

Accident, Health & Life Market Update – Part I

Stop Loss Market Insights: **Where We Have Been and What Is Driving Costs Ahead**

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Introduction

The stop loss market has continued to grow, driven by self-insured employers' rising need to protect their health plans against escalating high-cost claim exposure and by continued adoption of self-insured arrangements. This paper marks Part I of Lockton Re's 'Stop Loss Market Insights' series, examining financial data on market growth, share and concentration, loss ratio performance, and high-level reinsurance buying patterns, drawn from Lockton Re's analysis of industry financial and reporting data. Part II will follow separately, focusing on claims and the deeper trends driving these market-level results.

Key Takeaways

- The 2025 stop loss market reached $45.1 billion in premium, while the 10-year overall compound growth rate (CAGR) was ~13%. Specialty Accident, Health & Life (AHL) and Blue Cross and Blue Shield (BCBS) segments had the highest — and accelerating — growth rates, having seen the most market-share growth in 2025.
- All segments saw deteriorating loss ratios in 2025 as the overall industry-wide loss ratio reached 90.8%. However, observers should consider that results differ across segments. National Non-Blues, BCBS, and Regional & Independent health plans had particularly high loss ratios (90% or higher). Those plans may position their stop loss products as 'loss leaders' and/or place less emphasis on cost-control programs than other segments, which need to focus more on underwriting margin to survive.
- Larger stop loss carriers more frequently make use of internal subsidiaries they have access to (e.g., affiliated reinsurers, captives). However, we anticipate that Third Party Reinsurance transactions will continue to grow: AM Best reports across all health filers (stop loss and beyond) that cessions to non-affiliated entities reached their highest level over the last 10 years during 2025,[1] and stop loss carriers are no exception to this trend. New transactions accounted for $3.4 billion of the $8.1 billion in ceded premium to third-party reinsurers in 2025.
- Bottom Line: Stop loss carriers are competing in a polarized market. Some carriers can run 90%+ loss ratios and still grow premium, backed by diversified balance sheets, affiliated reinsurance, and other factors. Other carriers may not be able to match this playbook. And with the claim environment and risk exposure shifting (e.g., high-cost therapies, an increase in high-cost claimants, and underlying stop loss contract terms), it is only getting harder for everyone to keep pace.

Stop Loss Market Growth and Financial Summary — Data and Methodology [2]

This analysis draws on statutory and financial statement data filed by carriers writing medical stop loss. We examined the most recently reported 10 years of premium, looking at direct premium earned and direct claims ratios (i.e., results before the impact of reinsurance).

To understand underlying market dynamics, Lockton Re mapped each carrier to one of seven distribution channels to segment the overall market:[3]

- Specialty AHL
- Blues and Affiliates
- Large Direct Employer Stop Loss (ESL) Writers
- National Non-Blues
- Regional & Independent Health Plans
- Provider-Sponsored Health Plans
- Managing General Underwriter (MGU)/Programs

[1] AM Best, "Reinsurance Solutions Becoming More Viable for Health Insurers," Best's Market Segment Report.

[2] S&P Global Market Intelligence, S&P Capital IQ Pro, accessed August 2026.

[3] One limitation is worth noting at the outset: The filings do not allow provider stop loss to be separate from the results. We expect it to represent a small portion of the premium shown here relative to employer stop loss.

Market Growth

Premium across the stop loss market reached $45.1 billion in 2025, 13% above 2024. That growth rate is consistent with the overall market's longer-term CAGRs, all of which held steady near 13%.

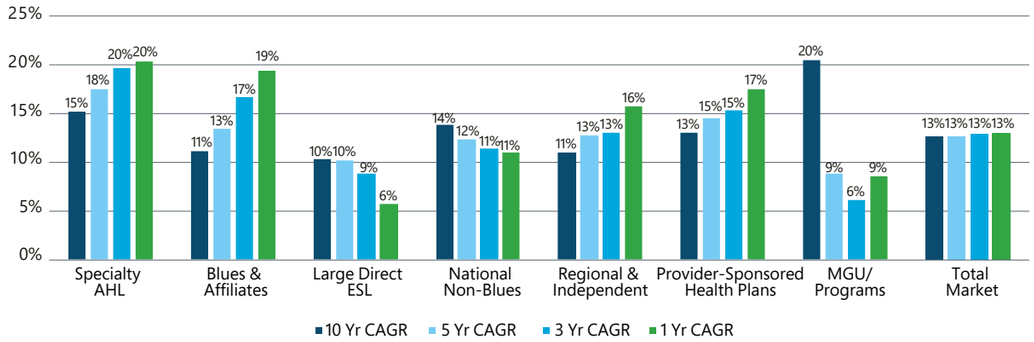
Drilling down into the segment-level detail reveals that every segment grew in 2025, though at different rates.

Specialty AHL, Blues, Regional & Independent, and Provider-Sponsored Health Plans have all seen growth rates trend upward in recent years, while the remaining channels have decelerated.

Large Direct ESL writers had the slowest year-over-year growth in 2025 at 6%, followed by MGU/Programs at 9%. Notably, the MGU growth rate in recent years is well below the 20% 10-year CAGR, suggesting a more measured pace of growth in premium volume in recent years.

Conversely, Specialty AHL carriers and BCBS carriers each grew premium by 20% — well above the 13% industry average.

Premium Growth Rates by Segment (CAGR)



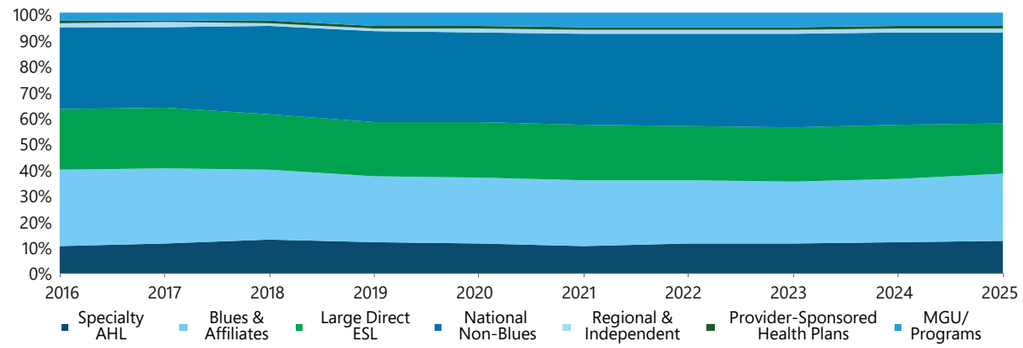
Market Share and Concentration

Blues, Large Direct ESL, National Non-Blues, and Specialty AHL carriers together account for close to 95% of market share (in terms of premium) over the past 10 years. While this concentration has remained stable, we call out a few notes emerging in the 2025 data:

- Large Direct ESL gave up 1.5 points of overall share in 2025, while BCBS and Specialty AHL carriers increased market share proportionately.
- MGU/Programs grew in absolute terms from $1.5 billion to $2.1 billion over the last five years. On a market share basis, however, MGU has shed 0.2 points in each of the last five years.

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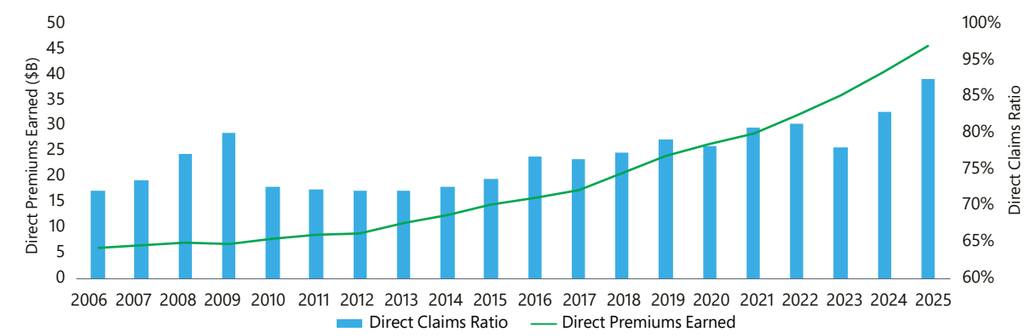
Stop Loss Premium — Market Share (%) by Segment



Claims Ratio Performance

Lockton Re compiled direct claims ratios, or claims paid as a percentage of premium, by market segment. It is now well established that the 2025 stop loss market's $45.1 billion in premium was paired with historically high loss ratios, reaching 90.8% in the underlying data.

Industry — Stop Loss Direct Premiums and Claims Ratios

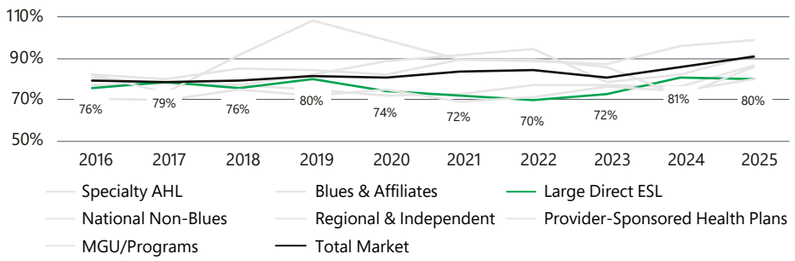


However, segmenting the market reveals how performance was not uniform across distribution channels.

The exhibits on the next page show each segment's loss ratio over the last 10 years in blue, set against the other segments in gray and the total market in black. Several themes emerge:

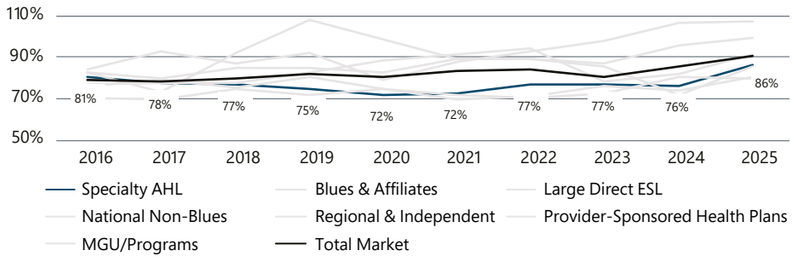
- Every segment's loss ratio rose in 2025 relative to 2024, except for Large Direct ESL carriers, which posted a slight improvement to 80% from 81%.
- National Non-Blues and Regional & Independent Health Plans continued to climb, reaching the upper 90s or above.
- BCBS stop loss moved back into 90%+ loss ratio territory.
- MGU/Programs and Specialty AHL had held claims ratios in the 70s through 2024; in 2025, both crossed into the 80%+ range.

Direct Claims Ratio — Large Direct ESL Highlight



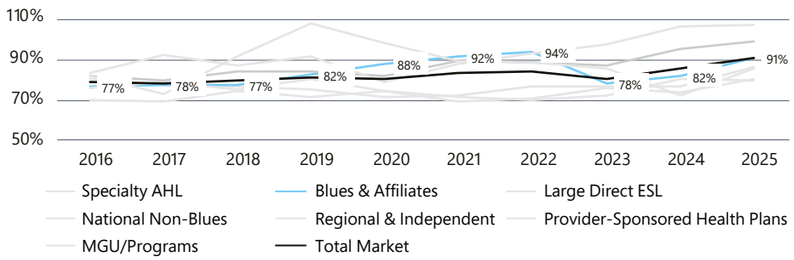
Large Direct ESL showed a recent uptick to the 80%–81% range in 2024–2025, up from a low of 70% in 2022.

Direct Claims Ratio — Specialty AHL Highlight



Specialty AHL remained in the mid-70% to low-80% range for most of the period and was among the lowest of all segments from 2019 to 2022, although it increased to 86% in 2025.

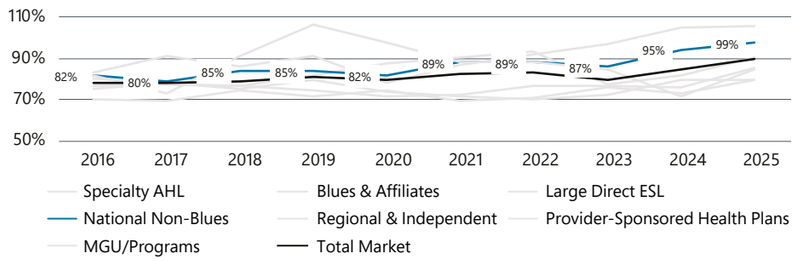
Direct Claims Ratio — BCBS Highlight



Blues and Affiliates (BCBS) climbed from the upper 70% range in 2016 to the 90% range in 2025, a clear multi-year upward drift well above earlier years in the study.

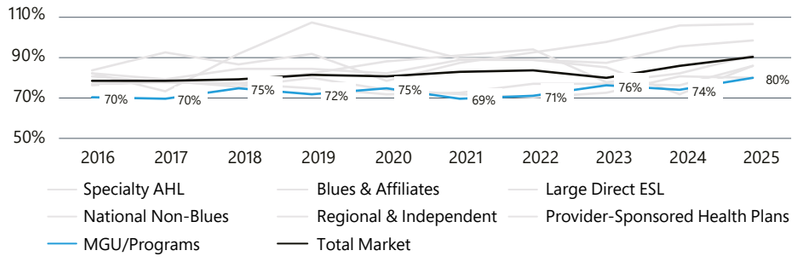
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Direct Claims Ratio — National Non-Blues Highlight



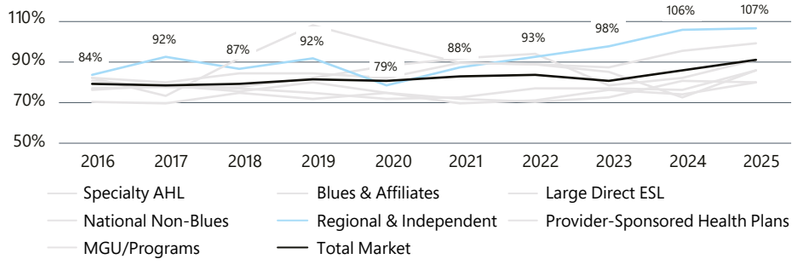
National Non-Blues were consistently in the mid- to upper-80% range from 2016 to 2023. The previous two years of data show even further loss ratio acceleration, in the mid- to upper-90% range.

Direct Claims Ratio — MGU/Programs Highlight

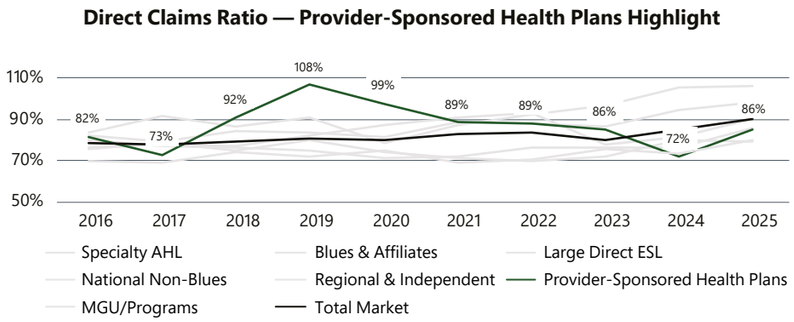


MGU/Programs had never exceeded the 80% range until 2025; it was relatively stable with favorable results compared to other segments. MGUs also need to make room for MGU fees, so it makes sense that loss ratios would need to be lower to make economics feasible.

Direct Claims Ratio — Regional & Independent Health Plans Highlight



Regional & Independent Health Plans consistently showed escalating loss ratios; 2020 saw some reprieve (79%), but there has since been a rise over 100%.



Provider-Sponsored Health Plans saw an uptick in loss ratios in 2025 after several years of improving loss ratios.

Reinsurance Purchasing: 2025 Schedule S Highlights Across L&H Stop Loss Filers

Reinsurance plays an important role in stop loss carriers' risk and capital management toolkits. Stop loss is inherently capital intensive given its higher risk-based capital (RBC) requirements relative to other health lines. It is also volatile. Reinsurance helps carriers address both challenges:

- Excess and aggregate protection helps carriers manage tail exposure and earnings volatility, which continue to be under pressure due to escalating medical inflation, high-cost claimant activity, and large claims exposure.
- Capital management support (e.g., via Capital Motivated Reinsurance) provides carriers with 'synthetic capital' to meet the RBC requirements for stop loss products. This, in turn, helps to support overall premium growth demand from the Commercial Employer Benefits market. Read more about Capital Motivated Reinsurance in Lockton Re's Market Update here: Lockton_Re_Market_Update_-_Capital_Motivated_Reinsurance_2026.pdf.

Lockton Re has compiled 2025 Schedule S, Part 3 from the statutory annual statements of life and health blank filers. [4,5] We have filtered the results to reinsurance activity associated with the medical stop loss market only, not the broader health reinsurance market.[6]

[4] S&P Global Market Intelligence, S&P Capital IQ Pro, accessed August 2026.

[5] Schedule S reports reinsurance ceded, with each row being a treaty relationship, assuming company, domicile, effective date, affiliated flag, ceded premiums, applicable line of business and 'reinsurance product type.' We reviewed buyer behavior based on reinsurance type; however, we identified reporting inconsistencies that prevent us from deriving any meaningful conclusions based on reinsurance type.

[6] Note: Stop loss by P&C filers is reported on Schedule F and is excluded from our analysis. Furthermore, we filtered the data to focus on Third-Party Reinsurance transactions for medical stop loss products. In doing so, we also excluded transactions that appeared to be affiliated transactions or intercompany pooling, captive and fronting arrangements, and some transactions that appear to be catastrophic group life transactions.

[7] AM Best, "Reinsurance Solutions Becoming More Viable for Health Insurers," Best's Market Segment Report.

[8] Relationship count is derived from summary data — unique count of cedant | reinsurer | reinsurance cover type.

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Results: Stop Loss L&H Filers Only

Ceded Premium ($M): Split by Affiliate/Non-Affiliate Status

Affiliate/Non-Affiliate Classification	Total $M
Third Party Reinsurance	$8,140.9
Cessions to Affiliated Entities	$9,719.4
Cessions to Non-Affiliate Captives, Fronting	$1,522.3
Grand Total	**$19,382.5**

Ceded premiums from stop loss carriers to reinsurers sat at just over $19 billion in 2025. A substantial portion (~50%) of reinsurance premiums is ceded to affiliates, often by larger carriers that are seeking to efficiently manage capital by leveraging capabilities available via internal subsidiaries (e.g., affiliated reinsurers, captives).

A total of $1.5 billion of ceded premium to non-affiliates was flagged as fronting or non-affiliated captive arrangements.

The remaining $8.1 billion of the ceded premium (referred to in this report as Third-Party Reinsurance) is growing. In fact, AM Best notes in its September 2026 Health Market segment report that "non-affiliated reinsurers saw double the growth of affiliated reinsurers in 2025." [7]

Third-Party Reinsurance Transactions: Ceded Premium and Counts

Years Effective Date	Ceded Premium $M	Count Unique Cedant — Reinsurer Relationships [8]
New in 2025	$3,368.6	24
1–2 Years	$1,469.1	87
2–5 Years	$285.7	53
5–10 Years	$2,618.9	43
10+ Years	$398.5	28
Grand Total	**$8,140.9**	**234**

Drilling into the Third-Party Reinsurance transaction data reveals that a significant portion of the cedant–reinsurer relationships are longer term, with over half falling into the 2–10+ year categories.

Also notable was that $3.4 billion of the $8.1 billion in ceded premium to non-affiliated or third-party reinsurers was generated in 2025 alone; this was driven by a $3.1 billion transaction between United Healthcare and Hannover Re on group quota share.

Many of the larger deals in the underlying data that are structured as quota share arrangements are likely capital-motivated transactions — again, illustrating the trend of reinsurance becoming a critical component of carriers' toolkits for managing both risk and capital.

Third-Party Reinsurance: Market Exits Breakout

2025 Ceded Premium $M	
RGA	$203.4
Swiss Re	$42.8
Zurich Re	$29.9
Total Exits	**$276.1**

Amid the exits of RGA, Swiss Re, and Zurich Re from the reinsurance space, the Schedule S data shows that ceded premium to these carriers made up $276.1 million. About 88% of this premium was tagged as group quota share, likely from their program business.

Looking Forward

While the stop loss market's growth trajectory remains strong, a widening gap between premium growth and performance will be important to watch. Future market outcomes are likely to be driven not only by enrollment and premium expansion but also by how effectively carriers can respond to the cost pressures, such as capital strain, medical inflation, and competition from fellow market participants. Stay tuned for Part II of this series, where Lockton Re will dig deeper into these drivers.



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Appendix

2025 Stop Loss Premium by Market Segment

Segment	2025 Premium $B
National Non-Blues	$15.7
Blues & Affiliates	$11.7
Large Direct ESL	$8.7
Specialty AHL	$5.7
MGU/Programs	$2.1
Regional & Independent Health Plans	$0.7
Provider-Sponsored Health Plans	$0.5
Total	**$45.1**

Market Update from the Accident, Health & Life Team

Stop Loss Carrier Segment Mapping (Lockton Re Mapping on 2006–2025 S&P Data)

Blues Plans and Affiliates

Ascendiun Inc.

Aware Integrated Inc.

BCS Financial Corporation

Blue Cross Blue Shield of Rhode Island

Blue Cross and Blue Shield of Kansas City

Blue Cross and Blue Shield of Kansas Inc.

Blue Cross Blue Shield of Massachusetts Inc.

Blue Cross Blue Shield of South Carolina

Blue Cross Blue Shield of Michigan Mutual Insurance Company

Blue Cross Blue Shield of Wyoming

BlueCross BlueShield of Tennessee Inc.

Cambia Health Solutions Inc.

Capital Blue Cross Inc.

CareFirst Inc.

CuraCor Solutions Corp.

Elevance Health Inc.

Gemstone Holdings

GoodLife Partners Inc.

GuideWell Mutual Holding Corporation

Hawaii Medical Service Association

Health Care Service Corporation

Highmark Health

Horizon Mutual Holdings Inc.

Independence Health Group Inc.

Louisiana Health Service & Indemnity Company

Premera Blue Cross

Prosano Health Solutions

USAble Mutual Insurance Company

Wellmark Inc.

Large Direct Stop Loss Carriers

Sumitomo Life Insurance Company

Sun Life Financial Inc.

Tokio Marine Holdings Inc.

Voya Financial Inc.

National Non-Blues

Centene Corporation

CVS Health Corporation

Humana Inc.

Molina Healthcare Inc.

The Cigna Group

UnitedHealth Group Incorporated

MGU/Programs

Altaris LLC

Ausman Management Company LLC

Brookfield Corporation

Fairfax Financial Holdings Limited

Fidelity Security Life Insurance Company

Insurance Capital Group LLC

Maximum Corporation

Nationwide Mutual Group

Pan-American Life Mutual Holding Company

UFP Industries Inc.

Western & Southern Mutual Holding Company

Provider Sponsored Health Plans

Ascension Health Alliance

Aspirus Inc.

Aultman Health Foundation

Baylor Scott & White Holdings

Carle Foundation

Corewell Health

Froedtert Health System Inc.

HealthPartners Inc.

Intermountain Health Care Inc.

Kaiser Foundation Health Plan Inc.

Kaiser Permanente Inc.

Memorial Hermann Healthcare System Inc.

Presbyterian Healthcare Services

Sanford Health

Sentara Health

University Health Care Inc.

UPMC

Regional & Independent Health Plans

American Dental Association

Angle Health Inc.

Curative Inc.

EmblemHealth Inc.

Independent Health Association Inc.

Lifetime Healthcare Inc.

Medica Holding Company

Medical Mutual of Ohio

PacificSource

Point32Health Inc.

Texas Mutual Insurance Company

The Health Plan of West Virginia Inc.

WEA Insurance Corporation

WPS Holdings Inc.

Specialty AHL

21st Century Life and Health Company Inc.

Aegon Ltd.

Agnaten SE

Alico Services Corporation

Allianz SE

American Financial Group Inc.

American International Group Inc.

American United Mutual Insurance Holding Company

Apollo Global Management Inc.

Aquarian Capital LLC

Arch Capital Group Ltd.

AXA SA

AXIS Capital Holdings Limited

Baltimore Life Holdings Inc.

Berkshire Hathaway Inc.

Boston Mutual Life Insurance Company

Cameron Associates Inc.

Chubb Limited

Core Specialty Insurance Holdings Inc.

Desmarais Family Residuary Trust

Educators Mutual Insurance Association

Elan Reinsurance Services Inc.

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Everence Insurance SNL Life Group

Everest Group Ltd.

Government Employees Health Association Inc.

Green Hand LLC

Groupe Covéa — Société de Groupe d'Assurance Mutuelle

Horace Mann Educators Corporation

Intact Financial Corporation

Kansas City Life Insurance Company

Liberty Mutual Holding Company Inc.

Liberty Union Life Assurance Company

Life & Specialty Ventures LLC

Loews Corporation

Markel Group Inc.

Medical Professional Mutual Insurance Company

Meiji Yasuda Life Insurance Company

Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München

Mutual of Omaha Holding Company

Nassau Financial Group LP

New Era Enterprises Inc.

Nippon Life Insurance Company

Old Republic International Corporation

Pacific Mutual Holding Company

Pension Administrators Inc.

Physicians Insurance

Prudential Financial Inc.

QBE Insurance Group Limited

Reinsurance Group of America Inc.

SiriusPoint Ltd.

Skyward Specialty Insurance Group Inc.

Swiss Re AG

TAO Insurance Holdings LLC

The Allstate Corporation

The Guardian Life Insurance Company of America

The Hartford Insurance Group Inc.

Trustmark Mutual Holding Company

Ullico Inc.

Underwriters at Lloyd's, London

Unum Group

W. R. Berkley Corporation

Zurich Insurance Group AG

Sources Cited

1. AM Best, "Reinsurance Solutions Becoming More Viable for Health Insurers," Best's Market Segment Report, September 2026.

2. S&P Global Market Intelligence, S&P Capital IQ Pro, accessed August 2026, https://www.capitaliq.spglobal.com.

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Patent Number: 11783427
Title: SYSTEMS AND METHOD FOR CUSTOM AND REAL-TIME VISUALIZATION, COMPARISON AND ANALYSIS OF INSURANCE AND REINSURANCE STRUCTURES
Product(s): Lockton Re SAGE™

Patent Number: 12020333
Title: SYSTEMS AND METHOD FOR CUSTOM AND REAL-TIME VISUALIZATION, COMPARISON AND ANALYSIS OF INSURANCE AND REINSURANCE STRUCTURES
Product(s): Lockton Re SAGE™

Patent Number: 12488398
Title: SYSTEMS AND METHOD FOR CUSTOM AND REAL-TIME VISUALIZATION, COMPARISON AND ANALYSIS OF INSURANCE AND REINSURANCE STRUCTURES
Product(s): Lockton Re SAGE™

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