

Outlook 2026

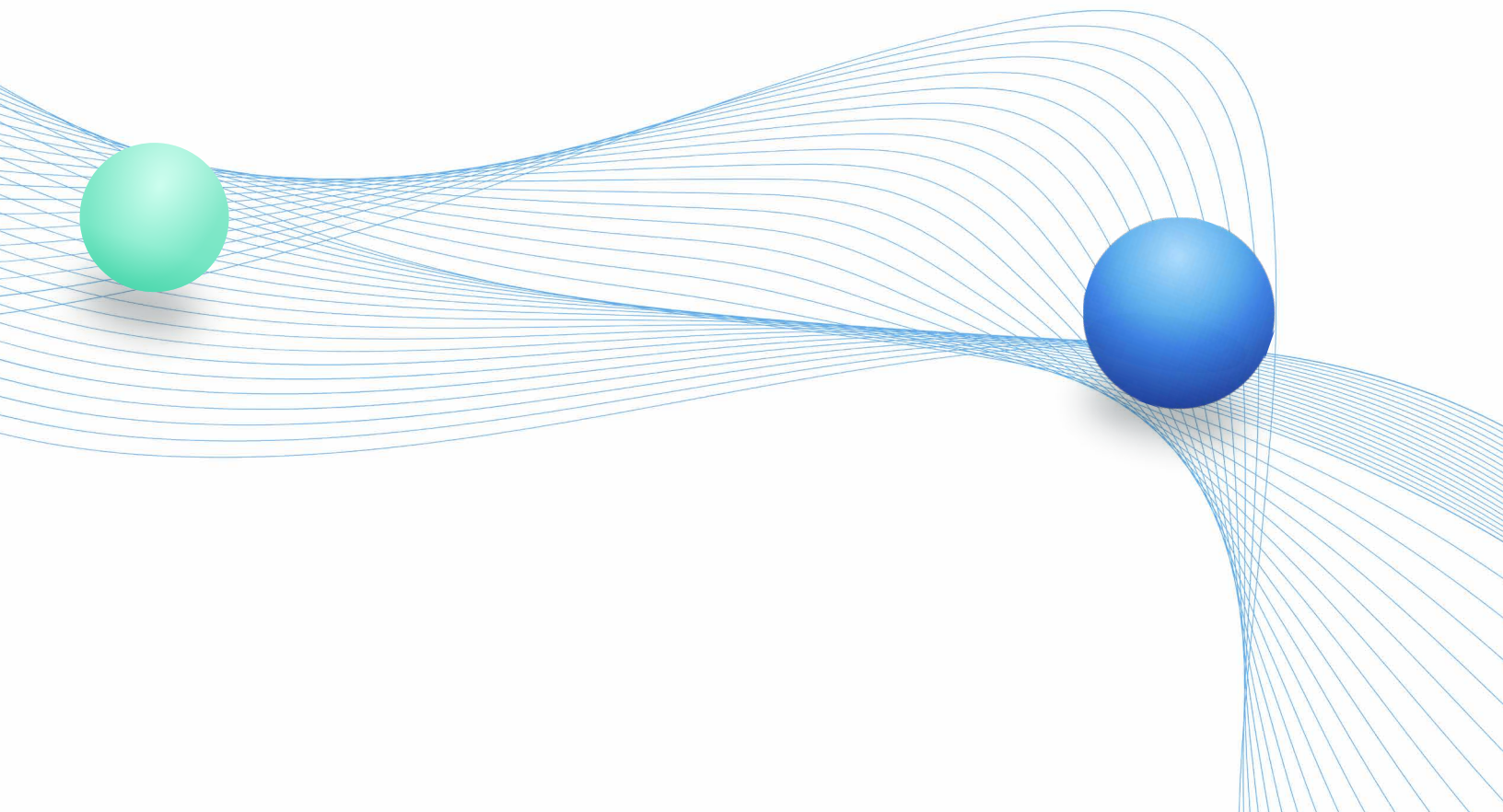
Hospitality

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 labor and operational costs. Stricter risk management processes will help mitigate workplace violence exposures, cyberthreats 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.

The hospitality industry is preparing for a substantial reduction in consumer spending and travel, as consumer confidence declines amid economic uncertainty and the impact of shifting tariff policies on the cost of goods and services.¹ As such, industry observers have downgraded U.S. hotel demand growth for both 2025 and 2026 in anticipation of likely financial headwinds across this aspect of the hospitality sector.²

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, labor costs have continued to grow, with the combined cost of wages, salaries and benefits for hotel workers increasing by nearly 5% last year.³ Rising labor and operating costs were noted as a top profitability concern for the hospitality industry, according to HUB International's 2026 Profitability & Resiliency Executive Survey.⁴

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 was up as much as 20% in Q4 of 2025, as well as [auto liability for businesses offering guest transport services](#), with

increases as high as 15%. There are some insurance bright spots, however, as property rates are softening or remaining stable in some U.S. markets with lower catastrophe risk. Operators in regions with exposure to wind or [wildfire](#), such as Florida and California, should still expect to face stricter underwriting and higher rates.

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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. AP, "[August consumer confidence dips in US with jobs, tariffs and high prices driving most unease](#)," August 26, 2025.
2. CoStar Group, "[CoStar, Tourism Economics lower U.S. hotel growth forecast](#)," August 7, 2025.
3. Hotel News Resource (HNR), "[All Eyes on Hotel Operating Costs in 2025: Lessons Learned in 2024](#)," May 5, 2025.
4. 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.

Vitality

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

Persistent labor shortages remain a major challenge for employers, despite consistent efforts to raise wages and adjust benefits models, even for part-time staff. Since 2019, the average cost of compensation per employee across the hotel industry has risen 22%, while the average hours worked has decreased by more than 7%, highlighting the need for operators to focus on improving efficiency.⁵

Labor gaps in the U.S. could be exacerbated by recent changes in immigration policy that have led to a crackdown on immigrant workers, which currently represent roughly one-third of the travel workforce.⁶ Finding workers is likely to become harder for the industry, and absenteeism is predicted to increase for employees hesitant to come to work due to immigration status.⁷

Addressing worker mental health challenges, which directly affect performance, should be a priority of hospitality employers in the current environment. However, only 20% of employers currently believe health concerns are a top factor impacting productivity, according to HUB's 2025 U.S. Workforce Vitality Gap Index. Six in 10 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 opportunities like financial wellness, 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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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 through software-based solutions like [HUB FinPath](#). Such tools provide interactive coaching and wealth management tools to help meet a growing demand for employees looking to improve their financial wellbeing.

5. Hotel News Resource (HNR), "[All Eyes on Hotel Operating Costs in 2025: Lessons Learned in 2024](#)," May 5, 2025.
6. The Economic Times, "[How crucial is immigration for the US hotel industry?](#)" June 16, 2025.
7. BBC.com, "[Business chiefs urge Trump to ease up on immigration crackdown after Georgia raid](#)," September 9, 2025.

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, particularly in restaurants and fast-food chains. Nearly half of the 174 hospitality worker deaths in 2023 resulted from violent workplace incidents,⁸ while the rate of workplace violence was nearly five times higher in the hospitality sector than in the healthcare and social assistance sector.⁹

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 private market options that provide better coverage than is currently available via the National Flood Insurance Program, including loss of business income.

Website and mobile app accessibility under the Americans with Disabilities Act (ADA) has become a growing focus for both hospitality operators and insurers. Platforms used for booking reservations and guest services must be accessible to individuals with disabilities, and noncompliance exposes operators to potential lawsuits, reputational harm, diminished bookings and loss of other business opportunities.

*The rate of workplace violence was **nearly five times higher** in the hospitality sector than in the healthcare and social assistance sector.⁹*

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,¹⁰ underscoring why strengthening cybersecurity and data privacy measures remains a critical priority.

Resiliency

[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.

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 just 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.

8. Hospitality Lawyer, "[Nearly Half of All Hospitality Worker Fatalities in 2023 Were Caused by Workplace Violence](#)," January 16, 2025.
9. Colorado Restaurant Association, "[Workplace Violence Prevention Awareness Kit for Employers](#)," April 16, 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 the U.S. 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. Wellness tourism for the hotel/lodging sector has experienced more growth in the past five years than any other segment in the hospitality industry, with U.S. spending accounting for 39% of a more than \$1 trillion global market.¹¹

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.

*Wellness tourism for the hotel/lodging sector has experienced **more growth in the past five years than any other segment in the hospitality industry.**¹¹*

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. Market.us Media, “[Wellness Tourism Market Expected to Reach US\\$ 1922.2 Billion by 2032](#),” November 26, 2024.

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 insurance 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 hurricane 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 — 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 the hospitality industry.

On average, commercial auto, excess liability and umbrella coverages are seeing the largest rate increases as carriers need additional premiums to support increased losses and expenses. Below are projections of rate increases that we anticipate in 2026. It’s important to discuss your exposure with your insurance broker and understand what to expect well in advance of your next renewal.

Coverage	2026 Hospitality Rate Guide	Insights
Commercial Auto	+5% to +15%	<p>Insurers are increasingly focused on geographic exposure, particularly in jurisdictions known for elevated litigation risk. There is less appetite for heavy passenger vehicles, such as hotel transport vans, food trucks and restaurant catering vans.</p> <p>Average loss severity in auto continues to deteriorate, with claim values increasing across all size thresholds. This trend is driven by:</p> <ul style="list-style-type: none"> ○ Higher rates of litigation ○ Escalating legal defense and settlement costs ○ Increasing nuclear verdicts <p>Insurers are increasingly scrutinizing contingent auto risks, particularly where third-party distributors are engaged. Hired and non-owned auto exposures, including delivery driver employees using personal vehicles for business purposes, are drawing closer attention.</p>
General Liability	Flat to +15%	<p>Insureds are experiencing more severe cost pressures for key coverages once embedded within a standard GL policy and are now being restricted or excluded all together. Assault, battery and sexual misconduct liability (SML) are among the most frequently excluded coverages and often require a separate specialty placement.</p> <p>Federal laws have also expanded the potential liability for hotels, which can now be named in civil lawsuits related to human trafficking.</p>
Workers' Compensation	-5% to +5%	<p>After several years of consistent rate declines, many insurers are seeking modest rate increases — typically in the 1% to 2% range — on renewals with no loss history.</p> <p>While claims frequency industry-wide continues to decline, severity is increasing, driven in part by an aging workforce with more complex, co-morbid health conditions. For hospitality businesses, there is increased concern with maintenance, housekeeping and backhouse staff.</p> <p>There is increasing scrutiny of “dual remedy” protections, particularly with workplace violence. Emerging case law could present new challenges for employers and carriers alike.</p>

Hospitality Rate Guide — U.S.

Coverage	2026 Hospitality Rate Guide	Insights
Umbrella & Excess Liability	+5% to +15%	<p>Rate pressure is expected to continue, driven primarily by severity concerns related to auto, liquor liability and exposure to human trafficking. Restaurant risks are facing additional pressure from employment practices liability claims due to compensation models.</p> <p>Insurers remain highly cautious and are aggressively applying “limits management” strategies where they offer smaller limits per layer. Insureds must then stack multiple excess policies, which significantly increases the total program cost. There is less capacity for lead layers, and the rate range will vary based on position in the tower.</p>
Package	Flat to +15%	<p>Rates for package policies remain generally moderate, with overall pricing heavily influenced by the mix of lines included. Softer property rates are helping to offset upward pressure on auto and GL, resulting in balanced premium outcomes for many insureds. Capacity remains plentiful for most middle-market clients, particularly those with standard exposures or favorable loss history. These insureds can benefit from embedded limits that would otherwise need to be purchased on a monoline basis.</p>
Liquor Liability	+9% to +20%	<p>Restaurants, hotels and bars with liquor exposure often need to secure coverage options from the excess and surplus (E&S) market. Rates vary significantly by state, with the most pronounced increases and underwriting scrutiny affecting insureds operating in jurisdictions with dram shop laws, having adverse claims history or facing higher-risk exposures, such as nightclubs.</p>
Commercial Property	Flat to +10%	<p>The property market continues to exhibit signs of softening, driven by sustained competition among insurers. Rate outliers exist, with hotel risks in particular facing challenges securing adequate capacity.</p> <p>Despite the rate reductions already seen in 2025, most insurers remain confident that pricing adequacy is holding steady, even as reinsurance dynamics evolve. Favorable treaty renewals, combined with a highly competitive facultative market, continue to underpin the softening trend observed across many client property program renewals.</p> <p>Record-setting natural catastrophes marked the first quarter of 2025, largely driven by California wildfires and severe convective storms, but improved weather moderated losses in the second quarter. If the 2025 named wind season concludes with only moderate damage, property rates are expected to ease in 2026, particularly for non-CAT and well-engineered risks.</p>
Catastrophic Perils	Flat to +5%	<p>Rates are expected to continue their downward trend, particularly for insureds who experienced the most significant rate increases during the prolonged hard market. While underwriters remain cautious with secondary perils, overall capacity remains adequate. However, wildfire coverage continues to present challenges, as many carriers are excluding entire counties based on elevated wildfire risk scores, making capacity for this peril increasingly scarce.</p>

Hospitality Rate Guide — U.S.

Coverage	2026 Hospitality Rate Guide	Insights
Environmental	Flat to +5%	In this sector, environmental policies can address risks such as Legionella exposure, water system contamination or the use of herbicides and other chemical treatments.
D&O	Flat to +5%	<p>As the soft market has persisted for longer than expected, and several carriers either reduced capacity or exited the market altogether, premium decreases are expected to plateau. Clients with no changes in exposure and no claims activity can expect flat renewals to single-digit increases.</p> <p>Artificial intelligence-related exposures are under increased scrutiny and there are rising concerns about how AI is impacting work, employment and risk governance.</p> <p>EPL coverage is becoming very costly, driven by economic inflation and the rise of nuclear verdicts, particularly in cases involving wage and hour disputes.</p>
Cyber	Flat to +5%	<p>Risks in this sector are vulnerable to cyber exposures related to Wi-Fi networks, key card systems or third-party booking platforms that handle sensitive data.</p> <p>Claims frequency of ransomware and social engineering attacks remained elevated in 2025. Dependent business interruption is a growing focus area, especially following large-scale third-party outages.</p> <p>The use of AI by cybercriminals is enabling more credible phishing attacks. The cyber market is more disciplined and better capitalized than at the height of the ransomware surge several years ago. Barring a large systematic event, expect small rate increases in 2026.</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 an individual's susceptibility to various risks encountered daily. Carriers evaluate the level of risk an insured faces in calculating insurance premiums.

HUB Hospitality

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