

Outlook 2025

Healthcare

Risk management will be the right prescription to give providers stability as current threats intensify and new ones emerge.



What to Expect in 2025

Medical inflation and record-high pharmaceutical costs will continue to pressure economic viability at every level of healthcare — and lead to changes in the utilization of private healthcare. The labour shortage has become endemic, and healthcare organizations will continue to struggle with staffing. Climate change, an uncertain political environment and cybercrime add yet more difficulties in maintaining resiliency. Providers that have a rigorous focus on enterprise risk management and insurance coverage design can improve their health in 2025.

\$17.4 billion

Total spending on prescription drugs by Canada's public drug plans in 2022-2023¹

1. Canadian Institute for Health Information, "[Pan-Canadian Prescription Drug Data Landscape](#)," March 2024.

Healthcare organizations will explore novel sources of revenue to ensure viability.

In 2025, high medical cost growth will create fiscal difficulties for providers, particularly hospitals. In fact, Canadian hospital expenditures increased 11% in 2022 and 4% in 2023, outstripping inflation.²

And annual increases of 5% between 2018 to 2019 and 2022 to 2023 for prescription drug prices have been difficult for providers and patients, with one in five Canadians unable to afford their prescriptions.³

Meanwhile, chronic underfunding and long wait times for healthcare have caused a crisis of confidence in the federal and provincial governments' ability to keep the public system viable. And the emergence of private healthcare — at times reimbursed by the government — isn't guaranteed to secure additional resources or reduce wait times in the public sector.⁴

Healthcare executives are fully aware of the fiscal challenges facing them. According to the HUB International 2025 Outlook Executive Survey,⁵ 48% of Canadian healthcare executives identified rising costs as a major threat to their economic viability, behind only concerns about AI and business disruptions.

Rural hospitals remain in their own category of distress, and labour shortages have forced closures of emergency rooms and other services.⁶ While programs put into effect during the COVID-19 pandemic to help providers have been extended several times, the country is still seeking a long-term solution.⁷

Instead of relying on government reimbursements to fix their fiscal woes, healthcare organizations can look at mining potential new revenue streams. For instance, there are emerging opportunities to provide support services to the life sciences and clinical research sectors as these partnerships can be extremely lucrative and provide a lifeline for institutions.



But with the rewards come risks: A third-party financial loss tied to a mismanaged drug trial protocol, for example, is typically excluded from healthcare policies. Such opportunities can quickly become headaches without counsel from an experienced broker with knowledge in the healthcare and biopharma industries.

2. Canadian Institute for Health Information, "[National Health expenditure trends, 2023 – Snapshot](#)," November 2, 2023.
3. Canadian Institute for Health Information, "[Pan-Canadian Prescription Drug Data Landscape](#)," March 2024.
4. Toronto Star, "[Are private health care providers breaking the law? Four doctors speak out on for-profit care in Canada](#)," October 2, 2024.
5. HUB's Outlook Executive Survey polled 900 C-Suite and VP-level executives on the issues facing them on profitability, employee vitality and organizational resilience.
6. CBC, "[Canadian ERs keep closing this summer – but there's no easy fix](#)," August 17, 2024.
7. CityNews, "[Ontario extends program that helps rural and northern hospitals avoid ER closures](#)," March 22, 2024.

Employee shortages will continue. Can providers find a cure?

The long-term labour shortage will continue to affect healthcare organizations' services, finances and overall work environment.

In 2023, the costs of physicians and other medical professionals reached 23% of total health expenditures in Canada, second only to the cost of running hospitals.⁸ The high expenditure on labour is expected through 2025.

Even with the amount of spending on salaries, medical professionals are still in short supply. In Ontario, where the situation is more dire than in other provinces, the shortage of registered nurses hit 26,000, a gap that has widened 3% since 2022.⁹ Meanwhile, the shortage of long-term care workers, critical for helping the country's aging population, has degraded care and put facilities at risk.¹⁰

High salaries can't address worker burnout, an issue affecting more than three-quarters of public health workers in Canada.¹¹ And the growing severity and frequency of violence against healthcare workers drains their emotional health and industry resources.

For all their promise, artificial intelligence and technology can't supplant absent workers. A cure will require public efforts to address educational shortfalls and private efforts to improve working conditions, including a strategy that creates an optimal employee experience through [personalized benefits](#).

Especially important to healthcare employees are enhanced mental health services, increased safety and improved working conditions. These benefits can help prevent burnout, increase a sense of being valued and improve work-life balance — some of the most common reasons healthcare workers leave the profession.¹²

Healthcare organizations need to explore other long-term strategies to address staffing concerns. For instance, health systems can partner with nursing schools to design programs that offer the opportunity for employment upon graduation.¹³ And telehealth has continued to be an important method for delivering care, especially in areas outside major metropolitan areas, where there aren't enough physicians to care for the population.¹⁴

8. Canadian Institute for Health Information, "[National Health Expenditure Trends, 2023 - Snapshot](#)," November 2, 2023.
9. RNAO, "[CIHI data reveals critical nursing shortage in Ontario](#)," July 25, 2024.
10. Canadian Association for Long Term Care, "[CALTC Health Human Resources Insight: The Unique Challenges of Staffing in Long-Term Care Homes](#)," May 26, 2023.
11. BMC Public Health, "[Burnout among public health workers in Canada: a cross-sectional study](#)," January 2, 2024.
12. Financial Post, "[Young nurses are leaving over working conditions, study says](#)," October 20, 2024.
13. University of Miami, "[University of Miami and Steward Health Care Launch Clinical Education Partnership](#)," August 2022.
14. Canadian Institute of Health Information, "[Virtual Care in Canada: Strengthening Data and Information](#)," 2022.

In an environment rife with risk, sophisticated risk management will drive resiliency.

If revenue shortfalls and the labour shortage weren't enough, threats ranging from climate change to an unsettled regulatory environment will test healthcare organizations' resiliency in 2025.

Climate change, for one, has sparked heatwaves, wildfires, convective storms and other issues that disrupt operations and put people at risk. Globally, the healthcare system faces total climate change-related costs of \$1.1 trillion by 2050.¹⁵

That's played out in insurance rates. Following years of double-digit rate increases for property-casualty, liability and catastrophe coverage, the market has settled somewhat, with reductions in some geographies.

Globally, medical professional liability (MPL) insurance carriers were unprofitable in 2023,¹⁶ and those pressures appear to be continuing in 2024, which could lead to rates rising 15% or more in 2025. Jury awards of \$10 million or more — so-called “nuclear verdicts” — are more prevalent in the litigious U.S. than Canada, but the trend doesn't stop at the border. Driven by social inflation, the amounts awarded in nuclear verdicts are also increasing, making underwriters hesitant to fully cover liability for a single client.

Institutions are advised to employ hazard vulnerability analyses to inform long-term infrastructure planning and ensure their structures can handle extreme weather events that will affect roads, flooding and roof integrity. In addition, healthcare organizations may need to retrofit facilities to ensure catastrophes do not impede care.

Then there's compliance risk, which already requires a disciplined and rigorous approach to abide by federal, provincial and local regulations. And healthcare

Case Study

A HUB client, an independent healthcare system, needed direction on aligning the goals of their risk management division with their overall corporate goals. HUB conducted a thorough analysis to identify major risk factors to the division. In doing so, the healthcare system was given a blueprint, thereby setting up their ERM process for success.

organizations seeking to boost revenues through partnerships with life science companies must ensure they are compliant with all regulations lest they risk sanctions, fines and the prospect of becoming uninsurable.

To stay resilient over the long haul, enterprise risk management (ERM) has become essential for the healthcare industry. Reviewing the fundamentals of what's insurable and what can be retained or transferred is only part of ERM. Assessing and managing the scope of potential risks makes organizations more resilient and gives underwriters more reasons to look favourably on insureds.

15. World Economic Forum, [“This Earth Day we consider the impact of climate change on human health,”](#) April 22, 2024.

16. Fitch Ratings, [“US Medical Professional Liability Insurance Underwriting Loss Widens,”](#) June 10, 2024.

Better safeguards against cyber breaches will take on new urgency.

Cybercrime costs healthcare more than any other industry — and it's not even close.

The average data breach for a healthcare organization between March 2023 and February 2024 cost US\$9.8 million, compared to US\$5.9 million for financial institutions and US\$4.7 million in the industrial sector. The cost of a healthcare breach is down from the same period a year earlier, when it was US\$10.9 million, but the sector remains the biggest target for cybercrooks.¹⁷

Because digital technology drives medical efficiency and effectiveness, it has become ubiquitous in healthcare settings worldwide. That massive footprint has made healthcare an attractive target for cybercriminals.

But the impact of cyberattacks on healthcare can cut far deeper than money. For example, a ransomware attack on five southwestern Ontario hospitals in the fall of 2023 compromised private information for hundreds of patients. Entire systems within hospitals were shut down, leading to cancellation of surgeries and other procedures, including radiation treatments for cancer patients.¹⁸

That kind of cyberattack puts patient care at risk, potentially leading to claims for medical professional errors, enterprise failures and management malpractice, affecting directors and officers.

Just as concerning are attacks on vendors: In February 2024, a data breach at American drug distributor Cencora affected its partner Innomar Strategies in Canada, revealing personal health information such as diagnoses and medications, as well as health and insurance numbers.¹⁹ A similar data breach at the First Nations Health Authority in British Columbia revealed similar information about indigenous Canadians across Western Canada.²⁰



In the face of such threats, how can healthcare organizations minimize the risk? There are three essential elements to staying resilient against cyberthreats: thorough contingency plans; improved cybersecurity for new tools and software and vetting cybersecurity controls of third-party vendors; and staff training to help keep bad actors out of the system.

Insurance underwriters are examining the above steps before issuing coverage, as well as mandating two-factor authentication and stringent internal policies governing email and social media.

It's essential to have an insurance broker who understands the scope of risks to healthcare organizations in this environment. But the right coverage for cybercrime is only one piece of the puzzle. Risk management that accounts for threats from within, vendors and bad actors alike can help ensure resiliency against cyberattacks that could potentially derail an organization.

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

18. CBC, "[Southwestern Ontario hospital cyberattack cost organizations at least \\$7.5M](#)," August 30, 2024.

19. Fierce Pharma, "[Data breach at pharma partner Cencora puts sensitive patient information at risk](#)," May 28, 2024.

20. CBC, "[Cyber breach exposed personal data: Indigenous health authority](#)," October 7, 2024.

Navigating Your Next Steps

HUB healthcare insurance, risk management and employee benefits professionals will work with you to develop a tailored strategy that will protect the bottom line, support the vitality of your workforce and build resiliency for 2025. Here are some initial considerations:

1

Thoughtfully lean into risk.

As risks in healthcare have increased, so have premiums. A higher deductible can reduce premiums and improve experience rating, while an alternative risk transfer vehicle can also help lower costs. Ask your broker what kind of insurance options meet your needs, whether that's professional medical liability, property or catastrophe coverage.

Employees — especially healthcare workers — expect you to support their health, safety and wellbeing. A personalized benefits strategy based on fostering [quality employee experiences QEX](#) will boost engagement, recruiting and retention and lower risk.

2

Increase engagement through benefits.

3

Prepare for the unexpected.

Climate change, the need to protect workers against violence and increasing cybercrime mean that healthcare organizations need to ensure they have proper protections against disasters and contingency plans if disasters occur. Collaborating with your broker to develop a comprehensive enterprise risk management strategy is a first step in ensuring resilience.

Understand the root cause of your large losses and explain to carriers what you're doing to prevent future losses. Develop a strategy with your insurance broker to determine the best time and frequency to review alternative markets.

4

Understand your loss trends.

5

Be transparent with your broker.

Let your broker know what changes you've made to the business, 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.

Canada Commercial Rate Guide

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

Below is our outlook on insurance rates in Canada for 2025. Discuss your business exposures with your HUB insurance broker to understand what to expect in advance of your next renewal.

Coverage	2025 Canadian Rate Guide	Insights
Commercial Automobile: One to five vehicles	Flat to +5%	Inflation and vehicle thefts continue to push rates upward. Rate increases are being filed in most provinces due to an increase in the frequency of claims and the amount of repair bills rising.
Commercial Automobile: Six or more vehicles	Flat to +5%	Inflation and theft continue to put pressure on rates. An increase in the frequency of claims and higher repair costs have driven rate increases.
Liability	-5% to Flat	Better performance in general liability has helped insurers offset losses in property insurance. Terms and pricing are more flexible as carriers seek to diversify their business.
Excess Liability	Flat	Excess liability premiums remain stable and in some cases are falling, with variability depending on exposure and attachment points. Excess layers with U.S. exposure may see rates increase.
Commercial Property	-10% to Flat	Most segments in commercial property are seeing rate reductions, but property in catastrophe-prone zones is still experiencing rate increases. Rebuilding costs have steadied, but undervalued properties remain a concern, as these properties may not be insured to cover full rebuilding and replacement costs.
Residential/Habitational Property	Flat to +5%	In light of recent natural catastrophes, premium increases and stricter terms and conditions are expected to continue.
Catastrophic Perils	Flat to +5%	Given the increased frequency and severity of weather events, rate increases are expected in catastrophe-prone areas. Climate change continues to push rates higher.
Environmental	-10% to Flat	The environmental insurance market remains favourable as insurers are eager to write new business. However, terms are tightening; insureds need to carefully review exclusions and restrictions at renewal.
Directors & Officers: Private	-10% to Flat	D&O coverage for private companies remains soft with ample capacity as carriers compete to keep business. Rates will be flat at renewal or dropping when there's competition for the business.

Canada Commercial Rate Guide

Coverage	2025 Canadian Rate Guide	Insights
Directors & Officers: Public	-10% to Flat	Public companies continue to see rate cuts or no increases at all due to increased competition. There is plenty of capacity, and underwriters are pricing with favourable terms and conditions.
Cyber Liability	-10% to Flat	Rates continue to reflect improvement in the cyber market. Carriers will lean toward flat rates at renewal unless competition for business drives rates downward.
Inland Marine	-5% to Flat	Despite trending downward overall, rates are rising in some geographies, largely due to the increased frequency and severity of weather events in catastrophe-prone locations, as well as an increase in theft.

NOTE: *Rate* is typically defined as the amount of money necessary to cover losses and expenses while providing 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.

Industry Perspective

Business	2025 Rate Guide	Insights
Agribusiness	-10% to +5%	Additional property capacity is available for best of class construction and protection. Unprotected frame properties remain challenging to cover.
Cannabis	-10% to +10%	<p>Insurance rates for cannabis operations will vary depending upon the type of business and coverage. Commercial auto coverage is likely to rise 5% to 10% due to worsening loss trends. However, insureds may be able to negotiate discounts for general liability insurance and package coverages.</p> <p>Despite an improving market overall, property insurance rates in cannabis are likely to increase as much as 10% due to some significant losses. Following market trends, cannabis insureds will enjoy rate relief for D&O and cyber coverage.</p> <p>Stock throughput insurance rates will rise about 5% to 15%, with rate increases at the higher end for perishable or combustible stock.</p>
Construction	-5% to Flat	When construction operations put their business to market, there may be rate decreases. Several factors will drive reductions in rates: increased capacity, favourable claims experience and a more competitive environment.
Education	-10% to Flat	The property market is competitive, giving rate relief for educational institutions. Rates for cyber and D&O are also declining, giving institutions an opportunity to consider fortifying coverages.
Entertainment & Sports	-5% to +10%	<p>After years of rate increases, the market for property insurance in entertainment and sports has leveled out, with slight decreases or slight increases for 2025. General liability coverage will depend on loss history, with rates falling 5% or rising up to 10%.</p> <p>Excess liability coverage insurance rates will be flat or drop slightly. D&O and cyber insurance will follow general industry trends, with rates stabilizing or falling as much as 10%.</p>
Financial Institutions	-10% to +5%	<p>The industry will benefit from trends affecting insurance overall. D&O rates will drop as much as 10% due to strong competition and favourable conditions for insureds, while professional liability rates will reflect aggressive bidding for business.</p> <p>Low claims activity for Canadian private equity firms has attracted capacity for general partner liability coverage. However, firms with U.S. presence are likely to see reduced capacity.</p>
Healthcare	-5% to +10%	<p>Rates for property insurance in healthcare will rise, although the increases are expected to be small. General liability coverage will also increase slightly, with a high rate of renewals; insureds may see a 5% to 10% decrease if they go to market for a lower rate. The same is true for E&O insurance in healthcare.</p> <p>Excess liability rates are expected to remain stable.</p>

Industry Perspective

Business	2025 Rate Guide	Insights
Hospitality	-15% to +10%	<p>A wide range of outcomes in hospitality reflects different market conditions. Underwriters are competing for business for property, general liability and excess liability insurance, driving down rates as much as 15%.</p> <p>Meanwhile, auto insurance remains challenging in some regions though rate increases for larger fleets should be minimal. Like for cyber insurance as a whole, the cyber market in hospitality is also competitive, but can be challenging for hotels, as the risk is shared between the owner, manager and banner.</p>
Real Estate	-15% to Flat	<p>A competitive market will continue to drive property rate reductions for best-in-class properties with favourable loss histories. General liability rates for real estate will remain relatively flat and insureds can negotiate reductions for best-in-class properties.</p> <p>Underwriters are competing for business in excess casualty, moderating or reducing rates for insureds without U.S. exposure.</p> <p>And environmental coverage for property owners could see rates fall as much as 15%, particularly for low-risk residential properties.</p>
Transportation	Flat to +5%	<p>The transportation sector is in a very competitive market cycle. Companies that put their business out to market are likely to get better rates than those simply renewing with their current carrier.</p>

NOTE: *Rate* is typically defined as the amount of money necessary to cover losses and expenses while providing 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.

\$1.2B

in commercial insurance premium brokered by HUB

47,700

insurance policies managed

19,600

healthcare clients

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