

Market Insights: Evolving Risks Shaping the Cost of Insurance

(As of Mar. 23, 2026)

Liability market conditions — including the litigation environment, uncertainty in education the sector, and rising claims severity — have led to increased insurance prices nationwide.

This is an overview of market forces shaping liability pricing and the ways United Educators (UE) supports education through our mission-driven partnership.

As Education’s Own Insurance Company™, we strive to be the first call for education leaders for trusted guidance, proactive solutions, and exceptional support in the moments that matter most.

01
We understand that **members’ risk needs are evolving**. We are keenly aware of their interest in **more options on risk transfer**.

02
We are working to **build more flexible and diversified risk solutions** amid ongoing uncertainty in the education sector and continued pressures on the liability market.

03
We are financially resilient, ensuring we are here to help members over the long run.

Market Realities: Liability Costs Continue to Outpace Inflation

A recent [SwissRe analysis](#) expects the United States to remain the epicenter of **social inflation** due to unique societal, economic, and legal factors.

International Comparison of Future Social Inflation Drivers

The US is expected to remain the epicentre of social inflation due to unique societal, economic and legal factors. However, other countries, such as Australia, Canada, the UK, and parts of continental Europe, show signs of potential liability claims growth driven by factors such as third-party litigation funding and expanded collective redress. Social inflation remains a concern globally for individuals, businesses and insurers alike.

	US	Australia	UK	Canada	Netherlands	Germany	Japan
Claims penetration	H	M	H	M	L	M	L
Income inequality	H	M	M	M	L	M	M
Third-party litigation funding	H	H	H	M	H	M	L
Contingency fees	H	M	M	H	L	L	L
Collective redress	H	H	H	H	H	M	L
Case law	H	H	H	H	L	L	L
Jury based	H	L	L	L	L	L	L

Source: Swiss Re Institute, *sigma* 4/2024

High risk
Medium risk
Low risk

Increased litigation, broader contract interpretations, plaintiff-friendly legal decisions, and escalating jury awards and settlements continue to drive rapidly increasing claims costs across the liability sector.

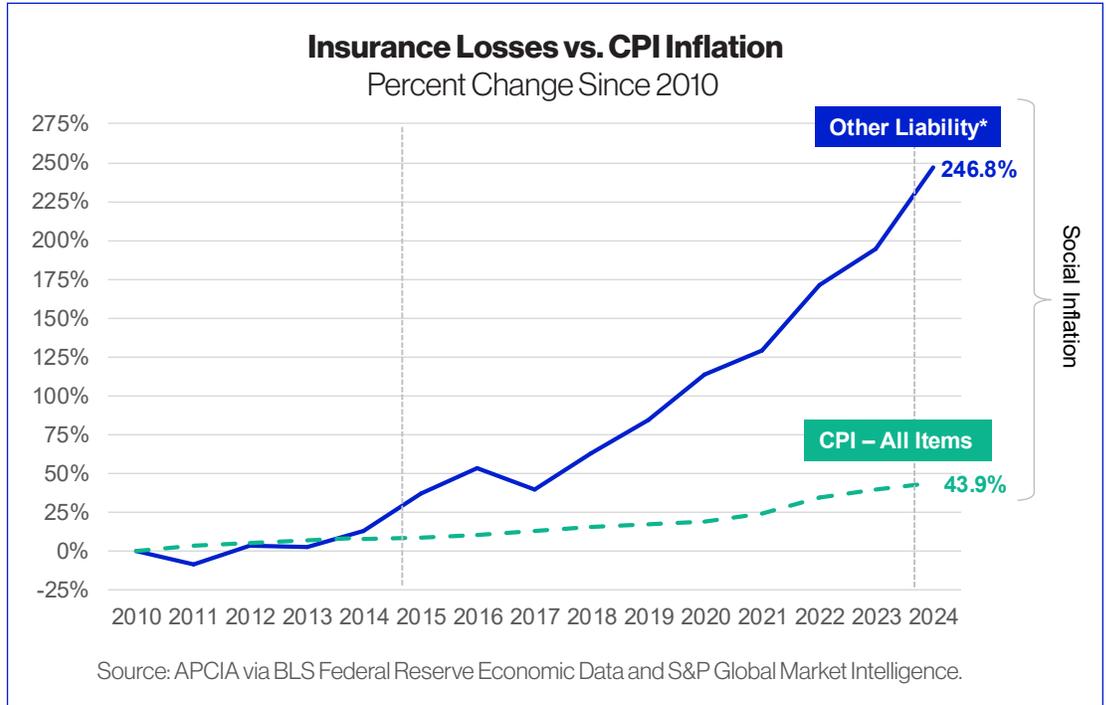
Median top U.S. verdicts have more than tripled since 2014. Court closures in 2020-21 held up the largest, most complex trials, but the impact of social inflation persists for the largest verdicts.

Elevated losses are fueled in part by what one Zurich executive calls a “**broken legal environment**,” where plaintiffs are recruited through **advertising** and Wall Street and foreign investors are betting, through **third-party litigation financing (TPLF)**, on higher settlements to provide profitable returns.

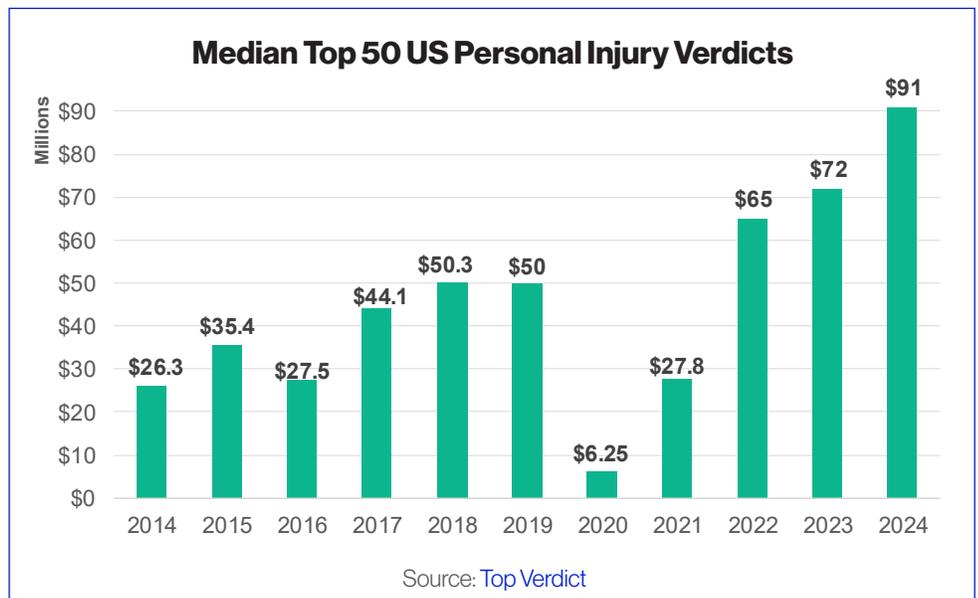
APCIA reports TPLF is accelerating loss cost trends, class actions, and potential for nuclear verdicts.

Another factor is **litigation advertising**. In 2024, local legal services paid for nearly 27 million ads on television, radio, print, and billboard soliciting legal claims, according to the American Tort Reform Association.

In addition, there are **increased legislative risks** including changes in state laws reopening or extending statutes of limitations.



* The National Association of Insurance Commissioners (NAIC) defines “other liabilities” as coverage against legal liability resulting from negligence, carelessness, or a failure to act resulting in property damage or personal injury to others.



Financers admit they **“make it harder and more expensive to settle cases.”**



Financers have invested **\$16.1 billion** in the U.S. including **billions in Mass Tort Claims.**



There is a lack of transparency about the investors funding litigation.

Greater Uncertainty for the Education Sector

The sector is more challenging to insure because of these disruptions contributing to **less predictability for education's risks:**

- Social and political changes are straining the business model
- Financial stress
- Demographic and enrollment trends
- Complex and evolving areas of law, such as athletics and Title IX

Deep Education Expertise in Claims Resolution

Educational institutions face rising jury awards across all liability lines. Over the last nine years, the number of UE member matters with total incurred costs greater than \$1 million has more than doubled — from 40 to 100.

Given the increasing claims severity, UE's trusted claims experts play an essential role.

UE's experienced team helps find the "right fit" for defense counsel. We select attorneys with relevant trial experience and efficient claims management.

Where we appoint counsel, we have seen a significant reduction in the percentage of CGL costs attributable to defense.

Excluding employment-related harassment and high-profile claims related to mass serial abusers, UE members saw sexual misconduct claims grow three times faster than all other claims types over the last 15 years.

Roughly 30% of all member claims costs over the past few years relate to sexual misconduct. Changes in state laws reopening or extending statutes of limitations contribute to the continued losses of higher education institutions and K-12 schools related to this cause of loss.

Other top causes of loss for UE member claims include discrimination and wrongful termination; slips, trips, and falls; accidents causing injury to people; and vehicle claims for general liability.

Rising Costs of Claims

2020-2025



43% more ELL claims
valued at **>\$1 million**
(excluding antitrust claims)



56% more GLX claims
valued at **> \$2 million**
(excluding Child Reviver Act claims)

Proactive Risk Management

UE urges members to actively manage these risks, particularly for top causes of loss. Resources on UE.org can help or email risk@ue.org for support from live experts.

What You Can Do



Strategic Risk Management — Top Risk Areas



Employment Practices



Slips, Trips, and Falls



Contracting — Idemnity



Sexual Misconduct Prevention and Reporting

THE LEAST EXPENSIVE CLAIM IS THE ONE THAT NEVER HAPPENS.

Our **proactive claims management** (through early claims evaluation, budgeting, and regular communication) helps our individual members, claimants, and the communities they serve while also mitigating claims inflation.

To do so, we:

- Collaborate to mitigate claims costs by taking a thoughtful approach to achieve fair, equitable, efficient, and effective claims resolution.
- Draw upon nearly 40 years of education-specific **claims data**.
- Balance the costs and benefits of a settlement vs. litigation.

Members can help mitigate risks by:

- Taking a Cool Head, Warm Heart® approach
- Drawing upon UE's ProResponse® benefit can help
- Benefiting from Pre-Claim Advice Credit

UE's Mission-Driven Approach

Education continues to face heightened legal exposure, evolving societal expectations, and increasingly complex risks. UE's partnership approach means we focus on the needs of the institutions we serve. Throughout 2025, we combined disciplined execution with continued investment in the capabilities that support our mission.

UE operates efficiently to meet the cost of claims and manage the volatility of claims that can take a long time to emerge and be resolved.

We target a 95% combined ratio. We do not seek excess profit to satisfy external stakeholders. We return any excess premiums to policyholders via their Subscriber Savings Account.

Our had a combined ratio in 2025 of 95.3% and maintained an **industry-leading expense ratio** below 20%.

Clear Underwriting and Individualized Premiums

We **increased GLX and ELL capacity up to \$35 million** (from \$30 million), subject to underwriting review. Member **pricing is individualized** and incorporates institutional risk profile, litigation environment, fiscal strength, loss history, and limits purchased.

We prioritize sustainability, with premium pricing tied to claims trends and the anticipated future costs of member claims.

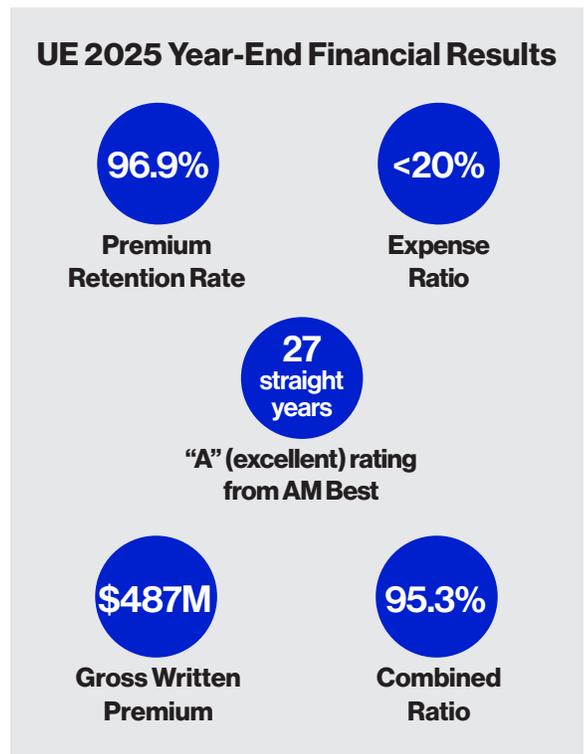
Reinsurance, which factors in our pricing, is also experiencing **increasing costs** due to:

- Increasing volatility of insurance industry results
- UE's own large losses
- Continuing impact of social inflation and defense costs rising
- Significant increase in the number and size of nuclear verdicts in recent years



Please contact your broker for more information about your 2026 renewal.

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More Resources

- [Don't Cry Over Spilled Coffee; 6 Strategies to Mitigate the Impact of Social Inflation](#)
- [What You Need to Know About Third-Party Litigation Funding](#)
- [Prepare for Claims Brought Under State Reviver Statutes](#)
- [Large Loss Report 2026](#)