

State of the Sexual Misconduct Liability Market 2026

Demand in the standalone Sexual Misconduct Liability (SML) market continues to increase. Legal reforms and heightened public awareness have driven a surge in SML claims causing some carriers in the PL/GL market to retreat from this space, however specialty insurers have found innovative ways to meet the needs of their clients and protect organizations doing the right thing.

The risk environment

Over the past several years, regulatory requirements have been a key driver of demand. In many states, businesses have been required to purchase coverage in connection with specific contractual obligations. This has contributed to high submission volumes and an increase in new market participants.

At the same time, increasingly complex risks require deeper review and specialized industry knowledge. Carriers operating in this space are being tasked with developing more creative coverage solutions for complex risks across healthcare, transportation, and leisure. New extensions for physical abuse, alongside sexual abuse coverage, are creating opportunities for carriers that can partner across other lines of business within their organizations. Where carriers and clients take a holistic approach to risk management, this can support the development of long term partnerships that benefit both parties.

Changes in the regulatory landscape continue to have a direct and immediate impact on the SML marketplace, particularly in the claims environment. Each adjustment to statutes of limitations has resulted in increased claims activity. While claim frequency fluctuates as legislation changes, severity remains high, with juries rightly sympathetic to victims.

Looking ahead

The past year saw the entrance of new markets alongside the continued establishment of experienced carriers. This deployment of

capacity has strengthened the market, increased product knowledge, and created opportunities for buyers.

Despite this increase in insurance participants, the market remains disciplined, particularly for larger and more complex risks in the Social Services, Healthcare, and Education sectors. Underwriting considerations such as background checks, staff to youth ratios, and supervision remain critical and should stay top of mind for brokers and risk managers.

The PL/GL market is expected to see further pullback from this space as claims frequency and severity continue to rise, with some carriers expected to withdraw from certain challenging classes. Ongoing reform of statutes of limitations will require a steady hand and continued underwriting engagement.

Demand outside traditional industry classes is also expected to increase. Organizations operating in transportation, social services, education, healthcare, leisure, and religious sectors will continue to require SML coverage. At the same time, companies outside these sectors are increasingly taking notice as SML risk becomes a more regular topic in boardroom discussions.

Carriers with a long standing history of expertise in this field will continue to find opportunities to partner with clients that prioritize strong cultures of safety and proactive risk management.

Through solutions such as Beazley Safeguard, insurers are combining advanced risk management and proven crisis response services with effective insurance. This integrated approach is designed to help clients minimize the risk of sexual abuse within their organizations and to respond effectively if an event occurs.

Carriers that offer prevention, response, and support services are well positioned to act as natural extensions of a client's broader risk management framework. As these risks continue to evolve, experienced carriers with mature, holistic approaches will remain critical partners.

With a range of **executive risk products and services**, backed by experienced underwriting and claims expertise, our team ensures that organizations and their executives are resilient against the shifting sands of business liability landscape.

