2026

Insurance market strengthening, but challenges remain

Education insurance market update

LOCKTON®

Lockton Education Practice

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Beyond insurance. Focused on education.

An experienced team coupled with commitment, knowledge, and unencumbered resources enable Lockton to deliver superior results and service for our education clients. In an ever-changing market, our team of specialists not only generate new ideas to find solutions, but are keenly focused on turning challenging conditions into your competitive advantage. Who we are:

| A community of insurance education professionals

| Integrated education team with professionals positioned globally

| We service clients globally providing innovative solutions in risk management, insurance, and people solutions (employee benefits)

| Our primary objective is to become a strategic partner to our educational clients; to do so, we stay immersed in all aspects of the education industry and our client's operations

OUR EDUCATION PRACTICE EXPERTISE RUNS DEEP

- Abuse and molestation
- Active assailant
- Alternative risk financing
- Aviation
- Builder's risk
- Business continuity planning
- Captives
- Casualty
- Claims and loss control
- Clinical risk consulting
- Compensation program design, implementation, and communication
- Construction
- Crisis management solutions
- Cyber
- Emerging risks
- Employee benefits
- Enterprise risk management
- Environmental
- Financial services
- Fine arts
- International
- Life sciences/clinical trials
- Name, image, likeness (NIL)
- Organizational effectiveness
- Pay equity
- Political risk
- Property
- Special events
- Student accident
- Student health
- Surety
- Terrorism
- Transactional liability

Contents

Emerging risks affecting educational institutions

There are many risks facing educational institutions in today's environment, and several can quickly become significant challenges for both insurers and insureds.

Additional key issues to watch include:

Abuse & molestation exposure

Educational institutions continue to face heightened scrutiny surrounding abuse and molestation exposures. This is especially heightened for institutions that serve and offer programs for minors. Insurers are increasingly evaluating hiring practices, staff training, background checks, reporting procedures, and student protection protocols when underwriting general liability, abuse liability, umbrella, and excess liability programs.

Artificial intelligence

As educational institutions increasingly incorporate AI into academic, administrative, and operational functions, insurers and risk managers are monitoring potential exposures related to privacy, cybersecurity, governance, and intellectual property. AI continues to be a growing area of focus throughout the insurance marketplace. Institutions need to be diligent as more and more insurance companies are beginning to look to build in AI exclusionary languages across many lines of coverage.

Cybersecurity, privacy, & digital resilience

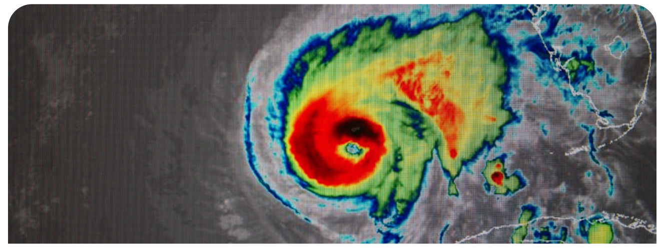
Educational institutions remain prime targets for cyberattacks due to the vast amount of sensitive student, employee, research, and financial data they maintain. As reliance on AI, cloud platforms, and third-party vendors grows, the risk of ransomware, data breaches, operational disruption, and reputational damage continues to increase. Institutions must also consider their third-party relationships and the potential operational, financial, and reputational impacts of cyber events affecting vendors and service providers.

Enrollment declines & financial stability

Demographic shifts, increased competition, and changing perceptions of educational value continue to pressure enrollment. Declining student populations can strain budgets, impact long-term sustainability, and increase scrutiny from stakeholders, lenders, and insurers. School closures have been accelerating and are expected to continue through 2026 due to these influences.

Ghost students

Educational institutions are increasingly focused on managing risks associated with fraudulent enrollment activity and identity misuse, commonly referred to as ghost students. These incidents can create financial, operational, and reputational challenges while increasing administrative burden and compliance concerns. Institutions should evaluate identity verification, monitoring, and fraud prevention measures as part of their broader risk management strategy.



Increased severity of weather events

Educational institutions continue to evaluate resilience planning and business continuity strategies as weather-related events impact operations, human safety, and facilities across many regions. Wildfires are creating growing operational and financial challenges for educational institutions by causing campus closures, disrupting learning, and increasing health risks from poor air quality. As wildfire frequency and severity increase, schools and universities are investing more in emergency preparedness, air quality management, and business continuity planning to protect their communities and maintain operations.

Mental health

Rising mental health concerns among students, faculty, and staff continue to challenge educational institutions. Increased demand for support services, crisis intervention, and behavioral health resources can create significant operational, legal, and reputational exposures.

Regulatory, governance, & reputational risk

Educational institutions face growing scrutiny from regulators, governing boards, students, donors, and the public. Compliance failures, governance missteps, or high-profile incidents can quickly erode trust, trigger investigations, and result in significant financial and reputational consequences.

Research security & foreign influence compliance

Federal agencies are placing greater focus on research security, foreign funding disclosures, export controls, and protection of sensitive research activities. Institutions can strengthen this compliance by focusing on governance, transparency, training, and monitoring.

Workforce challenges

Recruitment and retention of faculty and staff continue to influence operational risk, employee safety, and employment practices exposures across the education sector. Employment-related claims continue to be a frequency concern and, in some cases, severity concern for many educational institutions.

Overall industry conditions & outlook

The insurance marketplace for educational institutions continues to stabilize in 2026, providing organizations, schools, colleges, and universities with more favorable conditions across many major lines of coverage. Increased carrier competition, improving underwriting performance, and expanding market capacity have created opportunities for insureds to secure competitive pricing, broader coverage terms, and enhanced value-added services from insurance carriers.

Our *Education Insurance Market Update* examines these questions, considers others, and offers our insights.

01

What can the education sector expect to see through 2026 into 2027?

02

What risks will be prevalent?

03

How can educational institutions prepare to mitigate risks in the coming year?

04

How can education leaders position their risk for the best outcomes?

Educational organizations

OVERALL OUTLOOK

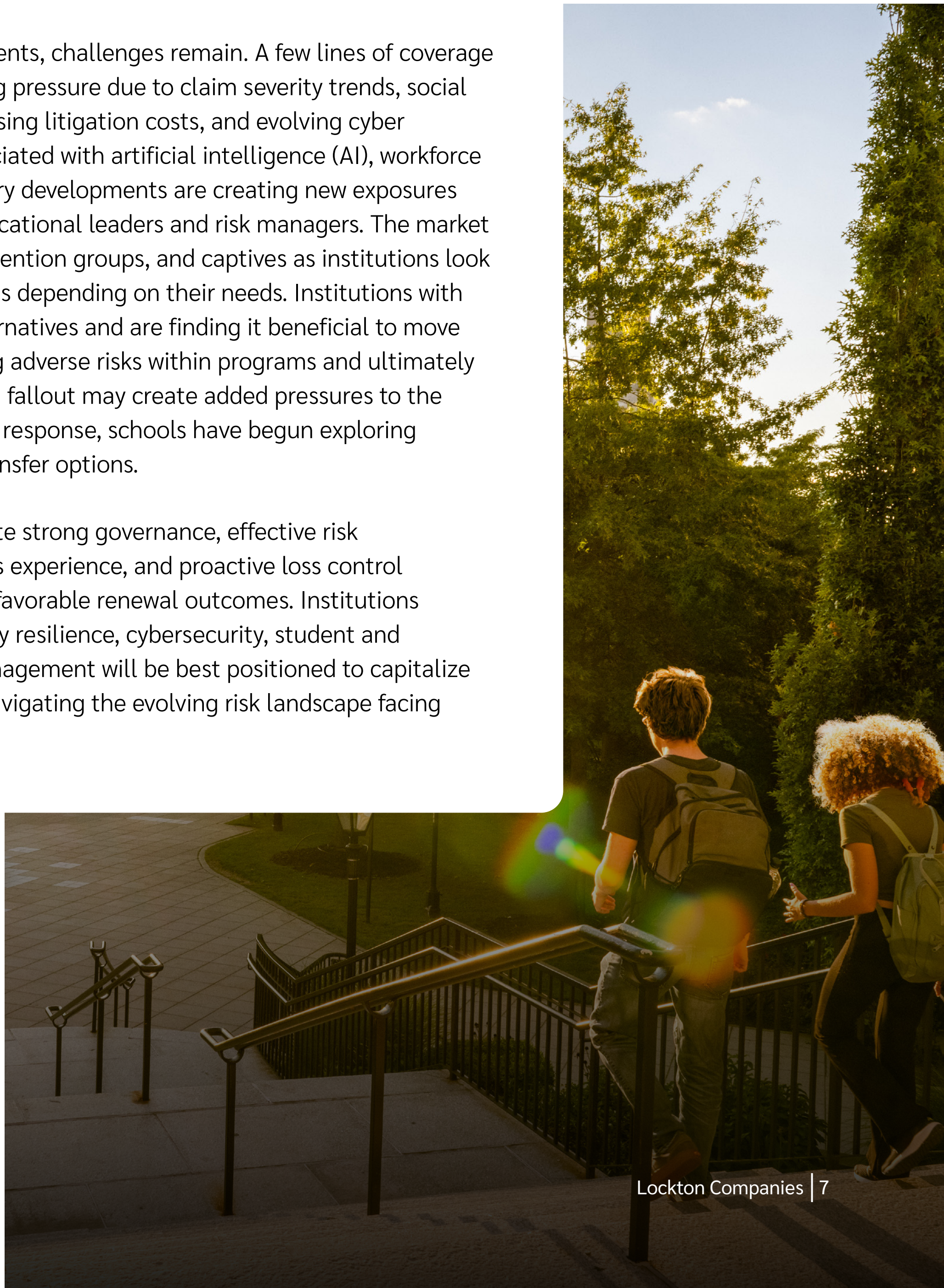
Improving

The 2026 insurance marketplace presents meaningful opportunities for educational institutions to strengthen their risk financing strategies and secure more favorable coverage outcomes.

The current environment generally favors insurance buyers, with many carriers actively seeking growth and demonstrating a strong appetite for well-managed educational risks. As a result, institutions with favorable loss experience, strong risk management practices, and proactive engagement in the renewal process are often benefiting from increased marketplace competition.

Despite these positive market developments, challenges remain. A few lines of coverage continue to face pricing and underwriting pressure due to claim severity trends, social inflation, catastrophic weather events, rising litigation costs, and evolving cyber threats. In addition, emerging risks associated with artificial intelligence (AI), workforce challenges, campus safety, and regulatory developments are creating new exposures that require ongoing attention from educational leaders and risk managers. The market is closely monitoring consortium, risk retention groups, and captives as institutions look to both exit and enter such arrangements depending on their needs. Institutions with strong risk profiles are investigating alternatives and are finding it beneficial to move away from risk pooling programs, leaving adverse risks within programs and ultimately challenging program sustainability. Such fallout may create added pressures to the overall market and available capacity. In response, schools have begun exploring offshore capacity and alternative risk transfer options.

Educational institutions that demonstrate strong governance, effective risk management programs, favorable claims experience, and proactive loss control measures continue to achieve the most favorable renewal outcomes. Institutions that invest in employee training, property resilience, cybersecurity, student and employee safety, and enterprise risk management will be best positioned to capitalize on improving market conditions while navigating the evolving risk landscape facing the education sector.



Property

MARKET OUTLOOK

Favorable

The property insurance market continues to improve as carrier competition increases and additional capacity enters the marketplace.

Following several years of challenging conditions, many insurers are actively pursuing well-managed risks and are demonstrating greater flexibility in program structure and underwriting negotiations.

Educational institutions with well-maintained facilities, updated and accurate property valuations, and effective loss prevention programs are benefiting from improved market conditions and stronger insurer interest.

However, catastrophe-exposed locations remain subject to heightened underwriting scrutiny and often require creative risk financing and insurance strategies to obtain adequate coverage.

Although the property market remains favorable, the prevailing consensus is that the pace of softening is beginning to slow. Institutions should continue to plan for the potential future uncertainty in the market.

UNDERWRITING FOCUS AREAS:

- Property replacement cost valuations
- Roof age and condition
- Facility maintenance programs
- Catastrophe-exposed educational institutions
- Fire protection systems
- Fine arts collections and ornamental facades
- Emergency preparedness and business continuity plans
- Risk mitigation measures
- Water damage prevention measures
- Catastrophe preparedness

Workers' Compensation

The workers' compensation marketplace for educational institutions remains one of the most stable and favorable lines of coverage.

MARKET OUTLOOK

Favorable

Strong insurer profitability, relatively predictable loss trends, and continued competition among carriers have contributed to stable pricing and broad coverage availability for most early education, K-12 schools, colleges, and universities.

Institutions with favorable loss experience, effective return-to-work programs, and demonstrated commitments to employee safety are generally achieving favorable renewal outcomes and, in many cases, benefiting from long-term rate stability.

While overall market conditions remain positive, educational institutions continue to face workforce-related challenges that influence workers' compensation exposures.

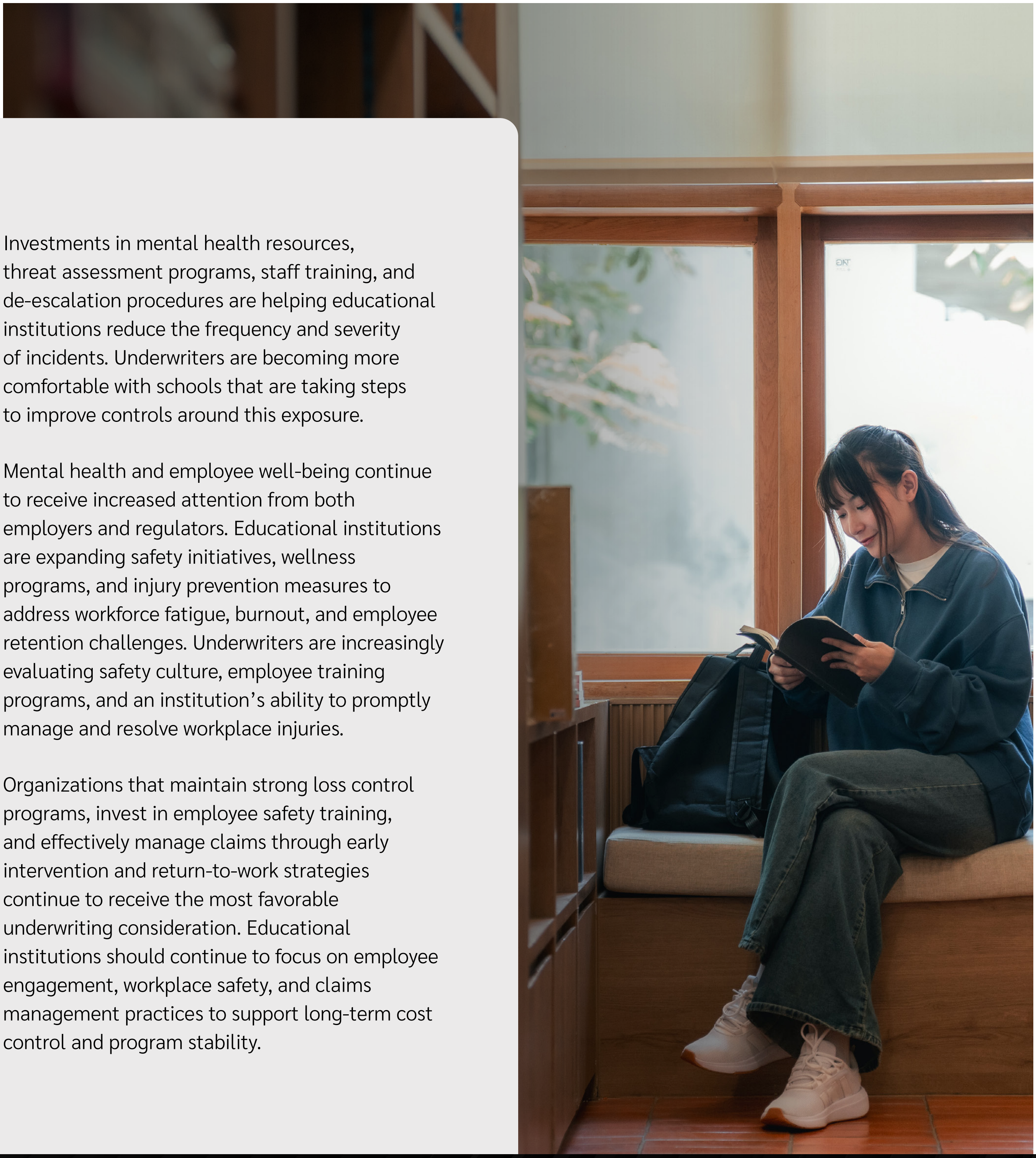
Employee shortages, aging workforces, increased workplace stress, and higher injury costs associated with medical inflation continue to be areas of focus for insurers. Claims involving slips, trips, falls, ergonomic injuries, and student interaction incidents remain among the most common workplace injury drivers across the education sector.

Many K-12 school districts are experiencing an increase in student behavioral incidents, including physical altercations and assaults, which are contributing to a rise in workers' compensation claims related to deescalation. This is affecting teachers, paraprofessionals, aides, security guards, and other school staff.

Investments in mental health resources, threat assessment programs, staff training, and de-escalation procedures are helping educational institutions reduce the frequency and severity of incidents. Underwriters are becoming more comfortable with schools that are taking steps to improve controls around this exposure.

Mental health and employee well-being continue to receive increased attention from both employers and regulators. Educational institutions are expanding safety initiatives, wellness programs, and injury prevention measures to address workforce fatigue, burnout, and employee retention challenges. Underwriters are increasingly evaluating safety culture, employee training programs, and an institution's ability to promptly manage and resolve workplace injuries.

Organizations that maintain strong loss control programs, invest in employee safety training, and effectively manage claims through early intervention and return-to-work strategies continue to receive the most favorable underwriting consideration. Educational institutions should continue to focus on employee engagement, workplace safety, and claims management practices to support long-term cost control and program stability.



UNDERWRITING FOCUS AREAS:

- Employee safety and injury prevention programs
- Return-to-work and transitional duty programs
- Claims management and early intervention practices
- Workforce demographics and staffing levels
- Employee training and safety culture initiatives
- Slip, trip, and fall prevention measures
- Ergonomic assessments and workplace design
- Violence prevention and de-escalation training
- Driver and transportation employee safety programs
- Incident reporting and injury investigation procedures
- Mental health, wellness, and employee support resources
- Contractor and third-party workplace safety oversight
- Regulatory compliance for student discipline and OSHA-related practices

Auto liability

The commercial auto liability marketplace remains one of the more challenging casualty lines for educational institutions despite improving conditions across many other areas of the insurance market.

MARKET OUTLOOK

Challenging with slight tempering

Continued pressure from social inflation, rising medical costs, increasing vehicle repair expenses, and large jury awards associated with transportation-related incidents continue to impact insurer profitability and underwriting results. Educational institutions with significant transportation exposures continue to experience greater underwriting scrutiny than organizations with limited or no fleet operations.

While capacity remains available, insurers are maintaining disciplined underwriting practices and closely evaluating driver quality, fleet management programs, vehicle maintenance procedures, and loss experience. Institutions that demonstrate a strong commitment to transportation safety, proactive driver training, and effective claims management are generally achieving more favorable renewal outcomes and attracting broader carrier interest.

The ongoing shortage of qualified commercial drivers remains a concern for both insurers and educational institutions. Underwriters continue to focus on hiring standards, employee retention efforts, motor vehicle record monitoring, and the effectiveness of driver safety programs. Schools relying on third-party transportation providers are also facing increased scrutiny regarding vendor selection, contractual risk transfer provisions, and oversight of transportation operations.

Although market conditions have stabilized compared to previous years, insurers continue to monitor transportation-related exposures, nuclear verdict trends, distracted driving concerns, and emerging risks associated with evolving vehicle technology. Educational institutions should continue investing in driver safety initiatives, telematics systems, onboard camera technology, and fleet loss control measures to support favorable underwriting outcomes and long-term program stability.

UNDERWRITING FOCUS AREAS:

- Legal jurisdiction
- Driver recruitment, screening, and retention
- Motor vehicle record (MVR) monitoring programs
- Clarity of hired and non-owned exposures with appropriate risk control measures
- Driver training and safety education
- Fleet maintenance and inspection programs
- Distracted driving prevention measures
- School bus and student transportation exposures
- Telematics and onboard camera systems
- Third-party transportation vendor oversight
- Accident review and corrective action procedures
- Claims management and loss trending analysis
- Students with disabilities transportation protocols
- Emergency response and incident management planning

General liability

MARKET OUTLOOK

Moderately challenging

The general liability marketplace continues to improve for educational institutions, with rate increases moderating and fewer coverage restrictions being imposed compared to prior years.

While there have been limited new market entrants, existing carriers continue to compete for well-managed education risks, contributing to stable renewal outcomes, and improved negotiating leverage for many insureds. Favorable reinsurance results have allowed for rate stabilization and coverage enhancements for general liability placements.

General liability underwriters increasingly favor educational institutions that can demonstrate strong governance, effective campus safety programs, robust abuse prevention protocols, disciplined contractual risk transfer practices, proactive claims management, well-maintained facilities, and comprehensive oversight of athletics and student activities.

Beyond favorable loss experience, carriers are looking for evidence that risk management is embedded throughout the organization and supported by documented policies, training, accountability, and continuous improvement efforts.

Institutions should continue to evaluate alternative risk financing solutions alongside commercial insurance programs to effectively manage liability exposures and ensure adequate protection against long-tail liabilities.

Unique program designs and standalone programs for sexual abuse and molestation are becoming more common for schools as they look to position themselves for the future.

UNDERWRITING FOCUS AREAS:

- Legal jurisdiction
- Student supervision protocols
- Injury prevention and risk management programs
- Athletic program oversight and participant safety
- Campus security and emergency response planning
- Abuse and molestation prevention measures
- Third-party facility use and contractual risk transfer
- Incident reporting and claims management practices
- Properly maintained facilities

Umbrella & excess liability

The umbrella and excess liability marketplace has improved as new capacity enters the education sector and competition among insurers increases.

MARKET OUTLOOK

Improving

Rate increases are stabilizing, and coverage enhancements are becoming more achievable for well-managed educational institutions.

After years of reducing coverage limits and accepting higher retentions to manage rising insurance costs, many educational institutions are now regaining coverage and improving program terms as market conditions stabilize and underwriting capacity expands.

Educational institutions have benefited from greater insurer participation and improved renewal negotiations compared to prior years. The continued expansion of managing general agents (MGAs) and managing general underwriters (MGUs) has contributed additional capacity and competition within the excess liability marketplace for educational institutions.

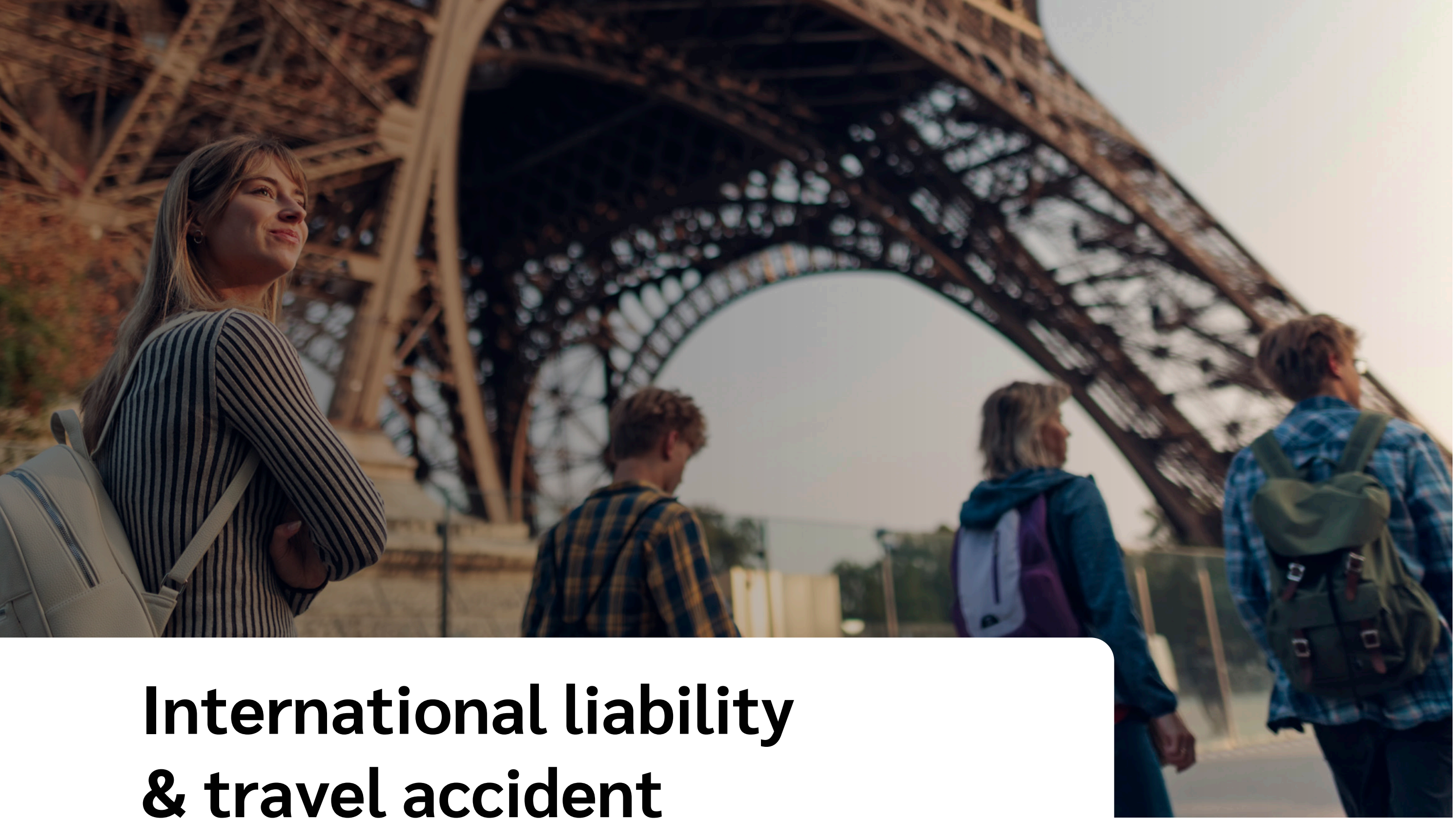
Institutions should continue to evaluate their risk tolerance and the cost/benefit of retaining excess layers or funding them through insurance.

Although improving, underwriters continue to monitor and evaluate rising defense costs, nuclear verdicts, the effects of third-party litigation funding, and institutional distrust. These factors will continue to influence the umbrella and excess liability market for institutions.

Tort reform remains a critical issue for excess liability insurers as increasingly severe jury awards and litigation trends continue to challenge underwriting profitability. Greater consistency in the legal environment would help stabilize pricing, preserve marketplace capacity, and improve long-term affordability for educational institutions and other insureds.

UNDERWRITING FOCUS AREAS:

- Legal jurisdiction
- Abuse and molestation exposures
- Transportation exposures
- Reputational risk and controls
- Active assailant risk
- Athletic programs
- Special events
- Research and travel exposure
- Risk management practices and investment in safety



International liability & travel accident

MARKET OUTLOOK

Favorable to stable

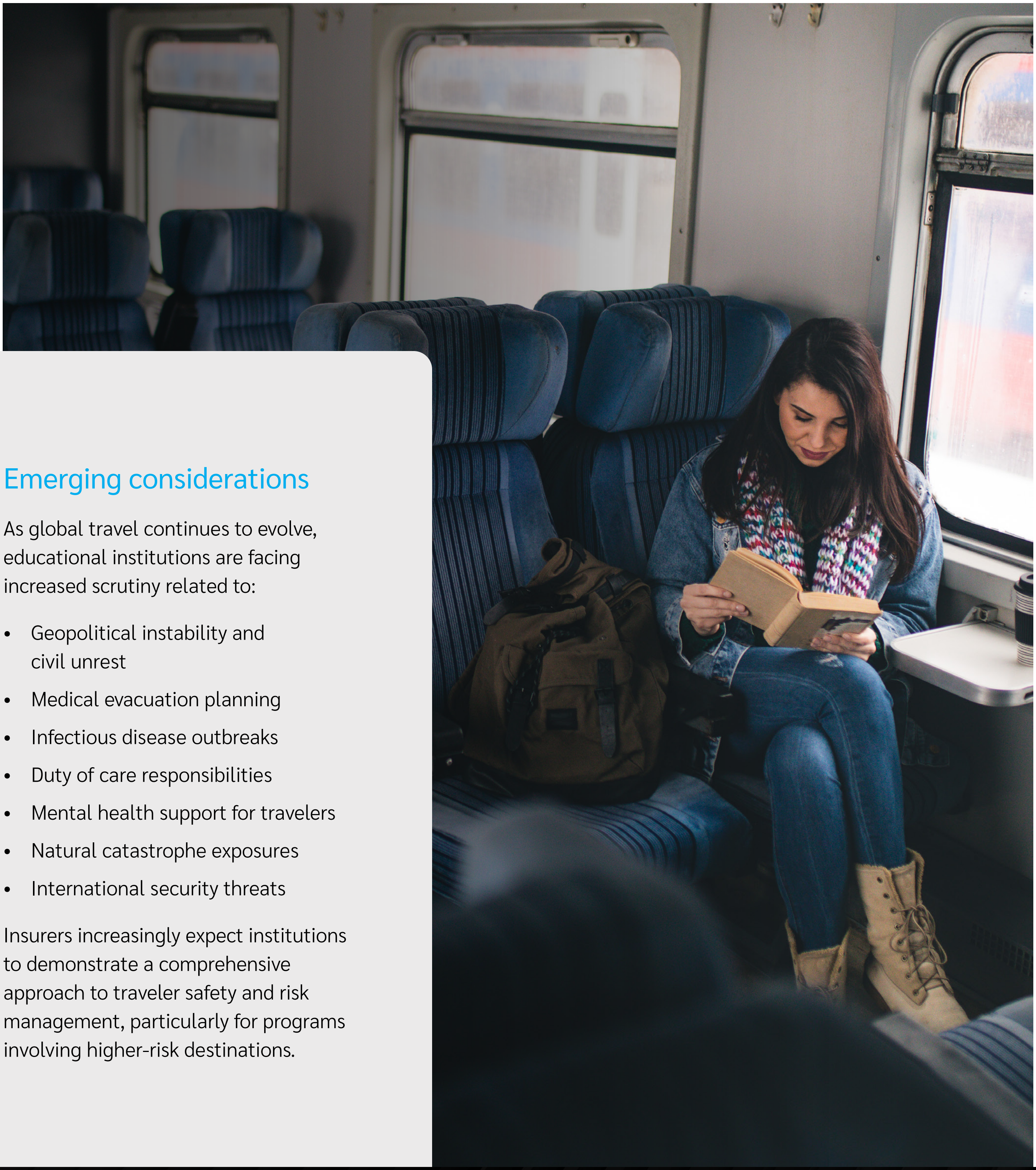
While educational institutions continue to operate in an increasingly complex and interconnected global environment, market conditions remain stable and competitive. Strong insurer appetite and available capacity continue to support educational institutions across a wide range of exposures.

As international travel programs, study abroad opportunities, faculty travel, service-learning trips, athletic travel, and global research initiatives continue to expand, insurers remain supportive of education-sector risks that demonstrate strong travel risk management practices.

Market capacity remains healthy, and competition among carriers has contributed to favorable renewal conditions for many institutions. While pricing has generally remained stable, underwriters are placing greater emphasis on destination-specific exposures, geopolitical risks, emergency response capabilities, and traveler safety protocols.

Institutions with robust travel risk management programs, clear duty of care protocols, and established emergency response capabilities are likely to achieve the most favorable underwriting outcomes and renewal terms.

The insurance market for foreign package and travel accident coverage continues to scrutinize institutions operating in or traveling to active conflict territories. Total war exclusions are becoming increasingly common, making it important for schools to work closely with their brokers and stakeholders to understand coverage limitations and maintain appropriate protection for international travel exposures. Exceptions to these exclusions can be achieved with the proper underwriting information and appropriate controls in place.



Emerging considerations

As global travel continues to evolve, educational institutions are facing increased scrutiny related to:

- Geopolitical instability and civil unrest
- Medical evacuation planning
- Infectious disease outbreaks
- Duty of care responsibilities
- Mental health support for travelers
- Natural catastrophe exposures
- International security threats

Insurers increasingly expect institutions to demonstrate a comprehensive approach to traveler safety and risk management, particularly for programs involving higher-risk destinations.

UNDERWRITING FOCUS AREAS:

- Study abroad programs
- International student and faculty travel
- Athletic team travel
- Service-learning and mission trips
- Traveler tracking and communication systems
- Emergency evacuation and crisis response planning
- Political and security risk exposures
- High-hazard destination management
- Medical assistance and travel security resources
- Abuse and molestation prevention measures
- Vetting of third-party lodging

Educators legal liability & employment practices liability

MARKET OUTLOOK

Moderately challenging

The executive and management liability marketplace continues to stabilize, although insurers remain focused on student- and employment-related exposures.

Educational institutions continue to experience heightened educators legal liability (ELL) and employment practices liability (EPL) exposures driven by workforce challenges, discrimination allegations, Title IX matters, accommodation requests, and increased employee expectations regarding workplace culture and inclusion.

Recruitment and retention pressures, combined with ongoing faculty and staff shortages, have increased the potential for claims involving wrongful termination, retaliation, harassment, wage and hour disputes, and failure to accommodate disabilities or mental health concerns.

In addition, regulators and plaintiffs' attorneys continue to scrutinize institutional employment practices, making documentation, training, and consistent policy enforcement critical components of risk management.

Other significant trends include the growing focus on governance, student-related allegations, increased activity related to ghost students, regulatory compliance, particularly surrounding Title IX, student accommodations, and board decision-making.

Educational institutions are facing increased scrutiny regarding how complaints are investigated, how disciplinary actions are administered, and whether policies are applied consistently across employees and students.

Underwriters are placing greater emphasis on human resources practices, governance frameworks, employee training programs, and documentation procedures while also monitoring emerging risks associated with artificial intelligence, student and employee mental health, and evolving employment regulations. Institutions that demonstrate strong governance, effective complaint-handling processes, and proactive risk management continue to achieve the most favorable underwriting outcomes.

Lastly, underwriters are increasing their scrutiny of antitrust and regulatory exposures, placing greater emphasis on organizations' compliance and governance practices.

UNDERWRITING FOCUS AREAS:

- Legal jurisdiction
- Human resource practices
- Title IX compliance
- Board of governance
- Student accommodation processes and documentation of support provided
- Employee training programs
- Documentation and investigation procedures
- Mental health services access to employees and students

Cyber liability

MARKET OUTLOOK

Favorable

The cyber insurance marketplace remains competitive, supported by improved insurer profitability and increased market capacity.

Organizations that have implemented strong cybersecurity controls continue to benefit from favorable underwriting outcomes and increased carrier competition.

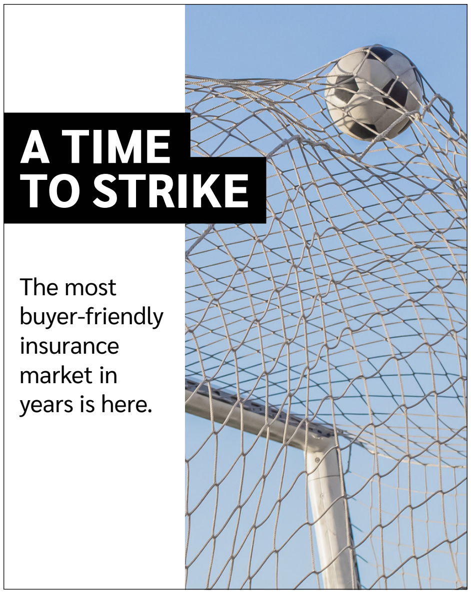
Cybercriminals target educational institutions because of the significant amount of student, employee, financial, and research data they maintain. Ransomware, business email compromise, and privacy-related incidents continue to be primary concerns for insurers.

While ransom trends continue negatively, more and more organizations who have benefited from fully air-gapped backups, have moved away from paying ransoms. At the same time, schools are rapidly becoming targets to very large and sophisticated social engineering activity, creating a significant spike in losses in this space.

Despite these risks, insurers are providing competitive solutions for organizations that demonstrate cybersecurity maturity.

KEY RISK MANAGEMENT CONTROLS:

- Multifactor authentication (MFA)
- Endpoint detection and response (EDR)
- Security awareness training
- 24/365 Security Operations Center (SOC) in place and fully staffed around the clock for continuous monitoring
- Addressing truth and advertising exposures
- Media liability controls and exposure to music and downloaded materials
- Incident response planning
- Data backup and recovery procedures
- Vendor risk management
- Exposures to AI



Explore our July 2026 Lockton Market Update

For more detailed information regarding the overall property and casualty market status, please visit *Lockton's July 2026 Market Update*.

LEARN MORE

Lockton at a glance

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17
CONSECUTIVE YEARS AS BEST PLACES TO WORK

UNCOMMONLY INDEPENDENT

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