Gallagher

2026 Nonprofit D&O, Executive and Financial Risk Report



Executive Summary

This report examines the 2026 outlook for nonprofit Directors & Officers liability and related executive and financial risk exposures. The market remains broadly stable, but stability is uneven across the sector, with continued pressure on certain industries, larger organizations and accounts with more complex underwriting profiles. Peer benchmarking and market commentary suggest that nonprofits should approach renewal with a clear focus on governance, financial stewardship, employment practices and cyber resilience.

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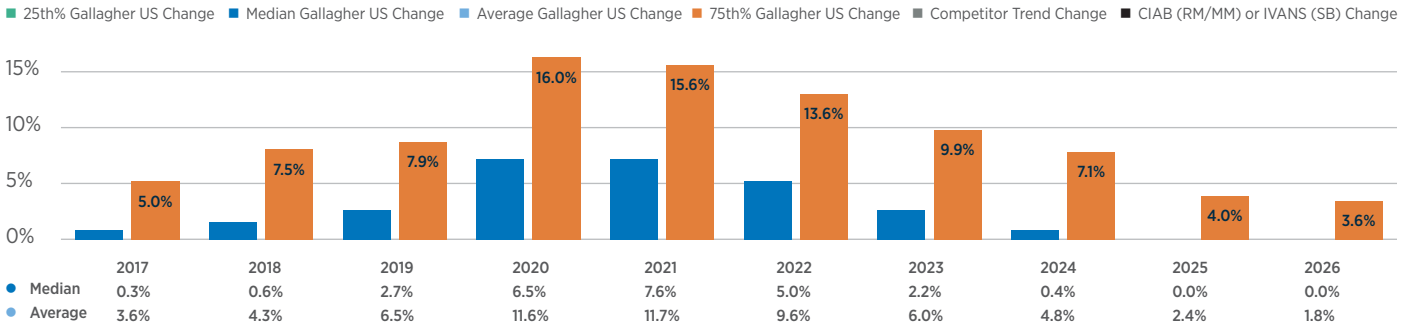
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D&O Market Rate Trend Context

Market-driven materials support the broader view that nonprofit management liability pricing has moderated from prior peak conditions, but the market is better characterized as stable than broadly soft. Over the past several years, median D&O renewal movement has remained near flat, while average premium change has stayed modestly positive, indicating that a subset of organizations continues to experience meaningful increases even as many others achieve flat or relatively stable renewals.

This distinction is important for renewal. Organizations with strong governance, clean claims experience and credible financial stewardship may still be well positioned to negotiate pricing and coverage, but outlier increases remain concentrated in the most difficult nonprofit segments and among larger, more complex accounts. As a result, headline averages can overstate market easing for organizations operating in sectors that continue to attract heightened carrier caution.

Market Rate Trends



Rate Change Distribution

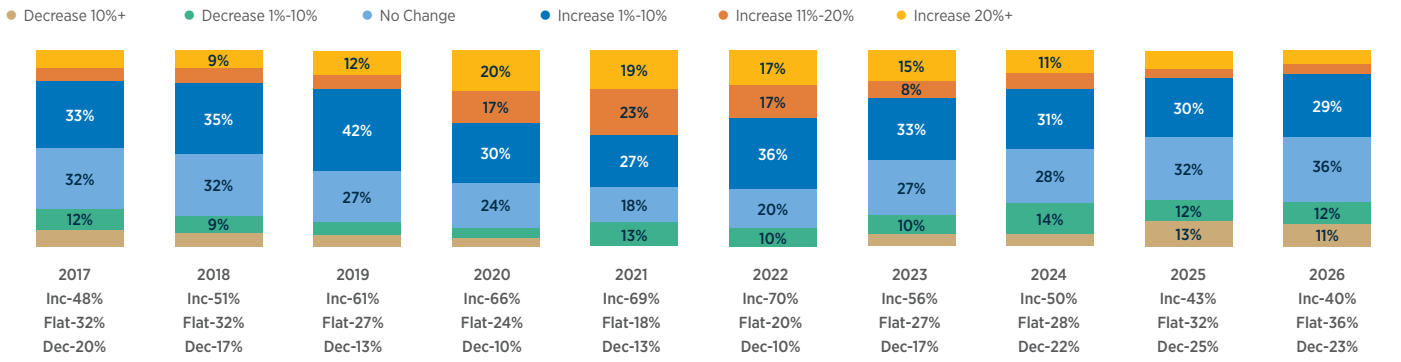


Figure 1. Nonprofit D&O market rate trends indicate flat median renewals and modestly positive average premium change

Source: Gallagher Drive® data, Document 2 Market Drive Team Version — Premium over Premium

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Challenges Across Nonprofit Sectors

This stability is not uniform across the sector. Education and healthcare organizations continue to face greater pressure because of regulatory scrutiny, litigation exposure and reputational risk, all of which can reduce insurer appetite and narrow renewal flexibility.

Organizations operating or relying heavily on governmental funding may also face heightened scrutiny. In some cases, insurers are reevaluating portfolios, reducing participation or stepping away from long-standing relationships, making placement and renewal more challenging for higher-risk nonprofits.

Within the nonprofit D&O sector, religious organizations, large healthcare systems and higher education institutions continue to face the greatest underwriting pressure. Colleges and universities, in particular, have often encountered double-digit renewal increases together with tighter terms, while large healthcare accounts have seen reduced carrier capacity, higher retentions and continued book remediation in key markets. Larger nonprofit organizations, especially those exceeding $1 billion in revenue, are also drawing sharper underwriting scrutiny, with some insurers seeking higher premiums and more actively managing limits regardless of industry classification.



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Implications for Nonprofits

Regardless of size or mission, nonprofits remain exposed to employment practices claims, governance disputes and reputational damage. At the same time, donors, funders and other stakeholders continue to demand greater transparency and accountability, reinforcing the need for strong governance and disciplined risk management.

Nonprofits must also navigate an increasingly complex regulatory environment. Evolving privacy laws, compliance expectations and public scrutiny are adding operational pressure, particularly for organizations with limited resources.

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Rising Claims and Financial Pressures

Nonprofit boards are under increasing scrutiny, heightening concern over personal liability and fiduciary responsibility. D&O claims pressure is being shaped by employment practices issues, cyber exposures, regulatory activity and ongoing financial strain across the sector.

Employment practices liability also warrants added attention in 2026. Several insurers have signaled a need for premium increases across their EPLI portfolios, with greater pressure expected for larger organizations, California-exposed risks and accounts with prior paid employment claims. For nonprofits, this means EPLI may prove more challenging than it has been in the past several renewal cycles, even where broader D&O conditions appear comparatively stable.



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Preparing for the Future: Risk Management Strategies

To prepare for a more selective underwriting environment, nonprofit organizations should focus on a disciplined risk management framework built around governance, operational resilience and financial stewardship. Priority actions include:

1. **Strengthen governance** by ensuring board members understand their fiduciary responsibilities and that governance practices are transparent, consistent and well documented.
2. **Address cybersecurity risk** through controls designed to protect sensitive donors, employees and organizational data and to strengthen response readiness.
3. **Maintain financial discipline** by demonstrating sound financial management, liquidity awareness and operational stability to underwriters and stakeholders.
4. **Enhance stakeholder transparency** through clear communication about organizational performance, governance practices and financial priorities.

For most nonprofits, the 2026 D&O market should remain stable, but stability does not eliminate exposure. Organizations that emphasize governance, transparency and proactive risk management will be better positioned to secure favorable terms and protect leadership from emerging liabilities. Those market observations become even more useful when viewed alongside peer purchasing behavior and limit selection trends.



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2026 Nonprofit Benchmarking Overview

Peer benchmarking provides a practical reference point for evaluating whether a nonprofit's insurance structure is aligned with organizations of similar size and exposure. In the 2026 data, D&O purchasing is concentrated in the lower limit bands, particularly among organizations with revenues up to $15 million. The chart below highlights that pattern, including the strong concentration of benchmarked clients in the smallest revenue cohort and common D&O purchases ranging from $1 million to $10 million.

Viewed alongside the D&O benchmark, the remaining 2026 peer data points to a similar pattern of measured limit purchasing across related executive and financial risk lines. Employment practices liability limits were most often concentrated at $1 million to $3 million, especially among organizations with up to 75 employees. Fiduciary limits also remained concentrated in lower bands, while crime limits most commonly ranged from under $1 million to $5 million across revenue cohorts. Together, these benchmarks help nonprofits assess whether their overall risk portfolio remains consistent with peer purchasing behavior.

2026 nonprofit company — D&O limit benchmarking by peer revenue size

Gallagher Drive® — Average and median limit purchased	
REVENUE SIZE	**BENCHMARK LIMIT**
Up to $5M	$1M-$2M
>$5M-$15M	$2M-$3M
>$15M-$25M	$4M-$5M
>$25M-$50M	$5M-$6M
>$50M-$200M	$5M-$10M
>$200M-$500M	$5M-$10M

Figure 2. 2026 nonprofit company — D&O limit benchmarking by peer revenue size
Source: Gallagher Drive® data



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Key Cyber Observations for 2026

While D&O remains central to nonprofit leadership protection, cyber risk continues to be one of the fastest-evolving exposures. Cyber benchmarking for 2025 suggests that most nonprofit organizations continue to purchase limits in the lower-to-middle range, with the strongest concentration among organizations with revenues up to $15 million.

Nonprofits remain attractive targets for cybercriminals, particularly when they hold sensitive personal information and operate with limited cybersecurity resources. Ransomware events now often involve both network encryption and data exfiltration, increasing the potential for extortion, operational disruption and downstream vendor-related impacts.

To address these exposures, organizations should assess cyber limits against peer benchmarks and consider risk quantification modeling to estimate potential losses from data breaches, ransomware and network outages.

In Managing AI Risk: What Nonprofit Leaders Need to Know, Stephanie Snyder Frenier, Gallagher's cyber expert, highlights the importance of establishing strong AI governance within nonprofit organizations. She notes that effective oversight begins with understanding how AI tools are already being used across the organization, including what data is being shared and where potential risks may exist. Rather than limiting innovation, her guidance encourages nonprofits to adopt practical safeguards such as clear accountability, visibility into AI use, protection of sensitive information, vendor and regulatory review, and appropriate human oversight of AI-generated outputs to support responsible adoption.

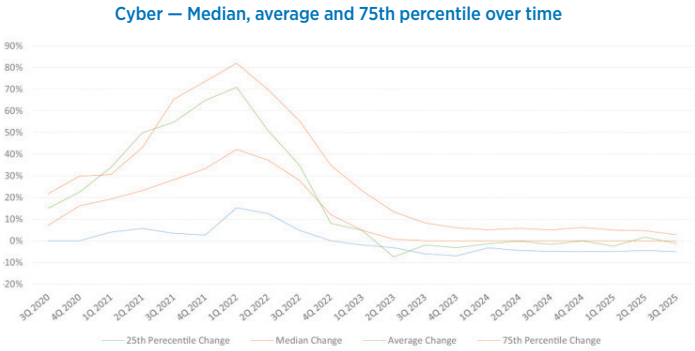
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2026 Nonprofit Cyber Insurance Marketplace



Source: Gallagher 2026 Cyber Insurance Market Outlook

Against that backdrop, current insurance conditions remain favorable for many nonprofit buyers. Cyber insurance pricing has improved materially from the peak of the 2020-2022 hard market. In 2026, nonprofit organizations are generally seeing year-over-year premium decreases in the single digits, and many are using that improved environment to reevaluate and, in some cases, increase limits on renewal. As competition remains strong and capacity continues to enter the market, buyers that can demonstrate disciplined controls, incident response preparedness and strong data governance should be well positioned to secure favorable outcomes.

Conclusion

Nonprofit organizations enter 2026 in a more stable insurance market, though conditions vary by organization and exposure. D&O and cyber markets remain generally favorable, while underwriting scrutiny continues for larger, more complex risk profiles. To achieve stronger renewal outcomes, nonprofit leaders should focus on sound governance, financial discipline, transparency and proactive risk management.

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