

Outlook 2025

Education

To pass the test on risk management, educational institutions must develop a new curriculum.



What to Expect in 2025

Educational institutions continue to navigate a growing list of complex risks, which may include intense financial pressures, campus safety challenges and issues related to educator and student mental health.

The increasing adoption of artificial intelligence is creating other exposures educational leaders cannot ignore. Educational institutions that prioritize risk education and implement effective risk management strategies can move to the head of the class.

88%

The amount of educational institutions saying they are highly to cautiously optimistic about their organization's performance and prospects in 2025, the highest confidence level reported by any industry surveyed by HUB.¹

1. United Educators, "[Large Loss Report 2024](#)," accessed October 10, 2024.

Navigating emerging risks while facing financial uncertainty.

Ongoing financial challenges continue to pressure the budgets of educational institutions as higher operating costs related to salaries and overhead, campus safety, technology, insurance and facilities maintenance show no signs of easing. The declining enrollment trend is accelerating financial issues for some academic institutions, particularly those in higher education. Enrollment in postsecondary education was 10% lower in the fall of 2022 than in the fall of 2012.² Lower birth rates, rising tuition and reduced confidence in higher education in general will likely result in further declines in college enrollment in 2025, or what some segment experts refer to as an “enrollment cliff.”³

As educational institutions navigate these financial strains, the risks they face are also on the rise, including cybersecurity threats, infrastructure vulnerabilities, campus safety and increasing sexual abuse and molestation liability concerns. According to the HUB International 2025 Outlook Executive Survey,⁴ increased costs, business disruption and cyberattacks are the greatest risks to financial stability facing educational institutions. However, less than 30% of respondents have developed an action plan to address these risks, and only 21% have enough insurance coverage to protect their resources and data in the event of a cyber incident.

Along with rising losses come significantly higher insurance premiums and limited capacity for many coverages, specifically in the areas of sexual abuse and molestation and in relation to large nuclear verdicts. Academic leaders who work proactively to reduce their risk can help reduce insurance costs and improve an institution’s insurability.

Educational institutions should work with their insurance broker and use data analytics and predictive modeling to assess if their current insurance program is appropriate for their exposure or if other risk transfer solutions may be better able to meet their needs at a more affordable cost. A best-in-class broker with dedicated expertise in the education sector can help evaluate alternative risk financing strategies or suggest other creative options to help an institution’s insurance dollars go further. This can include the use of parametric insurance for unique exposures, such as hail and earthquake, and the use of captives for both commercial insurance and employee benefits.

2. National Center for Education Statistics, “[Back-to-school statistics](#),” accessed September 8, 2024.
3. The Hill, “[College enrollment could take a big hit in 2025. Here’s why](#),” January 10, 2024.
4. 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.

Supporting educators with enhanced benefit options.

High levels of stress among educators remain a top issue since the COVID-19 pandemic as faculty and staff continue to deal with ongoing mental health challenges, the increased politicization of the educational system and gaps in student learning.

At the K-12 level, 77% of educators reported their job is “frequently stressful,” and 68% said it is “overwhelming.”⁵ In higher education, 60% of faculty reported feeling stress, anxiety or depression, and 53% considered leaving their jobs because of burnout, increased workload and stress.⁶

These factors, as well as strained resources and concerns about campus safety, are impacting the sector’s ability to attract and retain new teachers. In fact, 52% of K-12 teachers said they would not advise a young person to enter the profession.⁷

Low morale in the education sector is likely affecting employee productivity, which was noted as a key priority that needs to be addressed by 67% of education sector respondents in the HUB survey.

Though educational institutions may find it difficult to compete with other industries when it comes to salary, advancing institutions provide robust and personalized employee benefit options to faculty and staff that supports attraction and retention. According to the HUB survey, the benefit strategies that have the most traction within the education sector are mental health care, auto enrollment in benefits, offering [personal](#), home and auto insurance and lifestyle insurance programs.

Conducting a [Workforce Persona Analysis](#)[™] and leveraging analytics tools can offer key insights into the benefits that faculty and staff would most likely want and need as well as how to deliver a personalized [Quality Employee Experience \(QEX\)](#).

Case Study

A HUB charter school client with 7,000 students and 900 employees received a 53% increase on renewals and could no longer sustain its fully funded health insurance plan. By moving to a [HUB Charter](#) self-funded health plan, the school reduced its administrative burden and accumulated reserves of more than \$2 million.

A self-insurance program can help academic institutions reduce employee benefit expenses. According to the HUB survey, 28% of academic institutions have implemented a self-funded benefits model while 17% have moved to a captive insurance model.

5. Pew Research Center, “[What’s It Like to be a Teacher in America Today?](#)” April 4, 2024.
6. Campus Safety Magazine, “[College Faculty Burnout: The Statistics and Solutions](#),” February 16, 2024.
7. Pew Research Center, “[What’s It Like to be a Teacher in America Today?](#)” April 4, 2024.

A proactive approach to risk management is essential.

The financial performance and reputation of educational institutions are directly impacted by their ability to mitigate and manage risks, making it critical that they improve their organizational resilience. There are five key areas of focus for institutions to proactively address:

Campus Safety: Academic institutions must continuously monitor new and evolving threats to campus safety, such as active assailant, student protests and civil unrest, and have a robust plan in place to protect students and faculty from these types of events. An insurance specialist in the education sector can help educational institutions establish effective campus safety procedures and evaluate the risk of student harm from incidents like sexual abuse and acts of violence due to civil unrest or active shooters. They can also assist with developing risk mitigation strategies to prevent these incidents from happening and implement a crisis response plan should a dangerous situation unfold.

Sexual Abuse & Molestation: Long-standing challenges stemming from incidents of sexual abuse or molestation also require proactive planning and constant attention. With a 225% increase in large losses related to sexual abuse against higher education institutions since 2012,⁸ leaders of educational institutions can't afford to not invest in proven abuse prevention practices.

Mental Health of Staff and Students: A 2023 study cites rising rates of severe depression, anxiety and stress among college students, faculty and staff,⁹ and the need for more support services is across the board, not just for one group. While staff are trying to address the needs of their students, they're not able to get help for themselves, only exacerbating the issue.

Artificial Intelligence (AI): According to the HUB survey, only 30% of educational institutions see AI as a top risk to their viability, but there is no question AI technology is having a significant impact across the educational sector. By understanding and embracing AI's many advantages, including its ability to automate and streamline core operations and help preserve academic integrity, educational institutions can become true leaders in this space. A robust AI governance strategy that is developed and followed by all key stakeholders will help organizations actively manage this evolving risk.

Cybersecurity: With educational institutions possessing volumes of highly sensitive information for both minors and adults, the impact of a cyber incident could be catastrophic. Institutions must take their cyber hygiene seriously with a strongly enforced policy for managing device and network security, along with having a crisis response plan ready should an event occur.

8. Praesidium, "[Praesidium SML Report 2024](#)," accessed October 10, 2024.

9. neaToday, "[The Mental Health Crisis Among Faculty and College Staff](#)," March 7, 2024.



Navigating a new world of financial, compliance and power shift challenges.

The evolving Name, Image and Likeness (NIL) regulations for student-athletes introduces a new environment rife with opportunities and risks for higher education institutions. Under these regulations, student-athletes in Division I and II schools can now earn compensation from endorsements, social media promotions and public appearances. However, this landscape introduces compliance challenges due to varying state regulations and the need for alignment with NCAA rules.¹⁰

From a risk management perspective, NIL impacts institutional finances, as donor funds are diverted to athletes instead of traditional university channels. It has also given rise to collectives and agents, which may exploit students' lack of financial literacy. Mismanagement of NIL earnings can lead to tax implications, legal issues and reputational damage for both athletes and institutions.

The dynamic also shifts power balances, potentially affecting recruitment and leading to increased athlete transfers between schools. This instability could disrupt funding mechanisms and donor relationships, ultimately impacting the institution's bottom line. In addition, NCAA athletic revenue share parameters will also put significant financial strain on many institutions across the country.

To mitigate these risks, universities should work with a best-in-class broker with sector expertise to prioritize providing financial education, like HUB [FinPath](#) or working with a wealth advisor, and establishing compliance frameworks. Forward-thinking institutions may also explore [private equity](#) partnerships to offset funding gaps, ensuring a sustainable financial future.

10. New York Times, "[How Rich Donors and Loose Rules Are Transforming College Sports](#)," October 21, 2023.



Navigating Your Next Steps

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

1

Develop a comprehensive risk plan.

Enterprise risk management (ERM) can help educational institutions identify exposures, placing your organization in the best position to respond in case of an incident. Make sure your broker understands how to approach risk strategically and identify gaps in your institution's coverage.

Employees expect organizational support for their health, safety and wellbeing. Schools with a benefits strategy based on personalization and fostering quality employee experiences (QEX) will boost engagement, recruitment and retention, and lower risk.

2

Create a personalized benefits strategy.

3

Rely on your broker and carrier in a crisis.

An incident can be devastating to your institution's reputation. Take advantage of your broker and insurer's expertise if an event occurs. They can assist with legal counsel, crisis management, digital forensics and other issues that arise in case of an incident.

Consistent communication with your insurance broker will help identify and mitigate issues in advance of the next insurance renewal and position your institution in the best light. Review exposures and insurance needs at least 90 to 120 days prior to policy renewal to allow your broker to find the optimal mix of coverage for your educational institution's needs.

4

Be transparent with your broker.

Education Rate Guide — U.S.

HUB International's rate guidance comprises an analysis of proprietary national survey data and interviews with HUB commercial insurance brokers and risk services consultants who specialize in education.

On average, rates for middle- to upper-middle-market companies are experiencing rate increases for nearly all coverages as carriers need additional premium to support increased losses and expenses. Below are projections of rate increases that we anticipate in 2025. Discuss your business exposures with your insurance broker and understand what to expect well in advance of your next renewal.

Coverage	2025 Education Rate Guide	Insights
Commercial Auto	+5% to 15%	<p>Expect rates to rise due to increase in loss trends and more flexibility with loss-sensitive or deductible programs. Some carriers may offer more attractive terms in a multiline primary casualty program that includes workers' compensation.</p> <p>Underwriters will focus more on the number of passengers, not just the number of vehicles. Carriers remain reluctant to increase primary limits as requested by insureds with large passenger vehicle exposures.</p> <p>Carriers will scrutinize exposures specific to hired and non-owned auto coverage; they will track and underwrite to the number of miles employees drive on their personal vehicles.</p>
General Liability	+5% to 15%	<p>General liability coverage can extend beyond just premises operations. Specific to education, the coverage also contemplates abuse and molestation and professional liability exposures, which are continued challenges from an underwriting perspective. Expect to demonstrate appropriate protocols to manage abuse risks, such as screening, supervision and channels for feedback.</p> <p>The uptick in employment practices liability claims from teachers whose contracts were not renewed are contributing to increased rates.</p> <p>Expect more scrutiny from underwriters on risk quotes and capacity, especially for abuse and molestation, traumatic brain injury, law enforcement and security exposures — as well as sororities and fraternities in higher education.</p>
Workers' Compensation	-3% to +7%	<p>While workers' compensation remains generally profitable, education's aging workforce remains an ongoing concern, especially as slip-and-fall claims are on the rise.</p> <p>Increased workplace violence and classification of workers as either employees or independent contractors are possible factors in rate changes.</p>
Umbrella & Excess Liability	Flat to +15%	<p>Capacity remains the biggest concern due to social inflation as most carriers have reduced limits offered. For programs needing more than \$5M in coverage, it's becoming more difficult to build a tower and coverage for abuse and molestation and student wellness programs, while traumatic brain injury can be sublimated within the umbrella.</p>

Education Rate Guide — U.S.

Coverage	2025 Education Rate Guide	Insights
Commercial Property	-10% to +10%	<p>Results reflect market recovery and depend heavily on account metrics (occupancy, business class, loss control, catastrophic exposure, claims history, etc.). Accounts that are non-renewed by incumbents, particularly single-carrier placements, will continue to see less favorable results, such as larger rate increases and/or increased deductibles or retentions.</p> <p>As construction costs continue to rise, insureds should review property valuations each year.</p> <p>Expect an increase in deductibles associated with water damage policies, as some will exclude coverage or increase deductibles for sewer and drain issues. It's becoming more common that insureds require deductibles per building — not an event — specific to freeze/thaw conditions. Wind and hail deductibles are also increasing.</p>
Catastrophic Perils	-10% to +10%	<p>While rates in certain geographies have stabilized, there are exceptions — especially for wind- and earthquake-exposed accounts that have seen drastic run-ups in rates and premiums during the hard market cycle. Carriers remain focused on valuations, driving increased costs for some insurance programs. While signs point to a softening market with specialty carriers, the standard is still working to achieve adequate rates on their book. More commonly are dollar (flat) deductibles transitioning to a percentage of coverage.</p> <p>Severe convective storms and wildfires remain significant concerns for underwriters, with a major focus on the Atlantic wind season that concludes in November. Flood limits are now typically capped at \$5M.</p>
Educators Legal & Management Liability	Flat to +15%	<p>Class action lawsuits are prevalent within education, especially copy-and-paste or antitrust suits. Specific to employment practices liability, wrongful termination actions are the most frequent source of litigation given the amount of staffing reductions from budgetary constraints followed by challenges for campus unrest.</p> <p>As institutions begin changing the pedagogy or curriculum to respond to budget challenges, there could be an impact to the number of lawsuits.</p>
Cyber	-10% to +5%	<p>While renewal premiums continue to fall, underwriters remain selective in the education sector and require more controls.</p> <p>Breaches and outages of significant service providers (i.e., Change Healthcare and CrowdStrike) haven't led to rate hikes yet but may point to harder market conditions in the first half of 2025.</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 daily risks. Carriers evaluate the level of risk an insured faces in calculating insurance premiums.

HUB Education

When you partner with us, you're at the center 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 education insurance specialist.

\$350M

in commercial insurance premium brokered by HUB

14,000

insurance policies managed

4,300

education clients

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