

# Outlook 2026

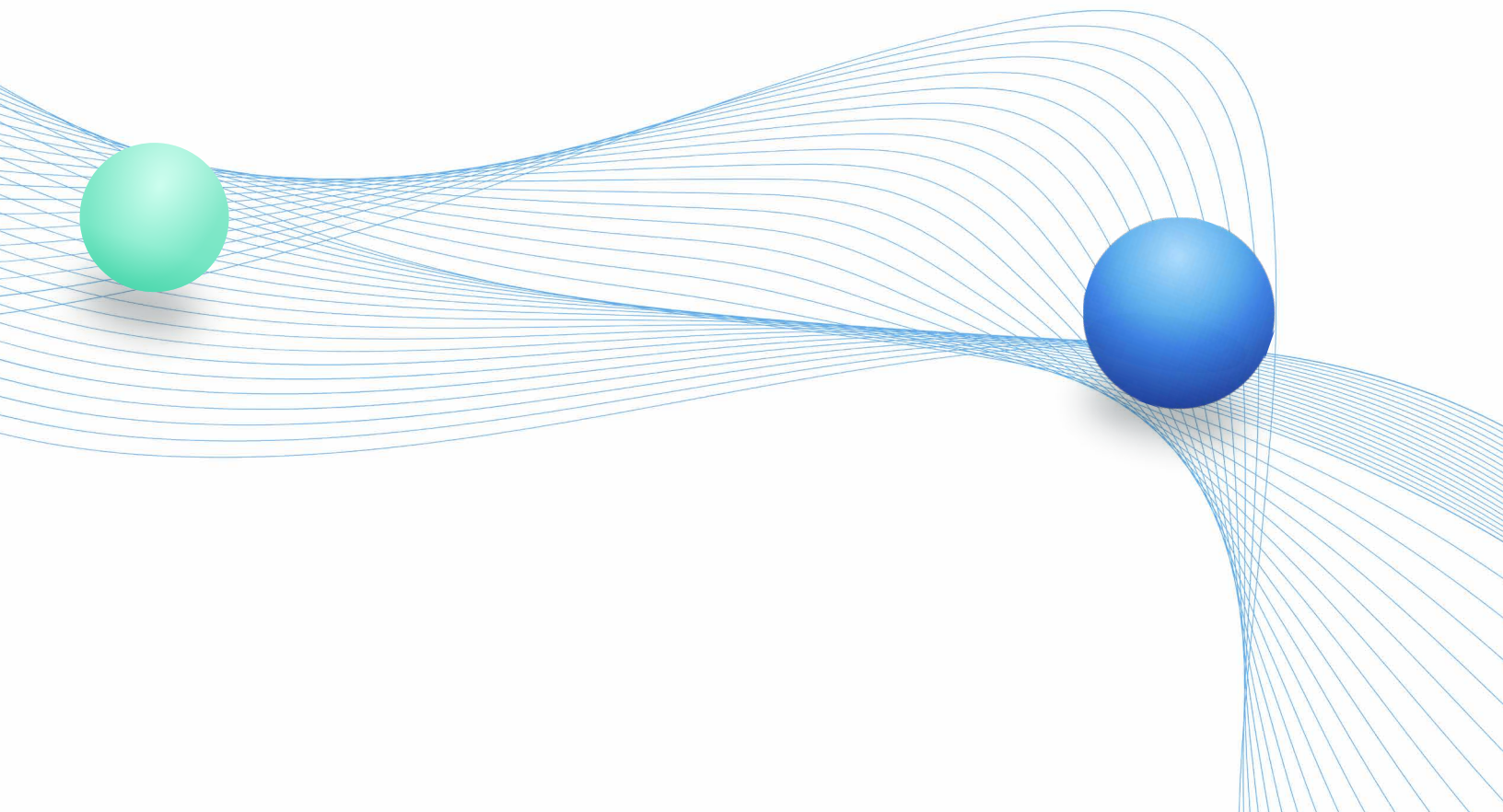
# Nonprofit

Nonprofits that embrace innovation, diversify funding and improve resilience will be best positioned to serve with strength.



# What to Expect in 2026

Reduced charitable giving and volunteerism associated with economic uncertainty will be a challenge for many nonprofits. Agile organizations that can diversify funding sources, embrace technology and pivot operations will be best positioned to achieve their missions. Staying vigilant about emerging risk exposures will become even more critical in 2026.



## Economic Viability

# Financial diversification key to easing funding pressures.

Nonprofits enter 2026 navigating considerable financial challenges. Ongoing economic uncertainty across the country is increasing the need for nonprofit services, while geopolitical instability, particularly from U.S. partners, have put government funding for nonprofits in jeopardy, leaving Canadian organizations with less support.<sup>1</sup> At the same time, rising costs and continued inflation are putting pressure on salaries and programs, making it harder for organizations to effectively support those they serve.<sup>2</sup>

Reduced funding from public and private donors has also impacted the sector. Since 2018, the number of Canadians donating to nonprofits has decreased, and despite the number holding steady between 2023 and 2024, the total dollar amount was lower.<sup>3</sup> Attraction and retention challenges persist, with low salaries and weak benefits packages being the top reasons for turnover in recent years.<sup>4</sup>

Forward-looking organizations are getting creative to help sustain their economic viability in 2026. Revenue diversification has become more important than ever, with many nonprofits expanding beyond traditional funding sources to pursue corporate partnerships, foundation grants, membership models and where feasible, program revenues, such as fee-for-service arrangements.

In addition, nonprofits are increasingly focused on implementing operational strategies that reduce risk while maintaining service quality. Streamlining redundant processes without compromising impact remains a key priority. Technology will be a major driver of efficiency in this evolution. While nearly 10% of Canadian private businesses have adopted artificial intelligence, only about 5% of nonprofits have done so<sup>5</sup> — highlighting significant opportunity for innovation and modernization across the sector.

However, making operational changes requires careful management. [Policies to ensure proper screening and training of volunteers](#) and cyber preparedness that enables safe digital innovation are critical. An insurance program developed in partnership with a broker with deep expertise in the nonprofit sector can optimize financial protection and help safeguard against reputational damage that could threaten an organization's mission and long-term viability.

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With the right execution, these strategies can move nonprofits beyond day-to-day survival and position them as models of sustainable growth.

1. Canadian Charity Law, "[Globe and Mail article 'U.S. research funding cuts change landscape for Canadian universities, researchers,'](#)" March 3, 2025.
2. Charity Village, "[How Would 25% Tariffs Imposed By the US on Canada Impact our Canadian Nonprofit and Charitable Sector?](#)" March 10, 2025.
3. Leger 360, "[Charitable Giving 2025,](#)" March 4, 2025.
4. Charity Insights Canada Project, "[Personnel Under Pressure: The Charitable Workforce in Crisis,](#)" August 18, 2025.
5. Canadian Centre for Nonprofit Digital Resilience, "[Assessing the Digital Skills Gap in Canadian Nonprofits,](#)" October 2024.

# Tackling labour shortages will require focus on retention and wellbeing.

The core of any successful organization is its employees. But nonprofits are facing serious labour challenges, as 1 in 5 nonprofit employees say they are considering leaving their job within six months, and the majority are declining to endorse their workplace.<sup>6</sup> This will only intensify as funding cuts collide with increased demand for nonprofit services.

Financial pressures compound traditional recruiting and retention hurdles like low wages and burnout. Nearly half of nonprofits identify compensation and benefits as the most critical factors in employee retention.<sup>7</sup>

The combination of mission-driven work and strained resources creates a perfect storm for employee burnout, [making robust mental health support a valuable benefit](#) for nonprofit employees.

In addition, the aging nonprofit workforce creates an urgent need for succession planning and knowledge transfer. Understanding how to create younger leaders who have different compensation and benefits expectations than their older counterparts<sup>8</sup> further complicates the labour issue.

To compete, organizations must reimagine benefits as strategic retention tools rather than cost centres. Personalized benefits packages based on employee demographics can attract and retain highly skilled workers. In [HUB's 2025 Canadian Workforce Vitality Gap Index](#), 73% of employees agreed that a comprehensive and personalized benefits program would increase the likelihood they would stay with their current employer.

[HUB Workforce Persona Analysis™](#) can help organizations develop the right benefits options to optimize recruiting, retention and productivity in a competitive labour market.

6. Future of Good, "[2025 Changemaker Wellbeing Index](#)," May 2025.
7. Charity Insights Canada Project, "[Weekly Results #3.20 Turnover and Retention](#)," June 18, 2025.
8. Carleton University, "[Understanding the HR Crisis Facing Charities: Insights from CICP Data](#)," July 3, 2025.

## Nonprofits have several options to improve benefits and lower costs:

- Offer self-funding, low-risk benefits like dental and vision coverage.
- Provide flexible work arrangements and professional development opportunities.
- Consider the dual-value of strategic partnerships with an insurance partner by offering employees access to competitive personal insurance programs while generating much-needed income to offset operating costs.
- Create volunteer recognition programs to boost engagement and enhance employee culture.
- Develop mentorship programs for succession planning.

## Resiliency

# As operating models evolve, adaptive ERM will be vital in 2026.

Nonprofits are feeling the squeeze with their insurance as they absorb higher deductibles and lower policy limits across areas such as auto liability, excess and umbrella and cyber insurance. Meanwhile, organizations face growing threats that make it imperative they have strong risk management and insurance programs.

Cybersecurity is one such growing threat. Nonprofits' increased reliance on technology — including operations with donor data and digital fundraising — makes them prime targets for cyberattacks, [which are becoming more sophisticated and expensive](#). Nonprofits experienced a 50% increase in credential phishing attacks, where cybercriminals gain access to internal communications, donor databases and financial records.<sup>9</sup>

Overall, 70% of organizational leaders are worried about cyber threats from artificial intelligence.<sup>10</sup> The average cost to recover from a cyber incident was \$19,000,<sup>11</sup> which could be detrimental to a nonprofit budget.

Most organizations are taking notice, with 60% indicating they are concerned about technology and cybersecurity risks, a 16% increase over 2025, according to the HUB International 2026 Profitability & Resiliency Executive Survey.<sup>12</sup>

The good news is cyber coverage has become noticeably more affordable in recent years, with current rates flat or decreasing slightly. Nonprofits should work with their broker to either enhance their current cyber coverage or secure better rates, rather than simply renewing as-is. A broker with deep carrier relationships can help find better value and stronger terms by taking full advantage of market capacity and competitive pricing rather than settling for the status quo.

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Insurance carriers are also wary of nonprofit sexual abuse exposure after a number of high-profile abuse cases and large settlements. Rates are rising for nonprofit umbrella and excess liability coverage 5% to 15%, with even greater increases for organizations with significant abuse and auto exposures. Many organizations have received nonrenewal notices, reductions in coverage limits and increased policy exclusions as insurers seek to limit the risk of sexual abuse claims.<sup>13</sup> Standalone sexual misconduct liability insurance rates are rising as much as 20%.

## Case Study

When a reputational crisis left Operation Underground Railroad (OUR) without insurance coverage, HUB stepped in to rebuild trust and stability. By assessing risks, strengthening governance and implementing new safety and crisis management protocols, HUB helped OUR transform into a risk-aware organization with improved protections for staff and clients. Within a year, the organization — now operating as OUR Rescue — secured comprehensive insurance, regained donor confidence and established a strong foundation for sustainable global growth.

# Resiliency

Because market dynamics have forced nonprofits to absorb more risk through higher deductibles and self-insured retentions and by carriers reducing the limits they will offer, it is incumbent on nonprofits to meticulously manage risk. Organizations must embrace comprehensive risk management, which includes enhanced background screenings and staff and volunteer training, to secure coverage and safeguard their organizations. Insurers are also demanding strong cybersecurity measures before issuing cyber insurance.

These measures are not just necessary business practices. They also help organizations avoid reputational damage, preserve donor trust, sustain funding and attract talent. Nonprofits must safeguard their reputation through transparency, accountability and crisis communication planning long before problems arise.

Ultimately, risk management starts at the top and is the responsibility of everyone within the organization, including volunteers. Effective [enterprise risk management \(ERM\)](#) requires board-level engagement to set organizational priorities and provide resources for risk mitigation. This approach ensures risk management becomes embedded in organizational culture rather than being an afterthought. Organizations practicing comprehensive ERM are better positioned to identify emerging risks early and [develop appropriate response strategies](#).

An experienced, proactive broker can provide comprehensive risk advisory services — from developing staff training programs to conducting insurance gap analyses that identify vulnerabilities. The right partner seeks to avoid the risk for the organization rather than just transfer it, offering an important perspective on exposures that may not have been previously recognized or considered.

9. Abnormal.ai, "[Mission Interrupted: Nonprofits Face a Rising Wave of Email Attacks](#)," March 5, 2025.
10. CIRA, "[Perceptions and Attitudes of Canadian Organizations Toward Cybersecurity](#)," August 2025.
11. Imagine Canada, "[What Newly Available Data Tells Us About Cybersecurity in Canadian Nonprofits](#)," September 16, 2024.
12. The HUB International 2026 Profitability & Resiliency Executive Survey polled 350 business leaders across North America on the issues facing them on profitability and resilience.
13. Insurance Business Magazine, "[Hiring Practices in Spotlight for Nonprofits as Abuse and Molestation Claims Rise](#)," January 22, 2025.

# Moving Your Organization Forward

HUB's specialized nonprofit team is ready to help you adapt and thrive through a tailored strategy that will protect the bottom line, support your workforce and build resiliency for 2026. Here are key areas to prioritize:

## 1 Advance your risk maturity.

A thorough [enterprise risk management \(ERM\)](#) process can help identify, prioritize and remediate exposures to avoid losses and place your nonprofit in the best light if an unfortunate incident occurs. Work with a broker who can evaluate your risks holistically — including those beyond reach of commercial insurance — and find a strategic solution.

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## 2 Create a personalized benefits strategy.

Personalized benefits can differentiate your organization from other nonprofits. By taking a creative approach to benefits and working with a nonprofit benefits specialist, your organization can deliver more affordable benefits that give you an edge in recruiting and retaining talent.

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## 3 Rely on your broker in a crisis.

Damage to a nonprofit's reputation can cause irreparable harm. Take advantage of your broker and insurer's expertise in responding if an event occurs. They can assist with developing a thorough crisis response plan to minimize financial and public relations impact.

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## 4 Be transparent with your broker.

Consistent communication with your insurance broker will help identify and mitigate issues in advance of renewal and position your organization to get the right coverage at an affordable rate. Review exposures and insurance needs at least 90 days prior to policy renewal to allow your broker to find the optimal mix of coverage for your organization's needs.

# Nonprofit 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 all industries throughout North America.

Engaging in early and informed discussions with your insurance broker is key. A thorough review of your unique risk profile and business operations will help set realistic expectations and identify strategies to optimize your insurance program ahead of renewal.

Coverage	2026 Nonprofit Rate Guide	Insights
<b>Commercial Automobile: One to five vehicles</b>	+5%	Rising claims costs driven by inflationary pressures, increased replacement vehicles and parts, combined with increased claims frequency and severity, are still contributing to upward pressure on rates. Provincial rate filings reflect this upward trend.
<b>Commercial Automobile: Six or more vehicles</b>	+5%	Inflationary pressures on claims costs, tariffs on auto parts and a rise in vehicle thefts are significantly increasing auto repair and replacement expenses. These factors continue to drive premium increases, particularly for commercial fleets.
<b>General Liability</b>	-5% to Flat	General liability continues to perform well overall. Insurers are demonstrating greater flexibility in appetite, pricing and terms as they seek to grow their liability portfolios and diversify their overall risk exposure.
<b>Excess Liability</b>	-5% to Flat	Pricing is stable for Canada-only exposure. Accounts with U.S. exposure could see premium increases, depending on the attachment point and segment, given greater exposure to larger casualty claims.
<b>Commercial Property</b>	-5%	The market remains highly competitive, supported by increased insurer appetite for growth and stable reinsurance costs that have created a more favourable underwriting environment. However, clients located in catastrophe-prone regions may continue to experience rate pressure as severe weather events persist. Rebuilding costs are still rising, driven by inflationary pressures, skilled labour shortages and tariffs on construction materials. Insurance-to-value (ITV) remains a key underwriting focus, with carriers emphasizing the need for accurate replacement cost assessments.
<b>Residential/Habitational Property</b>	-5% to +5%	<p>Rate changes vary among condominiums, homeowners and tenants policies. Generally, ITV increases of roughly 5% are being applied as rebuilding costs outpace general inflation. Carriers continue to implement rate increases in high earthquake zones and unprotected areas. Water damage restrictions are becoming more common, particularly for policyholders with prior losses, and an increasing number of insurers are withdrawing from these higher-risk segments altogether.</p> <p>In Alberta, rate increases remain among the highest nationally — typically ranging from 5% to 10% — reflecting the province’s history of severe weather losses, including a recent hailstorm.</p>

# Nonprofit Rate Guide — Canada

Coverage	2026 Nonprofit Rate Guide	Insights
<b>Catastrophic Perils</b>	Flat to +5%	Rate increases are anticipated in CAT-prone regions due to the continued frequency and severity of weather-related events. As the effects of climate change continue to influence loss experience, underwriters are responding with more disciplined pricing, tighter terms and an increased focus on mitigation measures to improve portfolio resilience.
<b>Environmental</b>	-10% to -5%	Increased capacity and new entrants to the environmental market, paired with minimal insurer claims and rising public environmental awareness, have created a competitive market in an already profitable line of coverage.
<b>D&amp;O: Private</b>	-10% to Flat	The private directors and officers (D&O) market remains highly competitive, with rate reductions continuing across well-performing accounts. Coverage has expanded alongside lower pricing, though underwriters are keeping a close eye on financial statements amid ongoing economic uncertainty and potential bankruptcy risks.
<b>D&amp;O: Public</b>	-10% to Flat	The public D&O market has stabilized following several years of significant rate decreases; however, capacity remains abundant, sustaining downward rate pressure for financially sound risks. Underwriters are monitoring industries more directly affected by tariffs and broader economic headwinds, which could lead to selective tightening in those areas.
<b>Cyber Liability</b>	-5% to -10%	The cyber market remains robust and competitive, with some insurers introducing modest rate decreases amid sustained market stability. Continued new market entrants are fuelling competition, particularly for larger accounts, which is expected to keep pricing stable into 2026.
<b>Small- to Medium-Sized Enterprises (SMEs)</b>	-5% to Flat	This segment is expected to remain stable, with select rate reductions driven by increased competition and new entrants in the Canadian market. Both domestic and international carriers are actively seeking to write package business in Canada. As market capacity expands and demand remains steady, downward pressure on premiums is likely.

# HUB Nonprofit

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 Nonprofit insurance specialist.

**610.5M**

in commercial insurance premium brokered by HUB

**51,000**

insurance policies managed

**19,000**

Nonprofit clients

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