes.

Source: ¹Marsh Global Insurance Market Index 2025

Cost control tips

- Conduct regular plan audits to identify cost-saving opportunities.
- Promote employee wellness and preventive care programs to reduce claims.
- Leverage telehealth to reduce unnecessary in-person visits and costs.
- Implement employee education on benefits utilization to avoid overuse.
- Partner with a specialized benefits broker to optimize plan design and ensure preferred rates.

Cyber liability risks amid technological advancements, including AI

Using AI and digital tools in senior living improves care and efficiency, but also increases cyber risks.



Top global risk: Cyberattacks, from ransomware to data breaches, are a leading global risk as AI enabled threats surge.

AI-Driven threats: AI-powered automated attacks and smart malware make cyber threats more frequent and harder to stop.

Regulatory landscape: The EU's AI Act, projected to start in August 2026, requires transparency and accountability for AI systems, showing that regulations may increase worldwide.

Risk mitigation: Cyber insurance for senior living now often covers AI-related incidents, business interruptions, and fines from regulators.

Best practices: Build strong cybersecurity programs, train employees regularly, and have tested plans ready for cyber incidents.

Cost control tips



Invest in employee cybersecurity training to reduce incident likelihood.



Regularly update and patch systems to prevent costly breaches.



Utilize cybersecurity risk assessments to prioritize security investments.



Consider layered cyber insurance policies tailored to AI risks.



Develop and test incident response plans to minimize downtime and costs.

Professional and general liability claims: Rising severity amid social inflation

Senior living operators face increasing legal risks driven by social inflation — expanded liability definitions, rising jury awards, and heightened legal activism.



Claims trends: Both professional liability (errors and omissions in care) and general liability (slip-and-fall, property damage) claims have increased in frequency and severity, with some areas seeing up to a 15% increase in claim costs year-over-year¹.

Coverage needs: Operators should have enough coverage limits, including for abuse and molestation, and consider clauses that encourage settling disputes outside court to save on legal costs.

Risk management: Enhanced staff training, thorough documentation, and clear communication protocols are critical to reducing claim exposure.

Cost control tips



Implement extensive staff training focused on risk prevention.



Maintain detailed documentation to support defense in claims.



Regularly review and update liability coverage limits and terms.










Conduct periodic risk assessments to identify and mitigate emerging exposures.

Source: ¹Deloitte Insights 2026 Global Insurance Outlook

How Marsh McLennan Agency can reduce your total cost of risk

Marsh McLennan Agency's senior care practice focuses on creating customized insurance and risk management programs that prioritize value-based care, risk reduction, and loss prevention. This approach helps lower your overall cost of risk by addressing:

 Fall prevention and safety programs	 Staff turnover
 Age in place	 Rising benefit costs
 Quality of life	 Comprehensive program structure
 Customer service	 Total cost risk
 Litigation management	

Creative risk management strategies enable senior living operators to build resilience, reduce costs, and improve resident outcomes in a rapidly changing environment.

Actionable risk management and cost control strategies

- Integrate data analytics to monitor and manage risk exposures continuously.
- Foster a culture of safety and compliance across all levels of operation.
- Engage in proactive claims management to reduce frequency and severity.
- Explore innovative insurance solutions like captives or risk retention groups.
- Collaborate with Marsh McLennan Agency senior care advisors for tailored risk reduction plans.



Senior care, empowered.

We support the full scope of senior care and quite frankly, we just do it differently.



[Reach out](#) to a Marsh McLennan Agency senior care advisor to deliver custom solutions with measurable results for your communities.

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