

HUB 2023

# Outlook.

# Healthcare



**In diagnosing healthcare risks, providers will take nothing for granted.**



Risk & Insurance | Benefits & Retirement | Private Client

# What's covered...

## **Introduction**

## **What to Expect in 2023**

Vitality

Resiliency

Workplace Safety

## **Make a Plan**

Employee care

Re-emphasize safety

Prepare against cybercrime

Broker transparency

## **Be Prepared**

2023 Industry Outlook and Insurance  
Market Rate Report

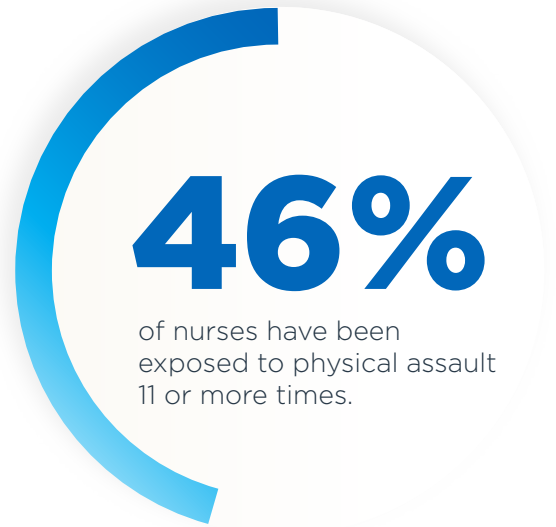
## **About HUB**

HUB Healthcare

Setting the Scene

# Finding opportunity amidst the disruption.

Healthcare organizations are facing more risk and disruption — labour shortages, rising cybercrime, supply chains under duress and safety issues. The ongoing threat of violence at healthcare facilities continues to grow. But even with these pressures, healthcare providers and institutions will find opportunities to thrive in 2023.



Canadian Federation of Nurses Union, "[Workplace Violence](#)," accessed October 8, 2022.

## What to Expect in 2023

Even as pressures mount, healthcare organizations will find opportunity. Those that invest in their people and in creating a better workplace will have an edge over peers. Detailed risk management strategies will help healthcare organizations remain resilient despite the many pressures they face.



# The industry will turn to improved compensation and benefits to find workers.

The dearth of healthcare workers has reached epidemic levels. Although this trend predates the pandemic, it has since gotten worse. In the second quarter of 2019, there were more than 10,000 nursing vacancies across Canada. Two years later, that number had climbed to 22,400.<sup>1</sup>

Other healthcare professions, from physicians to lab technicians to home health aides, are experiencing similar shortages. Senior care facilities also are having difficulty battling burnout and finding qualified staff.

The structural issues involved — employee burnout, suboptimal working conditions, a thin educational pipeline of healthcare professionals — require long-term solutions. However, senior care and hospitals do have options to ease staffing shortages in the near term.

Namely, they can boost their recruiting and retention immediately through improved pay and benefits. Beyond raising pay, a strategy offering personalized benefits that meet individual employee needs can give providers a competitive advantage in attracting and keeping talent.



With other career opportunities available in healthcare, health systems need to show employees — especially clinicians and nurses — compelling reasons to work in a high-stress environment. Flexible scheduling, childcare and eldercare support and financial wellbeing programs will engender loyalty from employees often overburdened by patient needs.

1. Statistics Canada, "[Job vacancies, second quarter 2021](#)," September 21, 2021.



# Emerging risks will stress provider resilience.

Healthcare providers' resilience will be further tested in 2023. In addition to maintaining health protocols to ensure a high level of patient care, the COVID-19 pandemic transformed delivery models. The chronic labour shortage is forcing institutions to rethink their missions; some are limiting emergency room hours or closing on weekends.

Previous risks viewed as peripheral have become major concerns, such as weather-related events, power failures and cyber risk.

Even more important: Remaining a trusted provider that can deliver care, no matter the circumstances.

The ability for healthcare organizations to deliver care reliably in 2023 will depend on their ability to improve disaster preparedness to account for more frequent weather events, expand their vendor base to deal with chronic shortages and improve cybersecurity.

Insurance rates will reflect the additional risks. Property coverage could increase as much as 20% in 2023 — the result of increasing reinsurance costs because of an increase in catastrophic events — and even higher in areas with high exposure to extreme weather. With 86% of Canadian organizations affected by cyberattacks in 2021,<sup>2</sup> the cost of cyber insurance could increase as much as 40% for providers.

*The ability for healthcare providers to deliver care reliably will depend on their ability to manage risk.*

Healthcare providers also may see a new threat to their resiliency: competition. Ontario is allowing public money for surgeries at private clinics and taking other measures to reduce wait times for care.<sup>3</sup> Although limited, the move may be the precursor to a competitive landscape, not only in Ontario but nationwide.

2. Cyberedge Group, "[2021 Cyberthreat Defense Report](#)," August 1, 2022.

3. CBC, "[Ontario to fund more private clinic surgeries, send patients to temporary LTCs to ease health-care pressures](#)," August 18, 2022.



# Remaining a trusted provider requires better risk management.

The prevalence of workplace violence from patients and visitors continues to exact a high price on healthcare, exacerbating the labour shortage. Managing this risk will be imperative in 2023.

Violence against nurses has been particularly troubling. Approximately 63% of healthcare workers have experienced physical violence while at work;<sup>4</sup> the situation is so bad in Ontario that a bill was recently reintroduced to protect healthcare workers against reprisal when they report incidents of workplace violence.<sup>5</sup> While the measure is not expected to become law, the bill points to the severity of violence against healthcare workers.

The hidden costs of these incidents include emotional distress, depression, isolation and anxiety. The issue is so widespread that 93% of nurses have reported experiencing mental health issues as a result of an act of physical violence — and 46% of all nurses were exposed to physical assault more than 11 times.<sup>6</sup>



Healthcare accreditation organizations have issued new workplace violence standards that highlight updated safety measures and mitigation plans that identify triggers and include the implementation of appropriate physical safeguards.<sup>7</sup>

Creating a safe environment can help bring a sense of safety and security to the workplace when it's needed most.

4. Canadian Occupational Safety, "[Hospital staff subjected to increasing violence: Report](#)," July 19, 2022.
5. Canadian Union of Public Employees, "[Reintroduction of NDP bill to protect healthcare workers from reprisals for speaking out against workplace violence needed now more than ever](#)," August 24, 2022.
6. Canadian Federation of Nurses Union, "[Workplace Violence](#)," accessed October 8, 2022.
7. The Joint Commission, "[R3 Report: Workplace Violence Prevention Standards](#)," June 18, 2021.



# Make a plan

HUB healthcare specialists will work with you to develop a tailored strategy that will protect the bottom line, support your workforce and build resiliency for 2023. Here are some initial considerations:



## **Take better care of employees.**

Employees — especially healthcare workers — expect you to support their health, safety and wellbeing. Give them the ability to personalize their benefits without increasing costs, which will give you a competitive advantage for talent.



## **Re-emphasize safety.**

In an era of labour shortages, workplace violence and increased patient litigation, taking care of patients and employees is essential. Train and onboard employees to understand expectations and commit to maintaining a safe work environment.



## **Steel yourself against cybercrime.**

Cyber criminals have targeted healthcare providers, both large and small. Implementing security measures such as two-factor identification, endpoint detection and response (EDR) and periodic security audits will be necessary for providers to secure cyber insurance.



## **Be transparent with your broker.**

Let your broker know what changes you've made to the organization, so there are no surprises at renewal. Review exposures and insurance needs at least 90 days prior to policy renewal, so your broker can identify the best options.



# Be Prepared

HUB International analyzes proprietary national survey data and interviews commercial insurance brokers and risk services consultants to create an annual rate outlook for Canada.

On the next page is our outlook on insurance rates in Canada for 2023. Discuss your business exposures with your HUB insurance broker to understand what to expect in advance of your next renewal.



# Rate Outlook — Canada

Coverage	2023 Canadian Rate Outlook	Insights
<b>Automobile</b>	↑ 5%	<p>Automobile rates in Canada will slightly increase. Fleets may expect to see more aggressive pricing by new entrants to the marketplace.</p> <p>Quebec policyholders may see more favourable rates and better terms.</p> <p>Rates for policyholders in provinces with public auto will remain mostly flat.</p>
<b>Liability</b>	↑ 5% to 10%	<p>Policyholders could see increases of up to 10% in general liability depending on class and loss experience. Companies with good loss experience may see rate reductions.</p> <p>An increasingly competitive medical malpractice marketplace has driven down rates. Policyholders are likely to see flat rates or small drops.</p>
<b>STRATA/Condo</b>	↑ 5% to 10%	<p>Property valuations are rising 7% to 10%, and although insurance rates remain relatively flat, the increasing valuations may lead to rate hikes of 5% or more to account for rising claims costs.</p> <p>Capacity has historically been limited, but more competition is entering the marketplace. However, this may be short lived with the market for catastrophe reinsurance hardening.</p> <p>Quebec policyholders will see rate increases of 5% to 10% as capacity remains limited.</p>
<b>Umbrella &amp; Excess Liability</b>	↑ 5% or higher	<p>Rates will increase 5% or more depending on class and loss experience. Best-in-class policyholders will see flat renewals or slight rate upticks based on increased exposure.</p>
<b>Property</b>	↑ 10% or higher	<p>Best-in-class insureds will have more modest increases, with escalating competition for new business commercial property (Class A &amp; B).</p> <p>Quebec insureds will see 5% increases but can expect better terms.</p> <p>Insurers are focused on insurance to value with rising inflation; clients will experience higher premiums due to an increase in building values.</p>
<b>Directors &amp; Officers</b>	↑ 5% to 10%	<p>Rates will depend on the strength of an insured's financials and industry outlook. Clients that restructure placement may be able to secure premium reductions.</p> <p>Quebec insureds will see rates of 15% or higher due to legal defense cost payouts.</p> <p>D&amp;O coverage will be challenging for healthcare and particularly long-term care. Insureds in those sectors can expect rate increases of 10% to 20%.</p>
<b>Cyber Liability</b>	↑ 10% or higher	<p>Rates will increase from 10% to 200% based on cyber controls, loss history and industry.</p> <p>Healthcare will see rate increases for cyber coverage of 200% to 300% as carriers reduce capacity.</p>
<b>Environmental</b>	↑ 5% to 10%	<p>Capacity restrictions for certain risks and increasing claim severity remain a challenge.</p>
<b>Inland Marine</b>	↑ 5% to 10%	<p>Rising accident frequency and severity will prompt continued rate increases in this sector.</p>

# Industry Perspective Rate Outlook — Canada

Industry	2023 Rate Outlook	Insights
<b>Agribusiness</b>	↑ 5% to 10%	Regional mutual insurers are the primary providers in agribusiness. Livestock will see rates rise 10% to 15% at renewal due to decreased capacity and market appetite.
<b>Cannabis</b>	↑ Flat to 5%	<p>For the past four years, rates in this emerging market have been high primarily due to lack of capacity, but in 2023 further rate increases will be minimal.</p> <p>D&amp;O and cyber will remain challenging, with limited capacity due to few carriers writing business in this industry. Although competition in the D&amp;O market is increasing, expect rate increases of 10%, depending on the insured's financial health.</p> <p>Property and liability rates will rise 5% to 10% due to rising construction costs.</p>
<b>Construction</b>	↑ 5% to 10%	<p>Supply chain delays, labour shortages and rising inflation will continue to drive construction costs up for both commercial and residential projects. Rates will rise about 5% depending on risk, largely due to higher property valuations affecting premiums.</p> <p>The lack of skilled workers is likely to result in higher liability rates.</p>
<b>Entertainment</b>	↑ 5%	<p>The industry is facing reduced coverage, increased deductibles and limited coverage options, with rates rising 5% to 10% in 2023. However, rates are beginning to stabilize.</p> <p>In auto (touring), higher levels of claim frequency and severity have resulted in decreased carrier appetite.</p> <p>Larger venues may struggle to find sufficient coverage.</p>
<b>Financial Institutions</b>	↑ 5% to 10%	<p>Rates for general partnership liability coverage will increase 5% to 10%. Portfolio company private D&amp;O renewals will likely have flat to 10% rate increases, although insureds that agree to increase retentions may see rate decreases. Financial institutions with significant long-term debt may see increases at renewals of 20% or higher.</p> <p>Cyber rates will continue their ascent and insureds can expect premium increases of 20% to 40%, although some institutions could see rates rise as much as 300%.</p>
<b>Healthcare</b>	↑ 10% to 20%	<p>Until we see the impact of increasing interest rates, inflation will drive up the cost of premiums. The trend toward adding components of private healthcare will continue to change the healthcare landscape in Ontario, and other provinces may follow.</p> <p>A softening market in senior care will keep property rates flat for that sector. However, inflation will continue to drive up building valuations, increasing costs.</p>
<b>Hospitality</b>	↑ 10% to 20%	<p>Rising building valuations — up 10% compared with the prior year — may continue.</p> <p>Protected property risks will see rates rise 5% while challenged properties can expect rate increases of 10% or greater. The double-digit rate increases in liability in recent years have waned, mostly due to increased risk management protocols by insureds.</p> <p>Capacity for liquor liability continues to be challenging.</p>

# Industry Perspective Rate Outlook — Canada

Industry	2023 Rate Outlook	Insights
<b>Nonprofit</b>	↑ 10% to 20%	Supply chain delays, reduced government funding, labour shortages and a potential recession will challenge nonprofit organizations.  The availability of liquor liability coverage for hosting private and public events remains limited.  Rates for umbrella and cyber coverage are likely to increase in excess of 30%.
	↑ 5% to 10%	All insureds will face increased underwriting scrutiny on insurance to value. Premium costs are increasing due to rising construction costs and supply chain delays. With fewer carriers competing for business, some insureds will need to evaluate their total insurance budget and limits purchased. Best-in-class properties with sound business continuity plans will move to the top of the underwriting pile.
<b>Real Estate</b>	↑ Flat to +10%	<b>Residential and Multifamily:</b> Best-in-class residential realty will find increased capacity in the market and may obtain rate reductions, but underwriters remain disciplined in this industry. Overall premiums are up as insurance to value and reconstruction costs have increased.
	↓ Flat to -5% Best-in-class	<b>Commercial real estate:</b> More insurers have entered this space, and best-in-class-properties can expect rate reductions.  Older properties, catastrophe-exposed properties and insureds with poor loss experience can expect high levels of underwriter scrutiny.  Deductibles for flood and earthquake exposures will rise to limit carrier exposure.  In Manitoba and Saskatchewan, rates for framed realty will rise 10% to 15%, with inflation potentially pushing premiums higher.
<b>Sports</b>	↑ 10% to 20%	Capacity remains limited in the industry. With few new entrants to the marketplace, rates will continue to rise.
<b>Transportation</b>	↑ 5% to 10%	The market is more stable than in the past few years, and best-in-class insureds will see better terms and conditions. However, insurer interest in the trucking segment remains limited across the provinces.  Umbrella coverage will remain challenging, particularly for transportation companies with exposure in the U.S.  Auto dealerships will continue to struggle for coverage, with rates rising 15% or more in 2023.

**NOTE: Rate** is typically defined as the amount of money necessary to cover losses, expenses and provide an insurance company with a profit for a unit of exposure. **Exposure** refers to a business' or individual's susceptibility to various risks encountered daily. Carriers evaluate the level of risk an insured faces in calculating insurance premiums.

## HUB Healthcare

When you partner with us, you're at the centre of a vast network of experts who will help you reach your goals. For more information on how to manage your insurance costs, reduce your risk and take care of your employees, talk to a HUB healthcare insurance specialist.

**\$932M**

in commercial insurance  
premium brokered by HUB

**18,565**

healthcare clients

**43,490**

insurance policies  
managed

**Stay up to date**

Subscribe to receive healthcare insights  
and event invitations throughout 2023.

Subscribe