

Risk, Reform & Resilience: Navigating an Evolving Insurance Landscape for Human Service Providers

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Abstract

The nation's human service providers continue to find themselves operating in challenging insurance environments for a variety of reasons. Rising tort costs, evolving legislation such as proposed "reviver" statutes, and the growing influence of third-party litigation funding have reshaped the property and casualty (P&C) insurance marketplace. This article explores how these factors intersect to drive volatility in liability coverage and offers actionable strategies for human service providers and mission-driven organizations to manage risk through strong governance, documentation, and proactive partnerships with insurance advisors, insurance brokers, and insurers.

Framing the Issue

Across the United States, insurers are navigating unprecedented claims severity and frequency. Liability costs grew 7.1 percent annually between 2016 and 2022, reaching an estimated \$529 billion, 2.1 percent of U.S. GDP. Pennsylvania, for instance, stands out as a key pressure point, with the Philadelphia Court of Common Pleas and the Pennsylvania Supreme Court repeatedly cited as among the nation's most plaintiff-friendly venues. For human service organizations, the implications are immediate.

Legislative and Legal Landscape: The "Reviver" Question

Using Pennsylvania as an example, the state's House Bills 462 and 464 would open a two-year "look-back window" allowing survivors of childhood sexual abuse to file previously time-barred civil claims. Although not yet enacted, its imminent impact on insurance markets is evident: there will be less insurance market competition, insurance costs will increase, and insurers will restrict the coverage and limits offered. These look-back windows exist in other states presently – Maryland and Vermont are two such examples. No matter what the state, the consequences reverberate throughout the insurance industry. Insureds across the country are helping insurers pick up the tab to fund these past liabilities. Each state may have different reviver statutes, but most insurers providing insurance to human service providers conduct business in more than one state. When reserves are posted or claims are paid for losses dating back years, it's no surprise that current policyholders feel the impact.

Litigation Funding and Social Inflation

Third-party litigation funding (TPLF) continues to expand, with over \$15 billion in assets under management nationally in 2023, this has been estimated to have grown beyond \$20 billion in 2025. Projections have this growing to over \$30 billion in the early 2030s. In states where there is no statewide disclosure statute, it leaves insurers exposed to prolonged, well-funded litigation. The result: social inflation and rising liability premiums for human service providers.

The Cost of a Venue

Insurers recognize the venues that are unfavorable to do business in. As such, the cost of doing business in challenging legal venues becomes problematic. Philadelphia, New York City, Georgia (statewide), California (statewide), Cook County, Illinois, and St. Louis, Missouri are widely considered massively unfavorable to insurers. And the losers in all of this are the insureds who need to maintain insurance to conduct business. The cost of the insurance in these venues has seen a significant increase. Said differently, the plaintiff-friendly venues coupled with TPLF trends have made the cost of insurance and the cost of doing business almost unsustainable in some venues. Logically, insurers will charge more for insurance (and restrict terms and conditions) if the legal climate is unfavorable to the businesses they call clients. Human service providers are left holding the bill, and that bill is getting very expensive.

In states like Pennsylvania, the 2023 medical-malpractice venue rule change revived forum shopping in plaintiff-friendly jurisdictions such as Philadelphia. Insurers' results have been impacted, which in turn increases the cost of insurance for human service providers.

Insurance Market Impacts for Human Service & IDD Providers

Commercial P&C premiums rose 3.7% in 2025, while Umbrella/Excess premiums rose 11%. For human service providers, the cost increases for liability protection have seen higher increases. Five key areas dominate the losses that impact human service providers: (1) negligence allegations, (2) abuse allegations, (3) workplace injuries, (4) automobile accidents, and (5) cyber threats/losses. Demonstrating risk maturity helps organizations stabilize pricing, but most human service providers are, in one way or another, subsidizing the rest of the policyholders who use insurance companies to transfer risk.

Innovative Risk Management Models

Leaders in the human services field are adopting continuous risk engagement models. Johnson Kendall Johnson's clients have adopted a framework that emphasizes data analytics, telematics, documentation, and cyber preparedness. The basic strategy that works to manage insurance availability and costs focuses on three pillars: (1) Risk prevention and safety management, (2) Insurance program management, and (3) Claims management.

Financing and Scaling the Model

Human service organizations are now exploring captives, risk pools, and self-insured retentions to manage volatility and remove themselves from subsidizing those that do not have the same proactive risk management strategies. These require board-level alignment but can yield predictable costs and improved control over claims outcomes if the proper tools to control loss are in place.

Measuring Success and Broader Impact

Outcomes can be tracked via financial, operational, and cultural metrics. Data transparency strengthens credibility with insurers and funders alike.

Conclusion: A Call for Resilience

Insurance is now a strategic pillar of mission protection. The nation's human service leaders must invest in risk management, safety culture, documentation, and advocacy for balanced reform. Resilience is built through engagement, not avoidance.

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