



Nonprofit



Gallagher

Insurance | Risk Management | Consulting

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Nonprofit Sector Property & Casualty Insurance Review

The charitable sector across the world continues to face unprecedented headwinds with funding instability, various headlines and coverage changes,¹ insurance umbrella retraction, security challenges, employment shortages and ultimately sustainability. In the US, we are fortunate to have the national advocacy of so many coalitions, and in particular, the National Council of Nonprofits is worth following. Their recent US campaign “Nonprofits Get It Done”² speaks to the vital role charities play in our communities, confronting some of the most difficult risks that are endemic to society — homelessness, drug addiction, food insecurity, equipping and training, serving youth and vulnerable populations, recovery from disasters and security in public events. The bigger question that is compounding these challenges is the intricate importance of insurance in enabling these dynamic efforts. Ultimately, without proper insurance, missions are threatened.

¹Take special note of the headlines out of Australia and the entire country moving away from occurrence to claims-made coverages going forward.

²nonprofitsgetitdone.org.

As a global leader specializing in serving nonprofits, we want to leverage our broader Gallagher's US retail report, **Four Commercial Insurance Trends for Q3 2025**³ and bring a nonprofit perspective into focus, as two key themes in the US seem to be getting in the way of what we are hearing in market relief and renewed stability — accessibility and affordability.

Key Trend #1

CASUALTY RENEWAL READINESS IN A CHALLENGED MARKET

Nonprofits have become targets of litigation and plaintiff groups' pursuit, whether it be for historical abuse claims or employment challenges. Nonprofits, as part of their respective missions, also take on such challenging risks as transportation of clients, housing, adoption and foster, mental and behavioral health, camp and athletic ventures that multiply the potential for adverse outcomes.

Even the specialist insurance markets that focus on this sector are pivoting to reduce their exposures (reducing limits, shifting to claims made versus occurrence abuse/professional) and are still charging more for the reduced coverage. Some carriers are actually parsing their writings and continue to exit higher-risk exposures such as residential activities, foster care, adoption and affordable housing.

In some cases, we are left facing non-renewals by incumbent carriers. Pursuits of alternatives include unprecedented "no interest" responses (accessibility) or reduced coverage at triple the pricing (affordability).

Resilience comes from focusing on operational excellence and aligning that with specialist brokers who understand both the admitted and E&S marketplaces as well as alternative risk financing options. That's where we are the only broker/advisor with that full continuum of perspective of nonprofit data and analytics — we are not only a broker but also a claims administrator, a risk consultant, a claims advocate, an alternative risk specialist, a pooling administrator, a wholesaler and a reinsurer. Marshalling this internal coordination in a Fortune 500 company like Gallagher, with a legacy of serving the nonprofit sector, gives us a broader and informed perspective.

ACT NOW

- Work with your broker to **prioritize your risk management best practices** — this emphasis and pursuit of excellence should always come prior to any discussion about negotiation of terms. This includes emergency action planning and a close monitoring of contracts and potential indemnification, hold harmless, waiver of subrogation and limitation of liability agreements with third parties.
- Build confidence in your ability to assume risk. We can't always insure the uninsurable, but we can hold ourselves to the highest standard and level of care. This story should be the prevailing message of our underwriting submission approach — at Gallagher our Nonprofit Specialist Broker teams call it **"Improving Your Risk Profile"** for insurance carriers.
- Youth-serving — **Adopt a proactive approach to abuse prevention:** Implement robust abuse prevention protocols, including background checks, staff and volunteer training, rule of 3, board of directors involvement and clear reporting mechanisms. Demonstrating a proactive stance can improve your risk profile and reduce exposure.
- We can't continue to think that repeating past efforts with limits and terms (especially in the abuse area) will yield different outcomes when we all recognize that there is a correlation between **limits and targets**. Expect to see changes and pressure on abuse and professional liability limits offered and types of coverage triggers; occurrence vs claims made.

³"Navigating Now: 4 Commercial Insurance Trends for Q3 2025," Gallagher.

Key Trend #2

PROPERTY STABLE, FOR NOW

Typically, nonprofits overall purchase a package policy (including property and liability) as a core insurance strategy. This is NOT the case for catastrophe-exposed (CAT-exposed) nonprofits or charities with a large property portfolio or for difficult risk classes or legal venues where underwriters need to subsidize liability losses by obtaining increased rates across the entire coverage portfolio. In general, the property market has faced some headwinds with emerging exposures that are hurting profitability — wildfires, severe convective storms and new geographic areas popping up with large property losses. In many cases, we have encouraged nonprofits to look at potential package options, given the blending of short-tail (property, auto physical damage) and longer-tail casualty that together bring greater stability and higher chances of profitability.

However, some of these package writers have been hurt badly by the unanticipated occurrences mentioned above that have had them put guardrails on the amount of capacity they can offer property-TIV-wise.

We see some nonprofit specialist carriers now just quoting the liability — again parsing in an “unbundled” way — that brings challenges to nonprofits whose property portion is insignificant or presents inefficiencies in trying to get access at an affordable price. On the other hand, it brings Excess & Surplus (E&S) options that could, in sum, be viable ways to actually reduce the total cost of risk (TCOR) for the insurance program.

We believe there is great potential for nonprofits to benefit from the success of the alternative market of risk financing (captives, RRGs, trusts and pooling). We have a great track record on the casualty side with the creation of the Risk Retention Act for RRGs, and why not apply that portfolio package concept and give nonprofits the opportunity to benefit from their success by incorporating some level of property coverage and risk assumption through an RRG that includes property? Check out the national movement “**Nonprofit Property Protection Act**”⁴ and lend your voice of advocacy.

Key Trend #3

CYBER RISK AND DEEPPAKES GET A BOOST FROM AI

Over the past few years nonprofits have been challenged by some of the fundamental requirements being sought by cyber insurance carriers — a common email platform, EDR (Endpoint Threat Detection Response) or even MFA (Multiple Factor Authentication) across all systems. These efforts can be costly but are critical to insurability and sustainability. Nonprofits today also see the potential of the digital experience and online fundraising sites, allowing them to be front and center of engagement and potential donations across the US and even the world. Nonprofits are asked to safeguard vital personal data and thus need to invest in technology. Reputation risk is one of the most harmful occurrences for nonprofits, as their brand is their most treasured asset. The rise of Artificial Intelligence (AI) has made controlling the proper use of personally identifiable information (PII) even more important as users potentially upload sensitive data into cyberspace. Fraud and misinformation can destroy a nonprofit just as an abuse situation has and does. We continue to see gaps in cyber coverage as we are engaged with prospects.

Our nonprofit cyber specialists have also uncovered some other emerging risks relative to website tracking⁵ and ADA accessibility, which could also trigger coverage gaps.

⁴“Summary of H.R. 4523 (116th): Nonprofit Property Protection Act,” *GovTrack.us*.

⁵“A Guide to Website Tracking for Nonprofits,” *Gallagher*.

ACT NOW

- Once again we begin with an introspective look at property stewardship and best practices — maintenance, use of carrier and broker resources and lease vs own options. Public-serving organizations need to **address the hazards and make excellence a priority**.
- We see carriers investing in significant and often free or heavily subsidized resources for insureds, much of it tech-enabled, including water and temperature change detection devices or electrical monitoring devices that send alerts to your facilities managers, or satellite imaging enhanced by AI that grades the quality of your property’s roof condition for underwriters, or weather notification systems that send alerts of impending natural catastrophes. Insureds need to **embrace and document their use**.

ACT NOW

- **Review Gallagher colleague Stephanie Snyder Frenier’s article (September ’25) on reducing the risk of website tracking litigation.**
- With the rise in cyberthreats, nonprofits must **prioritize cybersecurity measures**, including regular system audits, employee training and cyber liability insurance to protect sensitive data and maintain donor trust.
- Make sure you **evaluate the use of any third-party tools** and confirm that third-party vendors comply with applicable laws.

Key Trend #4

INCREASED UNCERTAINTY IN A BUYER'S MARKET

We are seeing some glimmers of hope in terms of new and renewed capacity: carriers coming into the marketplace, admitted carriers creating E&S facilities to give them more flexibility and wholesalers like Gallagher's Risk Placement Services division, and London, Bermuda, and other international markets stepping up to find new meaningful relationships and creative solutions.

Most promising is the awareness and the cultural commitment to risk management that is growing at the board and leadership level of nonprofits. Accreditation of safeguarding operations (safe environments and abuse prevention systems) will continue to get more scrutiny and investments as nonprofits demonstrate their leadership's commitment to excellence in the years to come to carriers and the courts.

In addition, nonprofits recognize the need to collaborate, whether it be for community safety (with their local authorities as security partners) or for insurance buying (as in pooling, captives and risk retention groups). There is power in thinking beyond yourselves.

All of these trends give us hope overall, but we can't say nonprofits are in a buyer's market from an accessibility and affordability perspective. Increased uncertainty is definitely a theme most nonprofits are facing, and this will continue to make the insurance industry for nonprofits one that demands sustained pursuit of excellence and partnerships by all parties — nonprofit boards and leaders, brokers, claims administrators, third-party partners, volunteers, carriers, reinsurers and beyond.

ACT NOW

- Engage in scenario planning: **Conduct regular scenario planning exercises** to prepare for potential crises, such as natural disasters, public safety incidents or funding shortfalls. This ensures your organization is ready to respond effectively and minimize disruptions.
- Monitor legislative and regulatory changes: **Stay informed about evolving laws and regulations** that could impact your insurance needs, such as changes in liability standards, employment laws or data protection requirements.
- **Collaborate with peer organizations:** Partner with other nonprofits to share best practices, pool resources and advocate for sector-wide solutions to insurance challenges, such as group purchasing programs or risk-sharing pools.



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