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2026 UPDATE

Navigating the evolving stop loss market

WHAT BROKERS AND SELF-FUNDED GROUPS NEED TO KNOW

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The stop loss market just reset, and not in a subtle way.

According to 2025 NAIC data, the market loss ratio exceeded 91%, which is a new all-time high and an additional 5% increase from the previous record of nearly 86% the year before.[1] In just two years, the stop loss market has moved nearly six percentage points further into unprofitable territory. At the same time, policyholder premiums increased by double digits, but were still unable to keep pace with catastrophic medical claim inflation.

This combination is becoming extremely challenging. Policyholders are seeing premiums going up more than ever, yet they still can't seem to get ahead of their claim costs. If anything, the gap has only been widening. This goes beyond a typical cycle. It points to a structural reset in how stop loss coverage needs to be designed, evaluated and managed.

These dynamics are showing up in five key ways across the market:

1

Market pressure is accelerating and exposing gaps

A 91% loss ratio signals more than rising costs. It highlights both where pricing discipline has held and where it hasn't. In this environment, programs built on aggressive pricing or loose structures are being tested quickly.

> **TAKEAWAY:** Conditions are not always going to be favorable. Self-funded groups need carriers who are stable under pressure.

2

Stability must be demonstrated, not assumed

Not all stop loss carriers respond the same way during a stressed market. Some react sharply at renewal. Others maintain consistency in pricing and terms. You can see that difference in renewal predictability, client experience and long-term outcomes.

> **WHAT TO LOOK FOR:** Carriers with a track record of disciplined underwriting and consistency year after year.

3

Policy performance is being tested in real time

At higher loss ratios, pressure on policy language increases and contract quality becomes paramount. Ambiguity creates friction. Clarity creates confidence. Policyholders are seeing firsthand how incomplete plan mirroring or seldom used contract "gotchas" result in less-than-expected and disappointing stop loss reimbursements.

> **KEY QUESTION:** Will the stop loss policy perform as expected when it matters most?

4

Cost management is driving outcomes

At high loss-ratio levels, policyholders need more cost-containment assistance than ever. Stop loss carriers that help actively manage claims through disciplined reviews and early interventions on complex cases are better positioned to help policyholders control overall medical costs.

> **REALITY:** Pricing sets expectations. Execution determines results.

5

Unbundling and greater transparency are becoming strategic advantages

As costs go up, policyholders are demanding greater visibility into what's driving their spend. Unbundled models are gaining momentum because they provide:

- **Insight** into cost drivers.
- **Accountability** across each program component.
- **Flexibility** selecting best-in-class partners.
- **Control** to adapt to changing conditions.

At the same time, more self-funded groups are exploring alternative risk strategies, such as captives, to stabilize long-term costs and play a more direct role in outcomes. This reflects a broader shift: moving from packaged solutions to designed strategies.

> **WHAT THIS MEANS:** Transparency is a competitive advantage now more than ever.

Final thoughts

A market loss ratio rising to over 91% is a wake-up call for the self-funded market. It reinforces the simple but important truth that fundamentals matter:

- **Stability** drives consistency.
- **Strong contracts** reduce risk.
- **Active cost management** improves outcomes.
- **Transparency**, especially through unbundling, allows for more control.

As self-funded groups evaluate new approaches, including captives and more transparent program designs, the focus is shifting toward long-term performance more than ever before. The market is changing quickly, but the fundamentals are clear: disciplined underwriting, strong contracts and active management will separate programs that perform from those that don't.

With 50 years in stop loss, stability and consistency are hallmarks of the Symetra experience. To learn more, talk to your Symetra Stop Loss representative.

[1] S&P Global Market Intelligence NAIC Annual Statement Health Supplement data.

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