

Outlook 2026

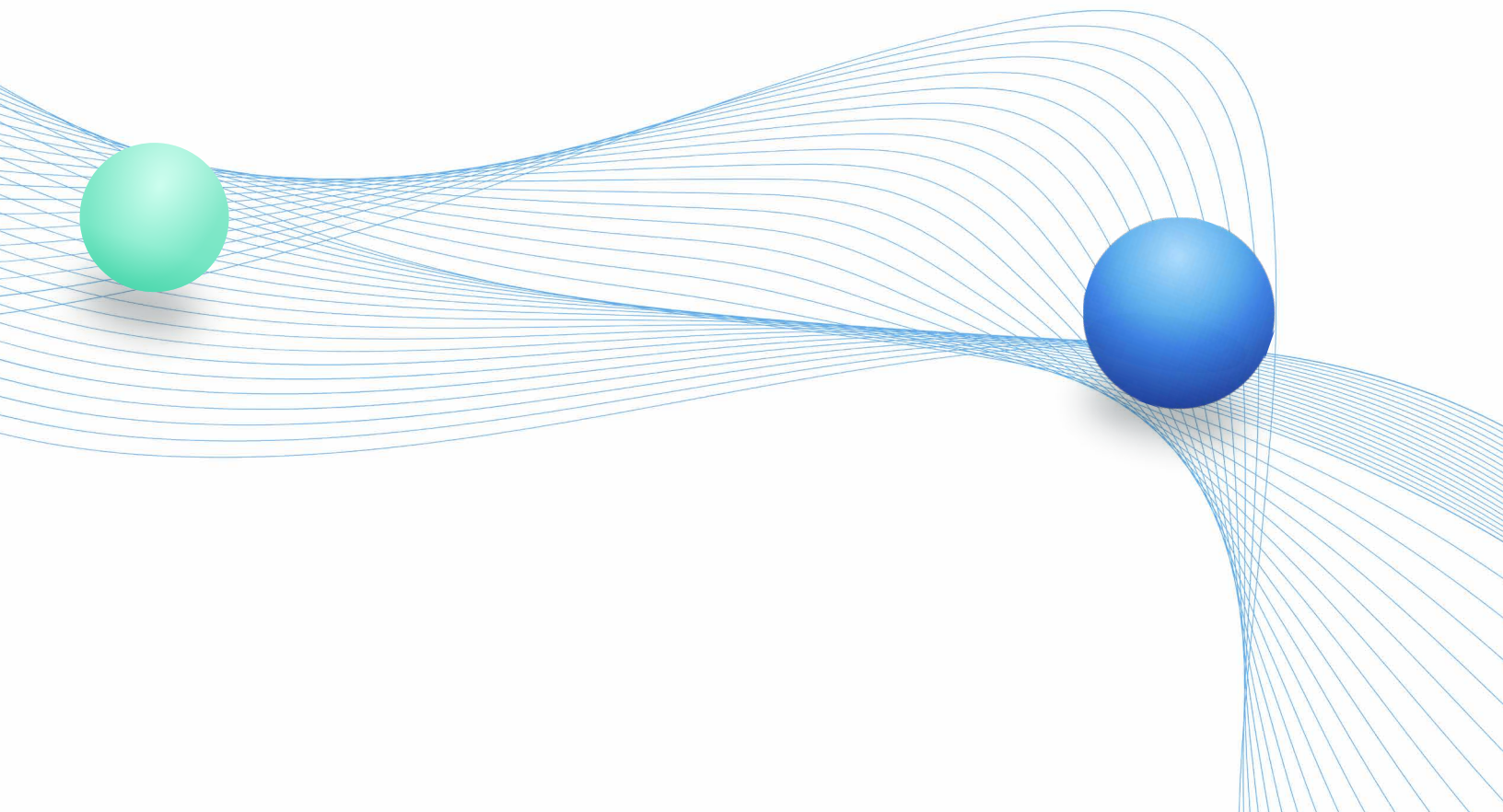
# Hospitality

Wellness-driven growth and advanced risk maturity will drive better business strategies and help shape the future of the industry.



# What to Expect in 2026

Addressing ongoing workforce challenges will require hospitality operators to reshape their talent strategies while also managing budget pressures from rising labour and operational costs. Stricter risk management processes will help mitigate workplace violence exposures, cyber threats and natural catastrophes. Still, opportunities exist for organizations within the industry to gain a competitive edge by embracing consumer trends related to physical, financial and career wellness.



## Profitability

# Technology and property investments can help offset rising business costs.

Consumer confidence declined in 2025 amid economic uncertainty and the impact of shifting tariff policies on the cost of goods and services.<sup>1</sup> At the same time, industry observers seem to be cautiously optimistic about the hospitality industry overall. More than a quarter of Canadians changed their plans to travel to the U.S. in summer 2025 and chose to vacation inside Canada instead.<sup>2</sup> As a result, Canadian hotel demand rose, with revenue per available room exceeding \$200 for the first time on record.<sup>3</sup>

However, rising costs for goods and services have significantly affected profitability as operating expenses have increased. Additionally, hotels, lodging and restaurant owners have made necessary but expensive investments in technology and upgraded their properties. At the same time, labour costs have continued to grow, with minimum wage increases hitting provinces across the country.<sup>4</sup> Rising labour and operating costs were noted as a top profitability concern for the hospitality industry, according to the HUB International 2026 Profitability & Resiliency Executive Survey.<sup>5</sup>

To offset pressure on profitability, technology can help lower operating costs and boost ROI. Adding new guest amenities to satisfy the growing demand for active, wellness-focused services that promote better mental and physical health creates another opportunity to boost profitability. In turn, these new services can be promoted affordably through social media and digital marketing campaigns that boost visibility and create excitement for future guests.

Hospitality operators are contending with higher insurance rates for certain lines of coverage, including [workplace violence](#) and liquor liability, which has stabilized somewhat but remains higher for operations with greater risk like bars and nightclubs. There are some insurance bright spots, however, as property rates are softening or remaining stable in some Canadian markets with lower catastrophe risk. Operators in regions with exposure to wind or [wildfire](#), such as Alberta, should still expect to face stricter underwriting and higher rates.

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*More than a quarter of Canadians changed their U.S. travel plans in summer 2025.<sup>2</sup>*

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Though franchise operators are required to follow multi-year property upgrade plans per their franchise agreements and may see better insurance terms as a result, all hospitality operators can see improved coverage options and rates by performing strategic and cost-effective upgrades.

1. Bank of Canada, "[Canadian Survey of Consumer Expectations](#)," October 20, 2025.
2. CTV News, "[Canadian tourism up 30 per cent as U.S. travel continues to decline: survey](#)," September 12, 2025.
3. Stay: Canadian Hotel Intelligence, "[Canada hotel RevPAR hits record high in August](#)," September 24, 2025.
4. CTV News, "[Five provinces are raising minimum wage. Here's what you need to know](#)," September 27, 2025.
5. The HUB International 2026 Profitability & Resiliency Executive Survey polled 350 industry leaders and executives across North America on the issues facing them on profitability and resilience.

# New culture-building initiatives and benefits options become more critical amidst labour shortages.

Persistent labour shortages remain a major challenge for employers, despite consistent efforts to raise wages and adjust benefits models, even for part-time staff. Operating costs in the hospitality industry rose more than 16% — much of which came from salaries and wages.<sup>6</sup>

Labour gaps in Canada will be exacerbated by recent changes in immigration policy that have reduced the number of permanent and temporary resident admissions.<sup>7</sup> With 7% of all immigrants arriving between 2016 and 2021 working in food service, the industry is likely to face additional labour shortfalls.<sup>8</sup>

Addressing worker mental health challenges, which directly affect performance, should be a priority of hospitality employers in the current environment. However, only 16% of employers currently believe health concerns are a top factor impacting productivity, according to HUB's [2025 Canadian Workforce Vitality Gap Index](#). Fifty percent of employees indicated in the survey that they would utilize wellbeing programs, such as extended mental health benefits, gym memberships and yoga, if offered. This is an opportunity for employers to stand out from competitors with personalized benefits geared toward [mental health and wellbeing](#).

In 2026, retention efforts should largely include an emphasis on career advancement opportunities, enhanced benefits like financial wellness programs, and establishing and cultivating a workplace culture in which employees feel valued and safe through mental health support and other wellbeing resources.

Given market conditions, hospitality operations that embrace a strategic approach to benefits and communicate those resources to employees will find themselves ahead in recruiting and retention. [HUB's Workforce Persona Analysis™](#) gives employers the ability to identify what benefits employees need — and want — by leveraging employee data and analytics.

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*50% of employees say they would utilize wellbeing programs.*

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Forward-thinking organizations are increasingly focused on stabilizing staffing through culture-building initiatives, financial health resources and benefits modernization. For example, hospitality businesses can integrate enhanced employee support strategies, such as tools that provide interactive coaching and wealth management advice to help meet a growing demand for employees looking to improve their financial wellbeing.

6. Statistics Canada, "[Accommodation services, 2023](#)," December 2, 2024.
7. CIC News, "[2025 mid-year review: major immigration policies and changes implemented](#)," July 4, 2025.
8. Government of Canada, "[Immigration matters in food services](#)," accessed October 18, 2025.

## Resiliency

# Addressing insurance challenges and safety hazards requires advanced risk maturity.

The insurance landscape remains challenging for the hospitality industry, as several pervasive and rapidly changing threats have led insurers to enact stricter policy terms and underwriting practices.

One area of concern is the increase in workplace violence against hospitality workers, including those working in hotels and restaurants. In one well-publicized incident, a hotel worker was hospitalized after being targeted in a hate crime.<sup>9</sup>

This trend has resulted in tightened underwriting standards and carriers requiring documentation around risk management planning, [workplace violence](#) and harassment policies, and active shooter protocols. Hospitality employers should also ensure they have clear plans in place to help employees safely de-escalate aggressive customer situations, whether that involves contacting authorities, engaging security or designating a trained staff member to manage the interaction calmly.

A continued rise in natural catastrophe risks, especially in high-risk regions prone to excessive storm damage and flooding, have also complicated property insurance rates and policy availability. Hospitality operators taking steps to minimize losses associated with CAT events have more success at offsetting broader cost pressures.

Communicating with your broker about weather exposures like floods is another critical step, as they can identify appropriate coverage, including loss of business income.

With the increasing use of point-of-sale (POS) systems, mobile applications and artificial intelligence (AI), cyber risk across the industry has heightened as the sector remains a major target of cybercriminals. In one high-profile example, sensitive data from millions of

applicants was exposed through McDonald's AI-powered hiring software,<sup>10</sup> underscoring why strengthening cybersecurity and data privacy measures remains a critical priority.

[Protecting restaurant operations in today's technology-driven environment](#) requires a layered approach to vendor management, internal protocols and staff readiness. Restaurants need to thoroughly vet third-party vendors and their software, paying close attention to contractual details such as liability, the right to audit and breach notification requirements.

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*Cyber insurance rates **remained flat or up slightly** in Q4 of 2025.*

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Establishing strong internal protocols, such as training staff on how to use critical systems, preparing them for outages and running tabletop exercises for scenarios like POS failures or data breaches, will help ensure that business continuity can be maintained even under pressure.

Restaurants should work with their brokers to ensure they have the correct level of [cyber insurance](#) for breach response costs and access to expert support so they can recover quickly and reduce financial exposure. Cyber insurance rates remained flat or up slightly in Q4 of 2025, making it a good time to re-evaluate your cyber program, purchase additional coverage if needed and improve employee training protocols.

9. CBC, "[Toronto man charged in 'hate-motivated' assault on hotel worker, police say](#)," October 8, 2025.

10. Wired, "[McDonald's AI Hiring Bot Exposed Millions of Applicants' Data to Hackers](#)," July 9, 2025

## Wellness Hospitality and Tourism

# Wellness-based services create new talent, business opportunities.

Demand across Canada for wellness-focused products, services and experiences is an area of growth for the hospitality sector that many operators are hoping to capitalize on to attract both new customers and long-term talent.

A significant post-pandemic rise in awareness around mental health and overall wellbeing turbocharged demand for “wellness tourism,” which can involve anything from providing access to healthy food options and spa treatments at hotels to hosting week-long meditation retreats. The Canadian wellness tourism market is growing quickly, with experts predicting revenue of more than US\$80 billion by 2030.<sup>11</sup>

Demand is only expected to heat up, particularly among younger consumers, with hospitality brands adding and promoting new wellness-focused amenities and services to meet increased demand.

However, whether it’s a yoga studio or a guided hiking experience, hospitality operators must be mindful of liability, safety and regulatory exposures that come with expanding into wellness offerings and communicate any operational changes with their broker. For example, introducing fitness experiences can create greater liability burdens, as guests could get hurt due to defective equipment, inadequate supervision or poorly trained staff.

As for talent, demonstrating support for employee wellness is no longer merely beneficial but foundational to any hospitality workforce strategies. To capture the younger generation of workers who remain attuned to work-life balance and tapped into viral wellness trends, organizations must increasingly reshape their company culture to address the full scope of employee wellbeing.

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*Hospitality operators must be mindful of liability, safety and regulatory exposures that come with expanding into wellness offerings and communicate changes with their broker.*

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This includes offering benefits that support employees’ physical, mental and financial wellbeing, as well as demonstrating a path for promotion. Comprehensive, layered benefits, such as first-day minimum essential coverage for all employees, will help hospitality companies differentiate themselves in the competition for highly coveted workers.

11. Grand View Horizon, “[Canada Wellness Tourism Market Size & Outlook, 2022-2030](#),” accessed October 19, 2025.

# Moving Your Organization Forward

HUB's hospitality insurance, risk management and employee benefits specialists can help you develop a tailored insurance strategy that will protect the bottom line, support your workforce and build resiliency for 2026. Here are some initial considerations:

## Advance your risk maturity.

- 1** Economic uncertainty, natural catastrophes and technology exposures are making insurance more expensive. Consider alternative insurance options like parametric coverage and ask your HUB broker about devising an insurance strategy that meets your risk profile and budget.
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## Invest in your facilities.

- 2** Develop a plan for regular budgeted investments to maintain your property and reduce exposure. Investing in windows and roofing that can withstand strong winds or adding water sensors throughout buildings demonstrates to underwriters your commitment to property management and safety.
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## Increase workforce engagement through benefits.

- 3** It remains difficult for hospitality businesses to attract and retain employees. A benefits strategy based on personalization and fostering a [quality employee experience \(QEX\)](#) can boost engagement and give hospitality owners an advantage in recruiting and retention, as well as lower risk.
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## Be transparent with your broker.

- 4** Communicate any business changes with your broker 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.

# Hospitality Rate Guide — Canada

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 the hospitality industries.

Below are rate projections for 2026. It’s important to discuss your business’ exposure with your insurance broker and understand what to expect well in advance of your next renewal.

Coverage	2026 Hospitality Rate Guide	Insights
<b>Commercial Auto</b>	+5%	Commercial auto trends continue to mirror the broader market. Delivery vehicles remain the primary exposure, though many businesses have transferred this risk by outsourcing delivery to third-party providers. Similarly, hotel shuttle operations are frequently subcontracted, further reducing direct auto liability. Insurers expect policyholders to maintain hired and non-owned auto (HNOA) coverage for incidental business use, such as banking or supply runs, and to strengthen vendor agreements with robust contractual protections, including additional insured status, primary and non-contributory wording, waivers of subrogation, proof of insurance and cancellation notices. Overall, rates remain stable, with modest downward pressure in more competitive markets.
<b>General Liability</b>	-10% to Flat	Competition remains strong in the general liability market, with more carriers open to writing restaurant risks — even some late-night operations — when robust controls are in place. Insurers are emphasizing measures such as incident logs, regular hood and suppression system servicing and formal serving procedures. Core exposures, including slip-and-fall incidents, foodborne illnesses and employee-related claims, remain key underwriting concerns. Comprehensive documentation, consistent record keeping and engagement with risk control resources can help insureds differentiate themselves and secure more favourable terms.
<b>Umbrella and Excess Liability</b>	-10% to Flat	Umbrella and excess liability typically follow general liability trends with rates remaining flat or down by as much as 10%. Insureds should confirm that there are no liquor or assault-and-battery exclusions in excess layers, as these are critical for high-liquor and late-hours operations. Capacity remains available, but underwriters continue to monitor liquor-related exposures closely.
<b>Package</b>	-5% to Flat	Hospitality package policy rates are generally flat to slightly higher, with modest decreases available for well-performing accounts. Insurers continue to balance softening market conditions against inflationary pressures, with some applying small increases to preserve rate adequacy. Accounts with strong loss history and robust risk controls remain best positioned to secure competitive pricing.

# Hospitality Rate Guide — Canada

Coverage	2026 Hospitality Rate Guide	Insights
<b>Liquor Liability</b>	-10% to Flat	After several years of sharp pricing increases, liquor liability rates have begun to stabilize. Large liquor-centric operations, such as bars and late-night venues, continue to pose placement challenges, though conditions are improving in some regions. In Alberta and other provinces, more insurers are open to considering high-liquor accounts when strong risk controls are in place, including rigorous ID verification, formal security plans and detailed incident logs. Rates are generally expected to remain flat or decrease by about 10% for clean accounts, while higher-risk operations may still face firmer pricing.
<b>Commercial Property</b>	Commercial Property: -10% to Flat Restaurants: -5% to +5%	Commercial property rates are trending flat to down as much as 10%, though regional variations persist. In Quebec, reductions have reached — and in some cases exceeded — 15%, driven by favourable market conditions and program adjustments. Restaurants generally pose higher hazards than hotels, making placements more challenging. Underwriters continue to emphasize kitchen fire prevention and water-damage mitigation, including UL-300 suppression systems, semiannual hood and duct servicing, grease management and leak detection protocols.
<b>Catastrophic Perils</b>	-5% to Flat	Flood exposure remains under close scrutiny, with insurers increasingly applying sublimits and higher deductibles in mapped flood zones, particularly in regions where aging infrastructure and sewage systems contribute to stormwater flooding. Earthquake capacity and pricing remain stable to slightly softer for clean risks, while wildfire exposure continues to weigh heavily on hotel operations in high-risk areas. To qualify for favourable renewals, insureds are expected to demonstrate active mitigation efforts, such as defensible space, fire-resistant construction and formal evacuation plans.
<b>Environmental</b>	-5% to -10%	Environmental exposures are primarily tied to property conditions, and overall market pricing remains steady. No significant deviation has been observed relative to other property-driven industries, though underwriters continue to review site maintenance and contamination controls closely.
<b>D&amp;O</b>	-15% to Flat	Directors and officers (D&O) liability rates for hospitality organizations are trending flat to down as much as 15%, with both private and public entities benefiting from a sustained soft market. Underwriters are focused on financial stability, debt covenants and bankruptcy exposure, particularly for accounts with substantial U.S. operations. Overall, market conditions remain favourable, with no signs of tightening expected in the near term.
<b>Cyber</b>	-5% to Flat	Cyber liability continues to pose unique challenges for hospitality, where multiple parties — including owners, property managers and brand banners — may share responsibility in the event of a breach. Despite heightened claims activity across industries, the cyber market remains competitive, with rates trending flat to down 5%. Carriers increasingly require baseline security controls such as multi-factor authentication and segmented point-of-sale networks. Ample capacity continues to exert downward pressure on premiums.

# Hospitality Rate Guide — Canada

Coverage	2026 Hospitality Rate Guide	Insights
<b>Business Interruption</b>	-10% to Flat	Business interruption (BI) coverage is drawing increased scrutiny across the hospitality sector. Underwriters are placing greater emphasis on accurate profit valuations and extended indemnity periods, as the standard 12-month duration is often inadequate. Many rebuilds and re-ramp operations now require 18 to 24 months of protection. Hospitality operators are encouraged to review and update BI worksheets annually to reflect wage and cost inflation, evolving supply and delivery models, and changes in menu mix or operations.
<b>Builder's Risk and Wrap-Up</b>	-5% to Flat	As hotel renovations and new developments accelerate across multiple regions, proactive planning for course-of-construction (COC) and wrap-up policies is increasingly essential. Builder's risk pricing varies widely based on geography and construction type, and even short renovation projects can significantly elevate exposure due to hot work, plumbing modifications or temporary structural openings. Early engagement with underwriters helps secure favourable terms and avoid costly coverage gaps.

**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 an individual's susceptibility to various risks encountered daily. Carriers evaluate the level of risk an insured faces in calculating insurance premiums.

# HUB Hospitality

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 Hospitality insurance specialist.

**\$952.5M**

in commercial  
insurance premium  
brokered by HUB

**41,000**

insurance policies  
managed

**16,000**

hospitality clients

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