



DWF Global Risks 2026 Horizon Scanning



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Introduction

After the events of recent years: Brexit, COVID-19 and the Russian invasion of Ukraine to name three, it would not be unreasonable to hope for a period of relative calm and stability.

Unfortunately, however, that has not been the case. Rather, the insurance market is being required to evolve and adapt at an ever-faster pace to reflect the changing political and technological framework in which it operates. Inevitably, this evolution is giving rise to new disputes and new challenges.

At times, the law too has struggled to keep up with recent changes, and it is important that lawyers have the necessary expertise and market awareness to be able to assist their clients to navigate a difficult legal environment. Against that background, our lawyers have set out their thoughts on the year just past and what may be coming down the road in the year ahead in their different classes of business and different jurisdictions.



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A look back to 2025

2025 – The year past

In our report last year, we suggested that 2024 left the world a riskier and more dangerous place than many of us had experienced previously. 2025 has not improved the position in that regard but, rather, has added an extra layer of uncertainty.

Geopolitical

One of the major drivers behind these developments has been the increasingly complex and novel geopolitical situation in which we find ourselves. Established certainties have been challenged in everything from politics and trade to technology and climate change and from the Arctic to Central America and the Middle East.



Ukraine

Ukraine endured another year of war notwithstanding President Trump's sometimes confusing and intermittent interventions. This has continued to mean a difficult environment for insurers. The position has been exacerbated by the clandestine conflict which Russia appears to be conducting against Western European countries supporting Ukraine. Thus, the Russian government, or entities acting on its behalf, is widely believed to be responsible for the disruption of communication networks in Western Europe as well as attacks on property. This includes, for example, actual and threatened attacks on undersea cabling and cyber-attacks on communication hubs and public bodies. Lack of clear evidence as to the perpetrators of these attacks, however, is challenging for insurers.

Conflict

Similarly, conflicts continued in the Middle East - extending for the first time to include a direct conflict between Israel and the USA on one side and Iran on the other. Notwithstanding the fragile ceasefires which have been negotiated, there can be no doubt that this conflict continues to threaten global shipping and trade routes and challenge supply chain resilience throughout the world.

AI

The rapid growth in the use, or proposed use, of AI and generative AI in most areas of commerce and social interaction has also generated widespread uncertainty about the nature and extent of potential liabilities, and who or what will ultimately be responsible for any AI generated loss. This unpredictability has impacted most classes of insurance, but the technology has developed so quickly that it has been difficult for the law and policy wordings to keep up.

Natural catastrophes

In addition to these new areas of concern, it has been another bad year for natural catastrophes with insured losses projected to reach approximately USD137 billion in 2025. This estimate means that 2025 will be the sixth consecutive year in which insured natural catastrophe losses have exceeded USD100 billion. The largest single loss was the California wildfires with the insured loss now estimated at USD40 billion, making it the largest ever wildfire loss. This is a useful indication of the increasing impact of secondary perils which form the majority of natural catastrophe losses. The growth of losses from secondary perils is another contributor to the growing unpredictability across many classes of business and, of course, poses challenges to reinsurers too, not least with respect to the aggregation of losses.

Pharmaceuticals

Last year, we noted the increase in collective actions in England and Wales in areas such as product liability and pharmaceuticals. We also, however, noted the uncertainty in the operation of third party funding arrangements which usually underpin such actions. During 2025, however, the UK Government announced that it would be legislating to simplify and clarify the law surrounding third party funding to encourage its continuing availability to claimants.



How will 2026 shape up?

2026 – The year to come

The themes of geopolitical instability, rapid advances in technology and climate change seem likely to dominate the new year.

Disruptions of trade

President Trump has been quoted as saying that he “doesn’t need international law” and the disruption of international relations occasioned by his presidency is set to be a feature of 2026. Potential flash points include Central America and the Caribbean, Iran and the Middle East and, of course, Greenland. This clearly has implications for the disruption of trade, supply chains and maritime and aviation cover too. In addition, the US policy of imposing or threatening widespread tariffs on trading partners around the world may create a more difficult economic environment, especially where US tariffs are met with retaliatory measures.

Civil disruption

Political instability is unlikely to be just an international phenomenon, however, and the indications are that there will be an increase in civil disruption around the world. This is already apparent in the US with demonstrations against ICE and civil disturbance either in support of, or opposed to, populist policies. We have already seen how the size and frequency of these events can be amplified by social media. As we discuss below, these developments will be of concern to contingency insurers as well as property insurers and others.



AI bubble

The use of AI is growing exponentially, changing the risk profile of many classes of business including, for example, the health sector and professional indemnity. However, as our specialists consider below, insurers in the FI/D&O sector may also face claims arising from “AI washing” and the AI bubble. It remains to be seen how quickly wordings can adapt to these developments. The growth of AI also leads to challenges with traditional risks. The sheer processing power that is needed to fuel the AI boom leads to challenging environments for large data centres, which are exposed to not only newer risks such as cyber-attacks, but also traditional perils such as fire, as technology pushes the boundary of what is possible.

In the cyber sector, we expect the technology race between hackers and the industry to continue with the hackers able to deploy AI tools to multiply the frequency and efficiency of attacks and areas of concern such as the use of deepfakes continuing to develop.

Business interruption

Property insurers may be relieved that many of the outstanding issues arising from the COVID-19 business interruption (BI) litigation appear likely to be resolved in 2026 and as discussed below, the limitation period for new claims will start to bite. Other areas of BI cover may, however, come under scrutiny with contingent BI exposures perhaps increasing in the volatile political environment.

Property insurers

Although 2026 may see some resolution for property insurers in relation to COVID-19, the resulting reinsurance issues remain live. Reinsurers will also continue to face challenges from, among other things, Russian aviation losses and the aggregation of losses from secondary perils in the natural catastrophe areas. The consequences of the decision of Mr Justice Butcher in the Lessor aviation proceedings in 2025 is still working its way through the operator proceedings, contribution proceedings and the reinsurance markets. We anticipate reinsurers will remain active on Russia/Ukraine aviation issues for much of 2026.

Finally, it is worth noting that 2026 will see some legislative changes which are relevant to insurers. As we have discussed below, the new offence of the failure to prevent fraud, and the introduction of the Building Safety Act challenge professional indemnity and property insurers respectively. As noted above, the UK Government also intends to legislate to improve access to third party funding for claimants.



DWF Global Risks news

Over the past 12 months, the team has grown significantly, in line with our stated ambition to bring together the best insurance specialists in the world to provide the best service to our clients.

Here are our 2025 highlights:

London – Marine, Property, Product Liability and Excess Liability

The team has had a busy year and has underlined its commitments to growing its established marine, energy and property practices:

In the last 12 months we have recruited the London market's leading specialist marine insurance team, which includes 5 new marine partners (plus an associate team of approximately 10 directors/associates) strengthening our marine capabilities. We welcomed [Christopher Dunn](#), [Jonathan Evans](#), [Andrew Purssell](#), [Michael Biltoo](#) and [Mark Lloyd](#) from Kennedys. More information here: [DWF welcomes 13-strong marine insurance team in London](#) | [DWF](#) / [DWF to recruit four marine insurance partners from Kennedys](#) | [DWF](#)

We have also invested in our Property capabilities with the hire of [Viran Ram](#) from Clyde & Co, along with 4 key specialist property directors/associates (in London and Manchester), further enhancing the team's ability to service London and international property clients. More information here: [DWF welcomes new insurance partner in London](#) | [DWF](#)

Finally, we will be enhancing our product liability, property, excess liability and Bermuda Form practices with the hire of [Ian Plumley](#) from DACB.

Australia

DWF's Australian business has experienced rapid growth over the past 12 months, more than doubling its headcount following the acquisition of leading claims management firm Proclaim and the addition of a 62-strong team from Hall & Wilcox earlier this year. We have announced our new leadership team in Australia, with [Matt Curll](#) taking the role of Country Managing Director. More information here: [DWF announces key changes to leadership team in Australia](#) | [DWF Group](#)

Canada

In Canada, we are pleased to announce the integration of Whitelaw Twining (WT) and Barnescraig

& Associates (BCA) under the DWF brand. We welcomed two Insurance partners to the Toronto office: [John Nicholl](#) and [Heather Gray](#) from Clyde & Co, who bring decades of experience and are widely recognised for their expertise in complex, cross-border insurance disputes.

We also added a fourth location in Canada joining forces with [Bélanger Sauvé](#) insurance team in Montreal. More information here: [DWF unites WT and BCA under one global brand](#) | [DWF Group](#) / [Whitelaw Twining welcomes new partners in Toronto office](#) | [DWF Group](#) / [Whitelaw Twining set to add fourth location in Canada](#) | [DWF](#)

Germany

On 1 January 2026, we opened a new office in Hamburg. The team consists of four partners, [Marco Remiorz](#), [Philipp Hartmann](#), [Niels Witt](#) and [Felix Goebel](#), a further eight fee earners and five business services colleagues. The move brings together two specialist transport and marine teams from the German law firms [Arnecke Sibeth Dabelstein \(ASD\)](#) and [SKW Schwarz \(SKW\)](#). More information here: [DWF opens in Hamburg](#) | [DWF Group](#)

Ireland

At the start of 2025 we welcomed our new Head of Insurance in Dublin and Managing Partner: [James Colville](#). James brings a wealth of experience to his new role, having qualified, trained and worked in both England and Ireland with firms such as [Greenwoods](#), [Eversheds](#), and [DAC Beachcroft](#). We also welcomed later this year two additional partners to the Dublin office: [Mary Smith](#) who has experience in insurance and construction law and brings significant expertise in professional indemnity claims across Ireland and the UK, and [Liam Harnett](#) who has experience acting for London market insurers, global reinsurers, corporates, professional services firms, and financial institutions. More information here: [DWF announces new Head of Insurance in Dublin](#) | [DWF](#) / [DWF adds President of Insurance Institute of Dublin as new partner](#) | [DWF Group](#) / [DWF adds Liam Harnett as new partner](#) | [DWF Group](#)

The view from London



Cyber

2025 proved to be an extremely eventful year from a cyber perspective. In the UK the attacks on M&S, the Co-Op and Jaguar Land Rover seized the headlines. M&S experienced an attack in April/May 2025 in which social engineering techniques appear to have been used to gain access to their systems following which ransomware was deployed. This ultimately led to a £300 million profit warning. The Co-Op were also attacked at about the same time, suffering system failures and supply chain breakdowns with an attack affecting the personal data of all 6.5 million of their members. The total cost to the business is estimated to exceed £200m. Jaguar Land Rover suffered an attack at the end of August 2025 which forced a shutdown which affected their supply chain resulting in a first quarter loss which is estimated to have exceeded £300 million.

AI attacks

As we anticipated last year, there appears to have been a significant increase in AI-driven attacks involving ransomware, phishing and social engineering. There is increasing concern about the use of deepfakes (with a successful CEO scam reported in Singapore). We expect these high-profile attacks to lead to many businesses reviewing their IT security as well as their cyber insurance. We expect cyber insurers to take a measured approach to any increase of interest in their products given the very clear exposures. In the circumstances, we would expect premium incomes to increase but with cyber insurers pressing for increased IT security/imposing more robust conditions/warranties and asking questions surrounding organisations' use of AI and their vulnerability to AI-enhanced attacks.

Cyber Security and Resilience Bill

Cyber will also be an area of increased interest for the UK Government. As expected, the Cyber Security and Resilience Bill has progressed, receiving its first reading in Parliament on 12 November 2025. The intention is that it will enhance the scope and effectiveness of the Network and Information Systems Regulations 2018 and will increase the UK's defences against cyber-attacks. The Bill will extend the scope of the Regulations from core services such as the NHS, transport and energy to data services and designated critical suppliers. There will also be enhanced notification obligations for organisations falling within the scope of the Bill. In the meantime, discussions are likely to continue around such sensitive issues as the banning of ransom payments.

This topic remains controversial as there will be times when the only way to restore a system is by making a payment. If different sectors of the economy are treated differently this may only encourage criminal groups to target sectors where ransoms are not banned. It also remains to be seen what would happen in a situation where political pressure is put on an organisation not to pay a ransom where that might not be in the best interest of shareholders.

Once again, technological developments are likely to play a major role in this area. As with AI, these are likely to both have potential security benefits and also to be weaponised by state and criminal groups to increase the effectiveness of cyber-attacks.



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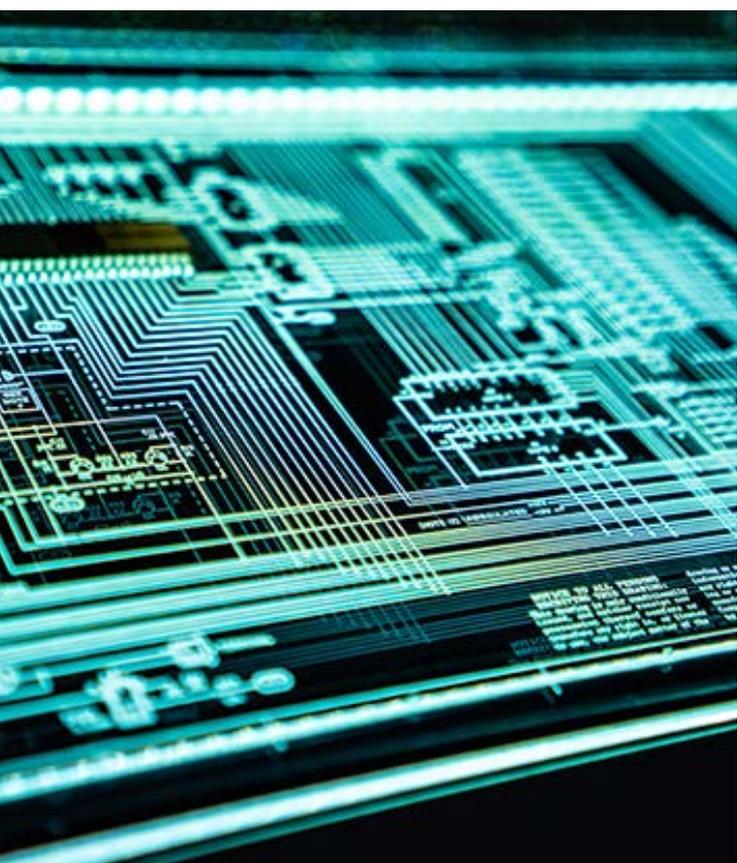
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Energy

In energy, 2025 saw continued technological advancement and notable geopolitical shifts. In 2026 we expect insurers to continue to see the impact of changing risk profiles.

Global investment in renewables, energy storage and modular nuclear research has accelerated. Of particular note was increased UK-US co-operation on nuclear energy, which was formalised under the Atlantic Partnership for Advanced Nuclear Energy in September 2025. This agreement aims to accelerate the development of nuclear power in both countries including by lowering regulatory barriers and is tied to over USD100 billion in commercial nuclear agreements relating to reactors, fuel supply chains, waste management, and engineering services. Further agreements and investment may result in 2026 being the start of a new “golden age” of nuclear power.

Construction and operational risks

Staying with nuclear, one particularly interesting development in 2025 was the announcement in June that the UK government would be building the country's first Small Modular Reactors (SMRs) in Wales, with Rolls Royce being selected to lead the initiative. SMRs are small advanced nuclear power units designed to be assembled in factories for deployment. Due to their smaller design, they are easier to scale and install in remote areas and can adapt more easily to the country's changing energy needs. Given that no SMRs outside of China or Russia have yet reached commercial operation, insurers will be aware of the lack of any operational track record for the technology as it begins its journey to deployment in the UK over the next few years. Regulatory issues, supply chain challenges, nuclear waste disposal and asset security are all yet to be fully resolved. Insurers will therefore need to closely monitor the Welsh deployment to assess the construction and operational risks. Insurers will also wish to monitor the geopolitical angle as this is a novel technology that has already created geopolitical tensions, with the US in particular raising concerns in November 2025 that the UK's domestic centred approach could slow global SMR deployment and innovation.

Increased tariffs

Despite the continued global push towards renewable energy, geopolitical changes in 2025 could lead to a momentum shift going into 2026 and beyond. In 2025, the US, EU, and China all imposed new or increased tariffs affecting energy products, equipment, and materials. These measures will continue to reshape global supply chains, increase costs, and create uncertainty for energy companies worldwide. The tariffs on, amongst other things, steel, aluminium and wind and solar hardware will continue to have a particularly profound impact on renewable projects, slowing the pace of new

installations and perhaps making some projects uneconomical. Financial issues like these will of course impact insurance underwriting and claims handling. Whilst US policy has been more favourable to the oil and gas industry, with raw products like crude oil being mostly exempt from tariffs, the impact of tariffs will still be felt by energy projects where tariffs are applied to the steel used in pipelines and mechanical components. As a reaction to the geopolitical uncertainty, energy companies could shift to local production, forming alternative partnerships and/or using new supply chains, which means insurers will have a host of new and evolving risks to grapple with in 2026.



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Excess Liability

The Excess Liability team continues to advise clients in connection with many US-based risks including opioids, PFAS, phthalates and in general high-value coverage and liability disputes subject to London arbitration. While the theories of liability often originate in the US, the claims are adopted by claimants in jurisdictions including Canada, Australia, and under certain legal frameworks across Europe. DWF's Global Risks team has bolstered its capacity to advise on such claims worldwide with expansion of its Canadian, Australian and European presence in key jurisdictions.

American "Judicial Hellholes" have placed insurers under increased pressure in plaintiff-friendly jurisdictions where insurers might have expected to rely on merits defences. The stakes continue to be raised as jury awards climb higher, as nuclear judgments and thermonuclear judgments reach higher up insurance towers.

In 2026 we anticipate litigation including the following areas to occupy insurers' focus:

Toxic compounds

Following regulatory changes, tort claims in the US have increased surrounding toxic compounds including microplastics and phthalates.

Phthalates are used in a wide range of plastics, such as in plastic packaging and children's toys to make them more flexible and durable, and in hair-straightening treatments. Relying on studies suggesting that phthalates act as endocrine (hormone) disruptors, leading to developmental issues in pre-pubescent children and interfering in kidney and thyroid function in others, phthalate litigation in the US has taken off. By the end of 2025, the consolidated multi-district litigation included 10,723 lawsuits, where issues of causation are expected to be determined by the mid-point of 2026.

Coverage will be resolved along familiar lines, including whether phthalate exposure fits settled pollution exclusion wordings and when producers knew or ought to have known of the risks associated with phthalates and harms became "expected or intended".

Social media

In 2026, the potential dismissal of a California MDL consolidating more than 2,200 lawsuits against YouTube, TikTok, Meta and Snapchat, claiming in respect of depression, anxiety and body image issues in children, will be before the 9th Circuit Court of Appeal.

Coverage will focus on whether the algorithms of these social media apps were designed to promote addictive engagement and target children, and thus harms were "expected or intended". Further, many of the claims are advanced on a public nuisance basis by states, municipalities and school districts, calling into question the degree to which they are "on account of" or "because of" bodily injury suffered by individuals.



Other risks

As discussed in our last update, climate change litigation remains ongoing, targeting fossil fuel producers with public nuisance theories of liability. 2025 saw the expansion of claims into Australia, South Africa, Brazil and across Europe. We expect this trend to continue and for coverage to be tested along "expected/intended" and pollution lines.

Lastly, AI risks are on the rise, spawning litigation for defamation (through hallucinated information), copyright infringement, and negligence in its deployment. Coverage for these claims will test cyber exclusions, potentially leaving insurers to seek to rely on liability defences on novel grounds involving untested "experts" in this emerging field in order to avoid indemnifying significant losses.



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Financial Institutions/Directors & Officers

In 2025, companies and directors continued to be challenged by global volatility. This US administration is more disruptive to global trade than anticipated, creating worldwide tariff pressures. AI remains a significant consideration and the UK is under renewed risk of adopting US-style securities litigation.

Exaggerating AI capabilities

“AI washing”, exaggerating AI capabilities in order to attract investment, has seen a significant escalation. The US Department of Justice has increasingly policed the practice, and earlier this year issued charges against directors of Nate Inc., which represented that its shopping application used AI to intelligently and autonomously complete merchandise orders, while the product actually relied on both bots and human contractors. Such indictments are often the “foot in the door” for securities litigation in the US and worldwide and are likely to increase as investigations are completed.

This year, English jurisprudence trended away from widespread use of representative claims akin to class actions in securities litigation (*Wirral Council v Indivior plc* [2025] EWCA Civ 40). It also appeared to be trending away from allowing claimants to rely on US market/index reliance (i.e. instead of having to prove they read and relied upon specific published statements, claimants can prove reliance more generally when they relied on the share price and value as accurate at material times) in corporate misrepresentation claims (pursuant to section 90A and Schedule 10A of FSMA, focused on misleading publications which are not in prospectuses or annual reports). Before the Court of Appeal could rule on *Allianz Funds Multi-Strategy Trust and Others v Barclays PLC* [2024] EWHC 2710 (Ch), where pleadings were struck out where the claimants pleaded market

and index reliance, the appeal was withdrawn. Subsequently in *Various Claimants v Standard Chartered PLC* [2025] EWHC 698 (Ch), the court declined to strike “market reliance” claims. With divided precedents on the issue, the Various Claimants appeal (due to proceed in 2026) will have significant implications on the evidentiary threshold claimants will have to meet in order to succeed in corporate misrepresentation claims in England and Wales.

Raising the alarm

The Various Claimants appeal appears to be of particular importance as financial experts are raising alarms of an “AI bubble” arising from the inability of AI capabilities to perform as anticipated and not to be able to deliver a return on record investment. Any correction will undoubtedly lead to significant “AI washing” litigation. The coming year will be pivotal for insurers in determining the extent of risk they take on for the perfect storm developing.



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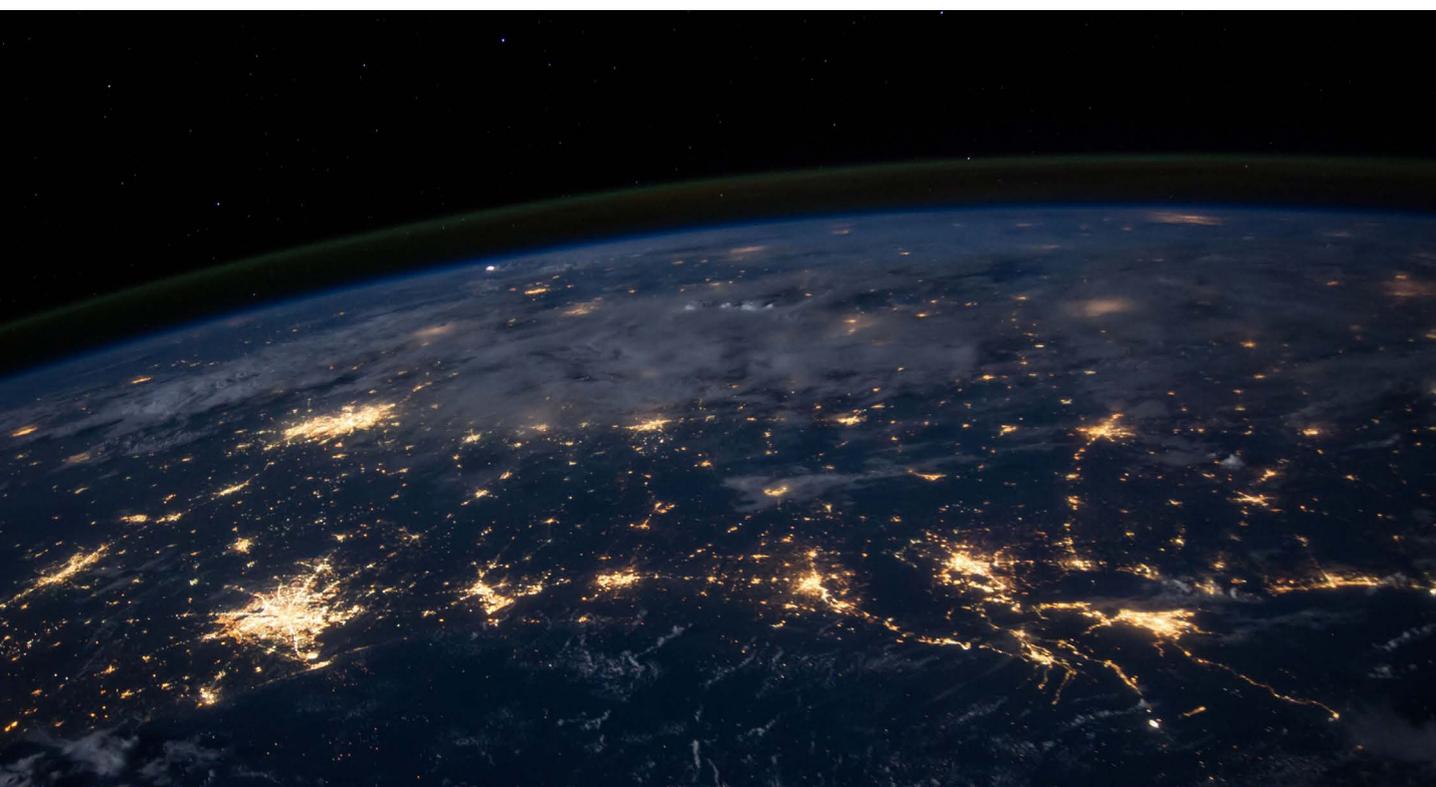
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Healthcare

2025 was marked by rising claims costs and regulatory momentum. The long-awaited reforms in the aesthetics sector began to take shape, while clinical negligence liabilities continued to climb, straining NHS budgets and insurer reserves.

As we move into 2026, several developments will shape the healthcare risk landscape for insurers:

Regulation in aesthetics

The UK Government's new licensing framework aims to bring order to the aesthetics market. High-risk procedures, such as non-surgical Brazilian Butt Lifts, will be restricted to qualified professionals in CQC-registered premises. Lower-risk treatments like Botox and fillers will require local authority licensing, alongside mandatory insurance and hygiene standards. These changes promise greater safety but may drive short-term disruption as providers adapt.

Weight loss jobs

The surge in demand for GLP-1 drugs such as Ozempic, Wegovy and Mounjaro is transforming obesity and diabetes care but introduces new risk dimensions. Some reports link these drugs to serious side effects, including pancreatitis, kidney complications and gastrointestinal issues. Hospitalisations and litigation risks are rising, with prescriber responsibility and product liability under scrutiny. Limited long-term safety data, high costs and off-label prescribing risks persist. Counterfeit injections and online sales amplify exposure to harm and claims. GLP-1 therapies are among the fastest-growing cost drivers in health insurance, creating sustainability challenges and fraud risks. Weight regain after discontinuation, social media-driven demand and inequitable access raise reputational and ethical dilemmas. For insurers, proactive risk management – through robust underwriting, clear policy wording and engagement with emerging clinical guidance – will be critical.

Clinical negligence costs

The financial burden remains significant. NHS Resolution paid out £3.1 billion in 2024/25 in clinical negligence compensation and all associated legal costs, with maternity claims alone accounting for £1.3 billion. Legal fees for low value claims often exceed damages by four times. While Fixed Recoverable Costs could save £50 million annually, implementation has stalled. Insurers face continued exposure to claims inflation and discount rate volatility.

Budgetary signals

The Autumn Budget pledged £300 million for NHS technology upgrades but avoided structural reform of negligence costs. With £58.2 billion earmarked for future liabilities, the system's sustainability is under scrutiny. Economic headwinds such as global inflation and tariff risks could compound pressures, potentially driving resource shortages and increasing negligence risk.

AI in healthcare

AI is rapidly reshaping healthcare delivery and risk profiles.

Ambient clinical intelligence tools automate documentation, freeing clinicians for patient care and cutting admin costs. Some AI tools now detect strokes, fractures and cancers faster and more accurately than humans, reducing errors and improving outcomes. Generative AI accelerates drug development and enables precision medicine through genomic data integration.

However, liability for AI-driven decisions remains unclear, bias in algorithms could widen health inequalities and cybersecurity threats loom large. This is likely to lead to increased regulation demanding transparency and governance.

Insurers must prepare for evolving liability, regulatory scrutiny, and ethical challenges while leveraging AI-driven insights for competitive advantage.

2026 will be a year of transition. Regulatory reform in aesthetics promises greater safety but may drive short-term disruption. Meanwhile, unchecked clinical negligence costs and systemic pressures demand proactive risk management. For insurers, the challenge lies in balancing innovation with resilience – ensuring clients are equipped for a future where healthcare risk is both evolving and intensifying.



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Marine

The oscillating geopolitical tensions predicted in the 2025 World Economic Forum Global Risks Report proved to be prescient to the extent that fears around state-based armed conflict and geoeconomic confrontations worsened significantly from an already uncertain base. The fallout from President Trump's 3 January 2026 intervention into Venezuela - and from possible escalations in Cuba and Colombia - is yet to be ascertained, whilst the world grapples with the ongoing ramifications from the Russian invasion of Ukraine and continuing tensions in the Middle East. An experienced meteorologist is not required to predict that the horizon for 2026 is far from settled.

The international shipping industry

In 2026 we expect that these uncertainties will provide continued challenges and opportunities for marine insurers – set against the background of a softer market – due to their assured's being required to deal with further tests to supply chain resilience and diversification. The international shipping industry is responsible for the carriage of approximately 90% of world trade. Geopolitical tensions disrupt maritime trade, resulting in rerouting, rising war-risk premiums and delays due to issues with container fleet capacity (as well as an increased risk-profile and the environmental cost resulting from expanded trade routes).

Impact of changing risk

We anticipate that insurers will continue to see the impact of changing risk profiles due to geopolitical rivalries, protectionist trade barriers, conflict, competition for resources and climate events. Attacks on subsea cables continue as well as sustained attacks on Russian and Ukrainian Ports. Reports persist of seizures by Iran of oil tankers in the Persian Gulf on the pretence of combatting smuggling activities. A tentative return to Red Sea trade routes remains dependent on security matters in Gaza, with pronouncements from the Houthis on safe passage needing to be taken with a pinch of salt. In the meantime, a worrying re-emergence of Somali piracy in the Gulf of Aden and crew kidnappings and robberies off the Coast of West Africa show little signs of abating.

Marine insurers should continue to review their exposures, react swiftly to a changeable landscape, and rely on due diligence measures to manage risks.



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Political Violence, Political Risks and Trade Credit

2025 has been another eventful year from a PV/PRTC perspective. Undoubtedly, the significant level of geopolitical uncertainty we have seen will continue into 2026 and beyond.

United States

In the US, President Trump's unpredictable approach to politics is fuelling global political and economic uncertainty, not just around tariffs but also in relation to his interactions with other world leaders and his assertive approach to global conflicts. Certainly, Trump's actions in the next 12 to 18 months will continue to have a significant impact on the global landscape and the scope for political risk and political violence claims. Trump's trade war is already resulting in claims inflation and is presenting insurers with uncertainty around investment returns and capital planning. A surge in tariffs also presents the potential for increased trade credit losses.

Global unrest

More widely, global unrest has continued throughout 2025. The conflict between Israel and Hamas has persisted, with the US brokering an increasingly fragile ceasefire in October 2025. With elections due to be held in Israel in October 2026, there is scope for a significant sea change in the political landscape and Israel's global relations in the coming year. However, it is difficult to envisage a true end to the conflict without a clear path to a Palestinian state. At present, that remains a key sticking point.

Elsewhere, the Russia/Ukraine war has become one of the most entrenched global conflicts. Despite articles suggesting there have been significant Russian gains, the frontline has not moved much throughout the conflict; at the rate of advancement seen in 2025, it could take Russia up to 100 years to conquer the entirety of Ukraine. Whilst Trump is continuing to push for a deal that would involve Ukraine making concessions, it does not appear that an end to the conflict is in sight. Going forwards, the conflict will continue to test Europe's unity, including as we have seen Russian jet/drone incursions across western airspace, attacks against European infrastructure and an increasing presence of Russian spy ships in UK waters.

Increased demand for trade credit

Unrest in other parts of the world is also creating further uncertainty. For example, the US has warned that China is readying its military to be capable of invading Taiwan by 2027 and, to date, Trump has not pledged public support for Taiwan. The civil war in Sudan that began in 2023 continues, with the UN warning of "intensified hostilities" ahead. All of this has resulted in increased demand for trade credit and political risk cover amid a volatile political risk environment and global supply chain disruption, although gross written premium, particularly in trade credit, has not seen the same increase as other lines of business.

For trade credit insurers, the implementation of Basel 3.1 has been delayed to 1 January 2027 to allow "more time for greater clarity to emerge about plans for its implementation in the United States", with a deadline for full implementation by 1 January 2030. In comparison, the EU started implementation of Basel 3.1 at the beginning of 2025 as and is adopting a phased approach, with completion also due by 1 January 2030.



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Professional Liability

Professionals face a complex risk environment marked by economic uncertainty, rising costs, geopolitical instability and expanding sanctions. Increased regulatory and compliance scrutiny, ethical considerations, emerging technologies – particularly AI – cyber threats, and remote working are reshaping risks and expectations.

The Insolvency Service

Increasing insolvencies are driving more professional liability claims, particularly by liquidators and administrators who now have access to a mature litigation funding market. The Insolvency Service reported that one in 187 companies on the Companies House register entered insolvency between November 2024 and October 2025. Accountants may face allegations of negligent forecasting or restructuring advice, auditors for failing to identify going concern issues or material misstatements and solicitors face scrutiny for their roles in related transactions or litigation. We anticipate more claims in all of these areas.

Professionals themselves may become insolvent, exposing insurers to more direct claims under the Third Parties (Rights Against Insurers) Act 2010.

Economic crime

Accountants, trust corporations and solicitors are on the front line in the prevention of economic crime including anti money laundering (AML), counter terrorist financing (CTF) and tax avoidance. The new “failure to prevent fraud” offence under the Economic Crime and Corporate Transparency Act and increased company ownership transparency reinforce this duty. The government is consulting on appointing the FCA as the Single Professional Services Supervisor for accountancy firms, trust corporations and law firms - replacing the existing 22 regulators - which will require legislation and transitional measures. The division of responsibilities between the FCA (monitoring AML and CTF compliance) and other regulators (monitoring professional conduct) remains unclear, presenting transitional and increased compliance burdens.

Recent caselaw has demonstrated that firms and individuals may face significant litigation exposure, beyond regulatory penalties, if AML compliance lapses facilitate fraud or money laundering.

Professionals advising on tax planning face heightened exposure as HMRC’s new powers target “enablers” of tax avoidance, with potential multi-million-pound fines and public sanctions for compliance breaches.

Tax and wealth

Tax and wealth management related claims comprised at least 50% of ICAEW member scheme claims against accountants in 2024. Frequent tax law changes have increased scrutiny, exposing accountants and tax advisors to risks of claims for failing to promptly advise clients on the most tax-efficient structuring, particularly around non-dom status, IHT, and CGT reliefs. Claims from the misuse of Research and Development Tax Credits remain low but may increase following HMRC’s first corporate prosecution earlier this year under the “failure to prevent the facilitation of tax evasion” offence.

Professional negligence claims involving crypto assets are expected to rise, with auditors targeted for inadequate handling of their client’s crypto transactions; accountants for incorrect tax advice on digital assets; financial advisors for recommending unstable coins, and legal advisors for negligent tax advice on digital assets.

Insolvency practitioners may face claims under the Building Safety Act 2022 (BSA) and Leasehold and Freehold Reform Act 2024 for failing to meet new duties, including providing key building safety information and identifying defects within 14 days of appointment for higher-risk properties.

For brokers, underinsurance remains a major issue, driven by inflation, supply chain volatility and outdated valuations. Disputes also stem from misrepresentation of exclusions under the Consumer Duty and policy placement errors. Regulatory scrutiny is increasing, with commission arrangements under review after the car finance ruling and Trocadero case.



Construction

For construction professionals, the BSA's extension of the limitation period for certain historic claims and recent court decisions in *URS Corporation Ltd v BDW Trading Limited* [2025]; *Wilson & Others v HB (SWA) Ltd* [2025] and *Redrow PLC & Others v Sec of State* [2024] are likely to encourage fire safety and Defective Premises Act claims. Uncertainty remains as to how the courts will disallow such claims or grant Building Liability Orders against associated companies. Continued use of standstill agreements, whilst remedial work is undertaken, may extend claim timelines. Climate change and the increasing incidence of extreme weather threaten more subsidence/heave claims and flooding claims, especially where development encroaches on flood plains. Furthermore, growing reliance on interactive design amongst consultants and specialists increases exposure to cybercrime risks.



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Property

COVID-19 BI claims

Insurers will no doubt be relieved to know that 2026 should enable them to fully understand their exposure to COVID-19 BI claims. The limitation period for claims arising out of the first lockdown is due to expire in March 2026 where the majority of losses will arise. A number of claimant law firms wrote to the FCA before Christmas requesting an extension of the deadline to file claims but there has been no comment on that as yet and it is difficult to see how such an extension could be unilaterally granted by the FCA. COVID-19 BI litigation remains ongoing and insurers will be keeping a close eye on the Supreme Court's consideration of furlough in the Gatwick Investments case due to be heard in February 2026.

Outside of COVID-19 BI, the impact of the Building Safety Act 2022 continues to be felt and an increase in claims utilising the extended limitation period can be expected. A recent claim issued by Lendlease against Balfour Beatty Plc in the TCC may be of interest given that a) the development in question was built over 20 years ago; and b) the claim seeks a Building Liability Order against a parent company to recover the losses.

Consumer sector

In the consumer sector, insurers can expect greater scrutiny from the FCA following the "super-complaint" issued by Which? in the latter part of 2025 in relation to the handling of home and travel claims. This is likely to filter its way down to the Financial Ombudsman Service (now with a new compensation limit of £445,000) with the potential for even more policyholder friendly awards.

Fraudulent property insurance

Fraudulent property insurance claims continue to rise with associated issues over the fair presentation of risk likely to be prevalent amongst UK property books. The Court of Appeal's decision last year in *Lonham Group v Scotbeef* highlighted the critical importance of properly characterising insurance terms as warranties or representations which in turn impacts the correct application of the Insurance Act 2015. Insurers may wish to consider specific policy terms as well as questions on proposal forms and statements of fact to ensure they are able to utilise the provisions of the Act in the event.



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Reinsurance

2025 was a turbulent year, including in June the much-anticipated judgment of Mr Justice Butcher to determine claims submitted by Aercap/various other lessors following the loss of 116 aircraft and 15 engines, with Aercap's claim alone standing at USD2.051 billion (reduced from USD3.5 billion following settlements ahead of trial).

The court held in particular that (i) the lessors had suffered physical loss/damage where, at any given date, deprivation of possession of the aircraft/parts was (on the balance of probabilities) permanent; and (ii) the sole proximate cause of the loss was Government Resolution 311, which prohibited the export/return of the aircraft. The court's view was that the "contingent" cover should respond, as opposed to the "possessed" (where the aircraft were not in the lessors' care, custody and control and the lessors had not been paid under the operator policies), and as the loss equated to 'seizure/restraint' with neither of the Political/Government Perils exclusions applying, War Risks insurers were left to pick up the bill up to their (lower) limit of USD1.2 billion.

Aviation

The reinsurance market is now seeing the presentation of aviation losses to outwards' policies across different wordings, with complexities around aggregation, given the size of the losses, and allocation, where although the judgment found that the date of loss was 10 March 2022 (when Government Resolution 311 was enacted) lessors whose policies were amended to exclude losses in Russia before this date were still covered on grounds the insured was in the "grip of the peril". There is also an additional complication where the lessors are claiming (for the same losses) against the reinsurers (via cut through clauses) of local Russian operator policies. These claims will be determined by the Commercial Court – as a matter of Russian law – in October 2026.

Property damage

The market has also been busy evaluating the impact of the January 2025 wildfires in LA, with two fires in the Palisades and Eaton districts destroying more than 6,800 and 10,500 structures respectively, generating an estimated insured loss of USD25 billion - USD45 billion. The scope for disputes remains to be seen, with 19,854 of 33,717 claims partially paid (to the tune of USD6.9 billion) by 5 February, in line with insurers' modified obligations under the California Regulations following an emergency declaration. Nevertheless, questions remain around, for example, whether smoke damage is "property damage", and as the long period of rebuild continues we can expect to see more activity in this area.

Challenges ahead

Although rumours of a softening market continue to persist, we expect 2026 to build on an eventful 2025 with growth in global unrest likely to bring hours clauses back into focus, the mainstream usage of weight loss drugs fuelling the appetite for class actions and severe connective storms on the rise, causing insured losses in the US of USD42 billion in the first nine months of 2025. Whether a growth in losses will result in – as was the case for COVID-19 and Russia – an increase in disputes remains to be seen, as well as whether the lessons learned in 2025 can be applied to the challenges ahead.

We also anticipate scope for disputes in the legacy space. Given the significant number of legacy transactions completed in the immediate aftermath of COVID-19, if longer tail losses worsen, we could expect some legacy carriers under increased stress, particularly in an environment where there may be fewer mid-size deals available.



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Specialty Lines

Accident and Health/Personal Accident

In 2025 sports injury trends were overall quite positive, despite the increasing congested schedules and the ever increasing physical demands on athletes. For example, injuries per 100 minutes in the English Premier League are dropping as are concussion injuries in the NFL.

Whether these slightly positive trends can continue in 2026 remains to be seen. Rule changes will likely have an impact, as although rules designed to increase player safety are consistently being added, in the battle for entertainment governing bodies continue to make changes to try and increase the intensity and action in their product. In 2026, therefore, insurers will be alert to future rule changes that will increase the demands on their insureds for the sake of increasing the amount of "action" and inevitably increase the likelihood of injuries. For example, there is ongoing debate on whether to increase women's tennis from best of 3 to best of 5 sets, include a basketball/American football style stopwatch for football and increase rounds in women's boxing from 2 minutes to 3 minutes. Changes like these would not doubt increase injury rates.

In 2026 we anticipate that further progress will be made with respect to understanding and handling concussion injuries. For insurers these injuries present a unique challenge. Firstly, due to the nature of concussions, it is common for athletes to be warned that it is the next concussion that will be the harmful one, which is relevant for proving disablement. Secondly, it is often the cumulative impact of multiple concussions and the timing of them that leads to lasting damage, which is relevant to causation. Finally, technology is advancing but is still not at a level where it can provide definitive answers, so tests still often rely on player feedback, which can be highly subjective.

In 2025 there were also some interesting developments in the lawsuit brought by ex-professional rugby players against World Rugby, Rugby Football Union and Welsh Rugby Union. Firstly, the number of claimants has increased significantly and now over 1,100 players are claiming that repetitive head impacts during their careers caused long term conditions like CTE and dementia. Secondly, 21 test cases will be selected ahead of the trial. The test cases will supposedly be a representative sample of the different neurological conditions diagnosed among the claimants, factoring in the competitions they played in. As this case continues to progress in 2026 insurers will get a much better view of how evidence of concussions in sports is viewed by the courts, which will then impact both underwriting and claims handling in this space. How the courts decide to apportion any liability between local and global governing bodies will also be of huge interest to insurers. There is also a similar lawsuit progressing through the courts brought by former footballers.

Contingency

Civil commotion and terrorism risks are expected to remain key concerns for event organisers and insurers in 2026. Political volatility, amplified by social media and misinformation, continues to accelerate unrest and mobilisation, with no signs of easing; and terrorist attacks jumped by 63% in the West during 2024, with Europe most affected (a 67% increase: GTI 2025).

Organisers are likely to continue to seek extensions for strike, riots, civil commotion and terrorism, while insurers will want to ensure they are comfortable with when cover is extended (likely with heavy scrutiny on the event's policing and security measures), and when exclusions apply – whether the risk must be the proximate cause of cancellation / abandonment of an event, or if a broader causal link suffices.



Climate change is likely to also remain a major factor. Extreme weather increasingly disrupts events, sometimes requiring mitigation measures to allow the event to go ahead (coverage for which may be unclear), or outright cancellations for safety reasons. Historic scheduling strategies to avoid heavy rain or high heat are also less reliable as weather patterns shift, challenging underwriters' ability to price risks accurately.

Finally, COVID-19 exclusions may warrant review. For many, COVID-19 now resembles a common cold or flu, making exclusions for a positive test appear less justified, although they are likely to stay for as long as they are mandated by reinsurers. Insurers with both a broad "Communicable Disease" exclusion and a standalone COVID-19 exclusion may however wish to at least consider whether both are required.

Equine & Livestock

We have continued work on cases within the bloodstock and livestock sector this year. An ongoing issue remains the placement of facultative reinsurance, particularly where business is underwritten in jurisdictions with developing legal systems that differ significantly from those familiar to an English law environment. These challenges within the market will likely persist into 2026.

Looking ahead, disease prevalence remains a critical concern. Veterinary bodies have observed rising incidence and potential for large-scale outbreaks of serious equine diseases including African Horse Sickness and West Nile Virus. Of particular note is the expansion of West Nile Virus across the European continent, with new cases being recorded along the Atlantic coast in Western France, North Germany and a bridging of cases between Central and Eastern Spain.

This upward trend in recorded cases is thought to be driven by climatic, ecological and anthropogenic factors, making Northern European territories more susceptible to outbreaks. Insurers and claims teams should therefore review policy wordings on disease and vaccination requirements to ensure they provide adequate protection in light of these evolving risks.

Fine Art & Specie

The fine art and specie market is entering a period of rapid transformation, driven by evolving risks and shifting client behaviours.

Climate risk remains a key consideration for insurers and art collectors, with climate-related risk coverage rising 43% in recent years. The Palisades wildfires in January of this year are thought to have led to claims exceeding USD1 billion for the global fine art and specie market, making it the largest ever loss for the class and underscoring the vulnerability of at least private collections to catastrophic events. Insurers may recalibrate premiums, enforce stricter storage requirements, and potentially even withdraw from high-risk areas as a result.

Beyond physical risks, the market also faces digital and behavioural shifts that are less obvious but equally disruptive.

There has been a clear shift in collector demographics. As wealth transfers to younger generations, preferences are leaning towards smaller, mobile collections; temporary exhibitions; and entirely new mediums including digital art and NFTs. Gen Z makes up 6.2% of high-end buyers of art, yet drives 82% of online purchases; and 18-34 year olds dominate the NFT market. This trend is reshaping the market and forcing insurers, galleries, and auction houses to adapt. Adoption of digital art insurance has seen a 57% uptick, suggesting there may be increasing demand for bespoke policies catering to NFTs and digital assets.

As collections move online and digital art gains traction, cyber vulnerabilities and threats become a critical concern – to ensure authenticity and ownership security. Recent breaches at Christie's (2024) and Gallery Systems (2023) also highlight the exposure of institutions handling high-value transactions. Cyber coverage may therefore soon become a standard component of FAS policies, complemented by partnerships with cybersecurity specialists to safeguard client data.



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The view from Europe



Italy

Despite a growing insurance market, especially in non-life insurance, one of the main obstacles preventing insurers from investing in the Italian market is about to be removed.

Fighting fraud

Until the approval of Law no. 193 of 16 December 2024, the only instrument available to prevent frauds in the Italian market was the so called “Banca Dati Sinistri”, a database compiled by the Italian Independent Authority supervising private insurance, IVASS. The database contains information in respect of mandatory third party motor liability insurance and collects information concerning, for example, claims, parties involved and witnesses. It is available to all motor insurers and gives them the ability to investigate potential frauds – reflecting in savings for both the insurers and the market.

The new Law no. 193 of 16 December 2024 has the same aim of combating fraud in non-mandatory classes of business, through the establishment of a similar database managed by insurers' national representative, ANIA, known as the “Archivio Integrato Antifrode”. This new database will be regulated and supervised by IVASS in compliance with the European and local Data Protection Regulations. Participating insurance companies will input data to the system which will be an important instrument in mitigating the risk of fraud in all the classes of business.

AI

In common with other markets, Italian insurers are looking to AI technology to improve performance. In this regard, the recent introduction of the IA Act through European Regulation no. 1689/2024 will grant the Italian market the possibility to implement artificial intelligence, machine learning, big data and blockchain technologies, not just to facilitate a more sensitive approach to risks, but also the possibility to standardise some of the insurers' internal processes and offer the buyers products customised to their specific needs.

Italy has been the first European Country to approve a law in this respect (Legge 23 September 2025, no. 132, Italian Official Gazette no. 223 dated 25 September 2025) by which an organic action is taken in various strategic sectors characterized by high risk in the use of AI – healthcare, employment, public administration, justice, education, and sports – leveraging the potential of AI for innovation and service improvement. The legislation pays particular attention to cybersecurity, accessibility, confidentiality, and personal data protection, whilst promoting the ethical, responsible and human-centric use of AI.

With regard to the issue of liability arising from the use of such technologies, the Law has already introduced safeguards such as the traceability of decision-making processes, human responsibility, and the centrality of the final decision always being entrusted to a natural person, even in automated contexts. This then ensures a balance between technological innovation and the protection of rights, thereby strengthening confidence in the use of artificial intelligence in the public and private sectors.

Nat-Cat risks

The 2024 Budget Law (Article 1, paragraphs 101-112, of Law No. 213 of December 30, 2023) requires companies with registered offices in Italy and most companies with registered offices abroad with a permanent establishment in Italy, with the exception of agricultural companies referred to in Article 2135 of the Civil Code, to take out insurance against the risk of damage caused to company assets by natural disasters and catastrophic events such as earthquakes, floods, landslides, inundations, and overflowing rivers. Similarly, a duty to insure such risks has been imposed on those insurance companies pursuing business in Italy, even under the Freedom of Establishment regime (FoE), in the relevant class of business. The duty to insure imposed on the insurer shall take into consideration the limit of capacity determined – in the Risk Appetite Framework – by each insurer.



The content of this insurance is regulated by a ministerial regulation issued by the Ministry of Finance, the Ministry of Industry and Made in Italy. The regulation also requires the insurance premiums to be adequate and proportionate to the level of risks and calculated on the basis of factors relating to the location of the risk within the territory. In this perspective, considering that the entry in force of the duty has been postponed by Law No. 78 of May 27, 2025, of Decree Law No. 39 of March 31, 2025, catastrophic risk insurance is mandatory:

- since March 31, 2025 for the so-called large enterprises, i.e. enterprises that, at the balance sheet date, exceed the numerical limits of at least two of the following three criteria: a) total balance sheet: EUR 25,000,000; b) net revenues from sales and services: EUR 50,000,000; c) average number of employees during the financial year: 250), although the imposition of penalties for non-compliance has been suspended for ninety days;
- since October 1, 2025, for medium-sized enterprises, i.e. enterprises that do not fall within the category of micro or small enterprises and that, on the balance sheet date, do not exceed the numerical limits of at least two of the following three criteria: a) balance sheet total: EUR 25,000,000; b) net revenue from sales and services: EUR 50,000,000 c) average number of employees during the financial year: 250);
- since December 31, 2025, for micro and small enterprises, i.e. enterprises which, on the balance sheet date, do not exceed: a) balance sheet total: EUR 5,000,000; b) net sales and service revenues: EUR 10,000,000; c) average number of employees during the financial year: EUR 50,000 or less).

This new measure has introduced a wide, new opportunity for the market but also new tasks for insurance companies which are facing the complexity of setting a level of premium proportionate to the level of risks to which each company is exposed under the product oversight and governance process (POG).



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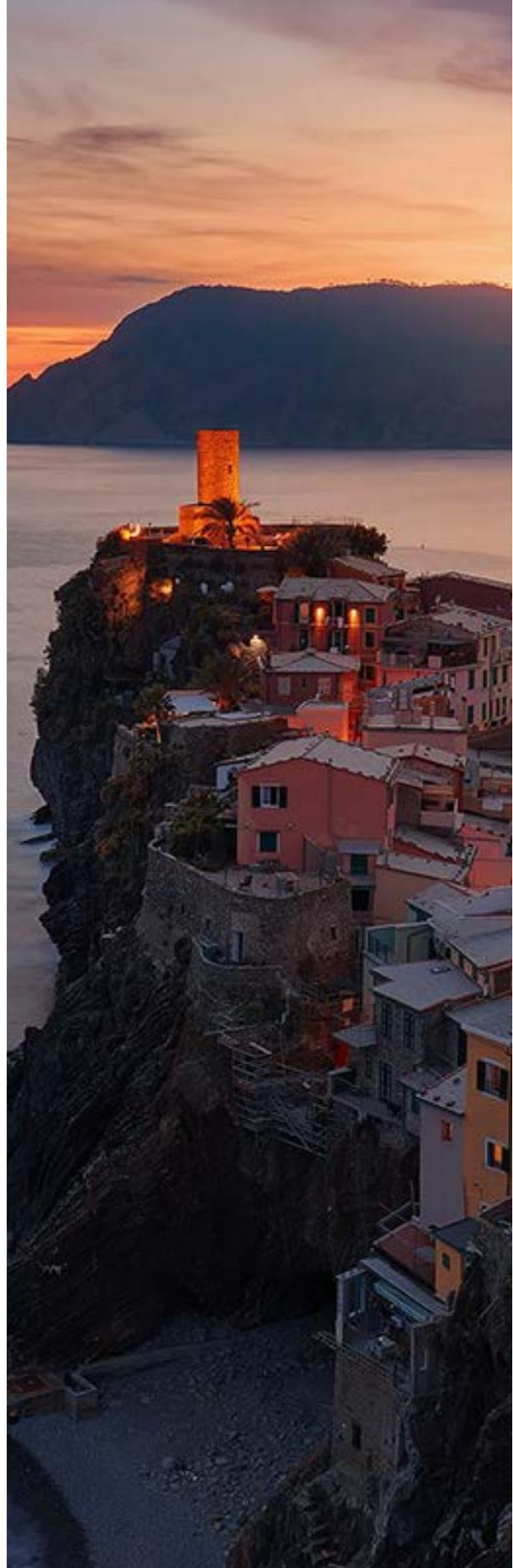
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Germany

2025 reaffirmed Germany's challenging Directors & Officers (D&O) landscape: managers face unlimited personal liability, even for simple negligence, and more than 90% of claims are internal, brought by companies or insolvency administrators against their own executives. In publicly listed companies, liability can persist for up to ten years after the liability claim comes into existence, making long-tail exposures a reality.

Looking forward

The future of D&O in Germany is defined by intensifying liability risks and structural challenges:

"One pot – many hands" problem

When D&O limits are insufficient, multiple insureds compete for the same coverage pool. This creates conflicts between board members and raises questions about fair allocation. Courts and insurers increasingly face disputes over distribution, and companies are urged to negotiate clear allocation clauses upfront. The Higher Court of Frankfurt ruled in 2025 that the "first come, first serve" principle provides for such fair allocation. A Federal Court decision is expected which may confirm or overrule the Frankfurt decision.

ESG and regulatory pressure

The EU's Corporate Sustainability Due Diligence Directive (CSDDD) and Green Claims rules will heighten personal exposure for directors. Missteps in sustainability reporting or supply chain compliance could trigger claims, adding complexity to already strict German liability standards.

Insolvency and internal claims

Insolvency remains a big driver of D&O litigation. Under Sec. 15b InsO, directors are personally liable for payments made after insolvency triggers. The burden of proof lies with managers, and insurers increasingly challenge coverage by alleging "knowing breach". A clarifying Federal Court decision is expected to come in the next years, too.

Market response

Tighter underwriting is expected and more emphasis on governance, ESG compliance, and cyber resilience. Insurers may push for sub-limits or priority agreements to manage allocation disputes. Companies should review procurement clauses and consider excess layers to mitigate the "one pot" risk.

Outlook for 2026

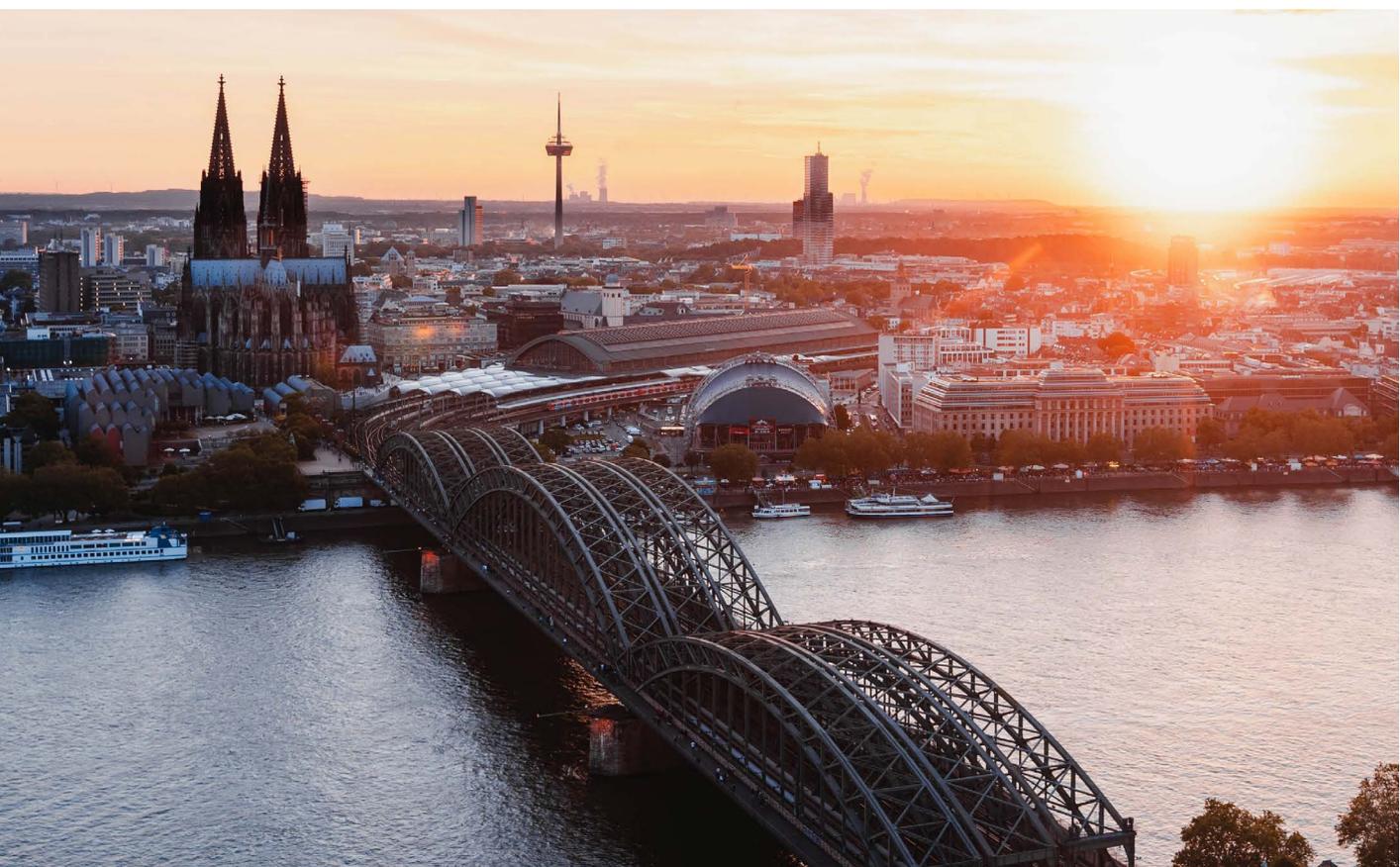
German boards face a future of heightened personal exposure, complex allocation battles, and evolving regulatory duties. Robust D&O programmes with clear allocation mechanisms and proactive risk management will be critical for resilience in 2026.



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France

Urban violence: the French government defends compulsory riot insurance in property policies

A government amendment submitted to the Senate has reignited the debate on the creation of compulsory riot insurance. This unexpected resurgence revives an issue that many believed had been shelved. The compulsory riot insurance has resurfaced in the Senate's draft budget bill (PLF). On 8 December, the government quietly tabled an amendment reintroducing this measure.

A scenario studied by the Treasury this summer, then forgotten

In early September 2025, a scenario was being studied by the Treasury: the creation of a state-guaranteed riot fund covering losses from the first euro up to €775 million, with the introduction of a mandatory guarantee in all property policies and the application of a 5% surcharge. It is this project, which many believed had been abandoned in the Autumn, that now seems to be returning in the bill.

The surprise is all the greater given that none of these provisions appeared in the version of the 2026 Finance Bill presented to the Council of Ministers on 14 October. This text made no mention whatsoever of the issue of urban violence, even though the insurance sector feared that the status quo would be difficult to maintain.



A structural mechanism designed to restore the insurability of riot risk

On 8 December 2025, the government finally reintroduced the measure by tabling an amendment for consideration by the Senate. Following the adoption of the "income" section of the budget on 4 December, the Upper House is now examining the second part of the text, which includes spendings and related legislative measures. It is in this context that the executive proposes to create a compulsory guarantee covering material damage related to riots in all property damage insurance contracts.

With this amendment, the government introduces a structural mechanism designed to restore the insurability of a risk that has become difficult for insurers to bear. The model is based on that used for natural disasters: national mutualisation, dedicated additional premiums, mandatory standard clauses and the possibility of referring the matter to the Central Rating Office in the event of refusal of cover. A precise definition of "riot" is introduced – violent collective action aimed at imposing social or political demands – and a commission will be required to confirm that events fall within this framework. Acts of war, terrorist acts and cyber-attacks are explicitly excluded.

The reform also provides for the creation of a mutualisation fund financed by additional premiums. It would be backed by a reinsurance scheme that could mobilise the French public reinsurer Caisse Centrale de Réassurance (CCR) under State guarantee. However, its entry into force will depend on the European Commission giving the green light in terms of compliance with State aid law, followed by a decree to be adopted within 12 months of this decision.

On the ground, reactions range from cautious relief to serious concern. For brokers, it is the new premium surcharge that is causing the most concern. Agents are concerned that policyholders are going to complain again. After the natural disaster (CATNAT) surcharge and increases linked to climate risks, an additional levy could be difficult to explain.

State liability

Finally, the amendment includes a notable clarification: the State will not be civilly liable for damages covered by the guarantee. This position, and especially its timing, may come as a surprise, given that the Nouméa Administrative Court has just held that the State is liable for failing to maintain order.



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Ireland

Most recently, there have been noticeable developments in reinsurance including inflation, storm losses and protection gap concerns. These areas are already being tested globally and are also prevalent in the Irish reinsurance landscape.

Measured by premium income, the overall industry has also grown considerably in recent years - from €73 billion in gross written premium in 2017 to €109 billion in 2024.

Inflation & rising storm losses

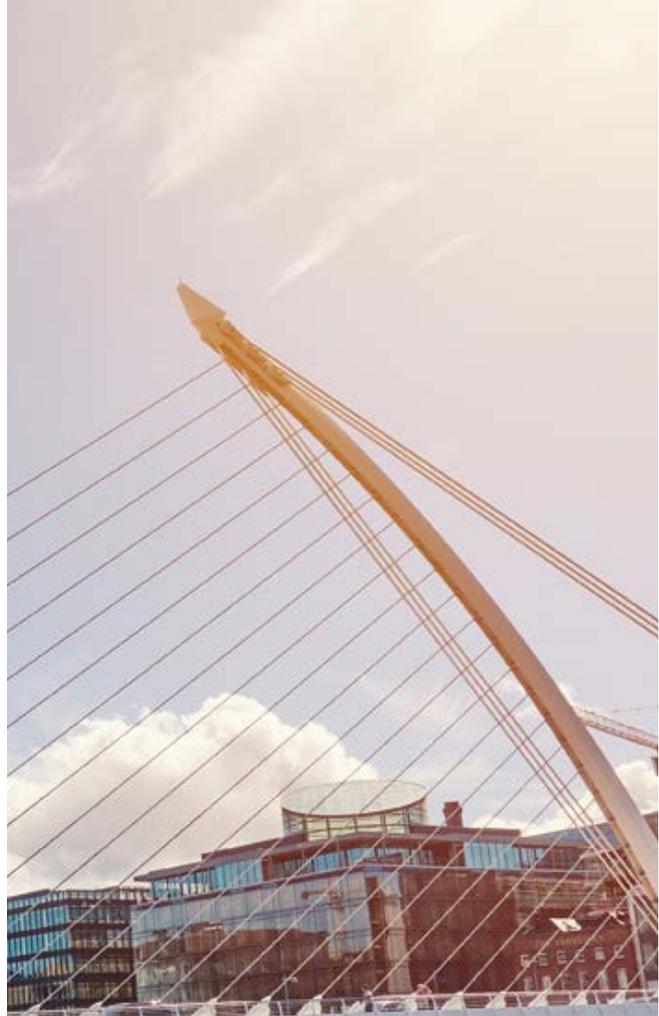
In recent years reinsurers have been faced with intensifying pressure from two converging forces; high inflation and increasing storm-related losses. The combination of inflation-driven cost escalation and increasing storm severity poses one of the most significant challenges to reinsurers in decades.

Coastal development, expanding suburbs in flood zones, and industrial hubs in storm-prone regions all increase potential insured losses with far larger storm related losses due to denser and more valuable developments. Pricing for repair and rebuild works, building materials, labour, machinery have risen sharply, meaning that the ultimate cost of property claims is often far higher than originally reserved and as such grows the need for reserve strengthening.

Recent catastrophic weather events due to climate change are having significant impacts on the reinsurance market and reinsurers are absorbing mounting losses as a result of natural events, in particular, storms. For example, Storm Isha hit in January 2024 - Isha resulted in damages which required the insurance industry to pay out significantly across Ireland and the UK. Insurers estimated that the total cost of claims following Storm Éowyn in January 2025 could reach as much as €300 million with up to 25,000 claims.

Protection gap concerns

Irish property insurers have faced reduced coverage by reinsurers especially in flood risk in Ireland. There has been a general increase of flooding arising from climate change affecting properties where flooding has not previously occurred. Properties in low lying urban centres and cities in Ireland now face new challenges against such risks. Ireland's main insurance companies have expressed concern and have raised their concerns with the Irish Government to discuss future flood cover. This has meant that trends in the Irish reinsurance market show that the appetite for coverage of increasing natural catastrophes has reduced.



Aggregation

The Irish High Court's decision in *Chubb European Group SE v Perrigo Company PLC* [2024] IEHC 9 which is now a leading Irish authority on aggregation clauses in contracts of insurance. The judgment offers a detailed and notably narrow interpretation of the words "similar" and "related" wrongful acts. The Court held that these words should be narrowly interpreted, which carries significant implications for insurers, corporate policyholders, and brokers alike.

Looking forward - implications for the insurance market

- This judgment reinforces the necessity for a precise and narrow interpretation of aggregation clauses in insurance contracts. Insurers and insured parties must meticulously draft and negotiate the specific language of such clauses to ensure clarity in coverage scope.
- A high threshold for aggregation: This judgment solidifies a narrow interpretive path for aggregation clauses in Ireland. Insurers seeking to aggregate claims will need to demonstrate concrete factual, temporal, and transactional overlap. The terms "similar" and "related" in the context of aggregation clauses are narrowly defined. For wrongful acts to be considered "similar or related", they must share a unifying factor.

- The consequences for policyholders and insureds are that the narrow interpretation applied may reduce the risk of large-scale aggregation but may increase exposure to multiple retentions and limits across several years.
- The case underscores the commercial importance of drafting specificity. If parties intend broad aggregation, this must be articulated explicitly.

Insurance Reform Action Plan

In July 2025, the Action Plan for Insurance Reform 2025-2029, published by the Domestic and Indirect Tax Division of the Department of Finance, signals a stronger push for comprehensive development within the insurance industry.

This new initiative is the successor to a 2020 plan and is designed to build on its foundations to tackle the long-standing issues of affordability and availability in the Irish insurance market.

The 2025-2029 Action Plan is built on six key pillars designed to create a more stable and competitive insurance market. Its six core themes are:

1. Transparency and affordability
2. Competitiveness and availability
3. Fraud
4. Innovation and skills
5. Climate protection gap
6. Legal reform

While all six areas are crucial to the overall strategy, it is the focus on legal reform that is set to have the most significant impact on the day-to-day operations of legal practitioners and the claims process for clients.

The previous plan successfully led to reductions in motor insurance premiums and brought more consistency to personal injury awards; the new action plan represents the next phase of a comprehensive reform agenda.

Third party funding in Ireland

Ireland has very much been an outlier with regards to third party funding. This is because the Irish jurisdiction places very strict rules in both tort and common law on maintenance and champerty which has historically shaped Ireland's approach towards third party funding. This strict approach to third party funding was evidenced by the Supreme Court Decision of *Persona Digital Telephony Limited and Sigma Wireless Networks Limited v The Minister for Justice, Ireland & Ors*.

Following on from the judicial jurisprudence, the legislature intervened to amend Ireland's Arbitration regime by enacting the Courts and Civil Law (Miscellaneous Provisions) Act 2023 which was signed into law in July 2023. Following this enactment a new Section 5A was inserted into the Arbitration Act 2010 which disapplies the tort and common law offences of champerty and maintenance to "dispute resolution proceedings". This amendment permitted third party funding for international commercial arbitration.

Going forward, the introduction of Section 5A to the Arbitration Act 2010 may extend the legal framework to allow third party funding in a wider range of proceedings. This is evidenced by the Law Reform Commission Consultation paper in 2023 on third party funding which gives an overview of the Models of Regulation to apply to third party funding and to combine Court approval in some cases (particularly class actions).

The Representative Actions for the Protection of the Collective Interests of Consumers Act 2023 provides for third party funding of representative actions "insofar as permitted in accordance with law". The 2023 Act transposed into Irish law the Collective Redress Directive (EU) 2020/1828, which seeks to harmonise the regime for collective actions to be brought on behalf of EU consumers. However, the 2023 Act does not change the long-standing position under Irish law prohibiting the funding of litigation by third parties (who have no interest in the dispute).

While Ireland remains an outlier with regards to third party funding, the recent changes in legislation will no doubt enhance international commercial arbitration and this has formed part of the growing momentum towards broader legal reform to allow third party funding further freedom in domestic arbitrations either by subsequent legislative reforms, further development in jurisprudence in the area, or most likely a mixture of both.

In late 2025, the regulation of third party funding is back on the EU agenda, and accordingly it remains to be seen in 2026 what direction Ireland will take.



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Poland

Poland remains a key and consistently growing insurance market in Europe. The sector continues to evolve, with market development shaped by regulatory expectations, operational standards and changing risk dynamics. These factors frame current developments in distribution, the digital framework and customer interaction.

Insurance distribution

One of the most significant forward-looking developments is the Polish Financial Supervision Authority's (KNF) work on comprehensive Recommendations on Insurance Distribution. Although constituting soft law, these Recommendations set out supervisory expectations across the entire distribution lifecycle, including governance, remuneration, assessment of customer needs and product value. Their stated objective is to eliminate unsuitable products from the market and to standardise practices across insurers and intermediaries. Once finalised, they are expected to serve as an important benchmark in supervisory reviews.

Digital resilience and technology risk

From an operational perspective, the implementation of the EU Digital Operational Resilience Act (DORA) represents a structural change for Polish insurers. National guidance on cloud computing has been withdrawn in favour of the EU framework, and national legislation will grant the KNF broad supervisory and sanctioning powers. Insurance companies should therefore expect increased focus on ICT risk management and outsourcing arrangements. In parallel, Poland is preparing its national framework for the application of the EU Artificial Intelligence Act. While sector-specific guidance is still evolving, insurers using AI processes should anticipate heightened governance and compliance expectations.

Digital customer interaction

Digitalisation continues incrementally. Introduced amendments will allow complaints and correspondence to be conducted electronically. Government-backed digital tools, including the mStłuczka motor claim reporting function within the mObywatel application (a mobile app launched by the Polish government), reflect a broader policy direction towards automated claims' initiation and data-driven processes. Furthermore, the mObywatel app is set to become a cross-border accepted identity wallet (including introduction of qualified signatures within the app). Financial institutions such as banks and insurance companies are expected to offer entirely new services based on the data in the identity wallet, which could be used, for example, in credit processes and in calculating insurance premiums.



Outlook for 2026

Looking ahead to 2026, insurers in Poland should expect intensified supervisory focus on distribution practices, property insurance exposure, catastrophe risk and operational resilience, alongside preparation for revised Solvency II requirements and future insurance recovery and resolution frameworks. These developments will require not only regulatory compliance, but also strategic, operational and transactional readiness. In this evolving environment, our team supports clients across regulatory and transactional matters, including M&A, portfolio transfers and strategic projects, combining deep local expertise with a clear understanding of the evolving risk landscape.



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The view from the Asia Pacific Region



Australia

The Australian insurance market continues to provide a highly diverse and mature jurisdiction with regulation and adaptation remaining a priority as growth of the industry continues. We expect 2026 to bring an ongoing emphasis on better regulation for key industries such as construction and a focus on changes to improve consumer protections. Class action activity will remain a feature in Australia but with an ongoing switch of focus to product liability and consumer actions.

Highlights from 2025 and forecast for 2026

Financial Services Regulation

Continued regulatory scrutiny of the insurance and financial services industry resulted in Australia's financial services regulator, the Australian Securities and Investments Commission (ASIC), doubling investigations and almost doubling the number of proceedings commenced in 2025.

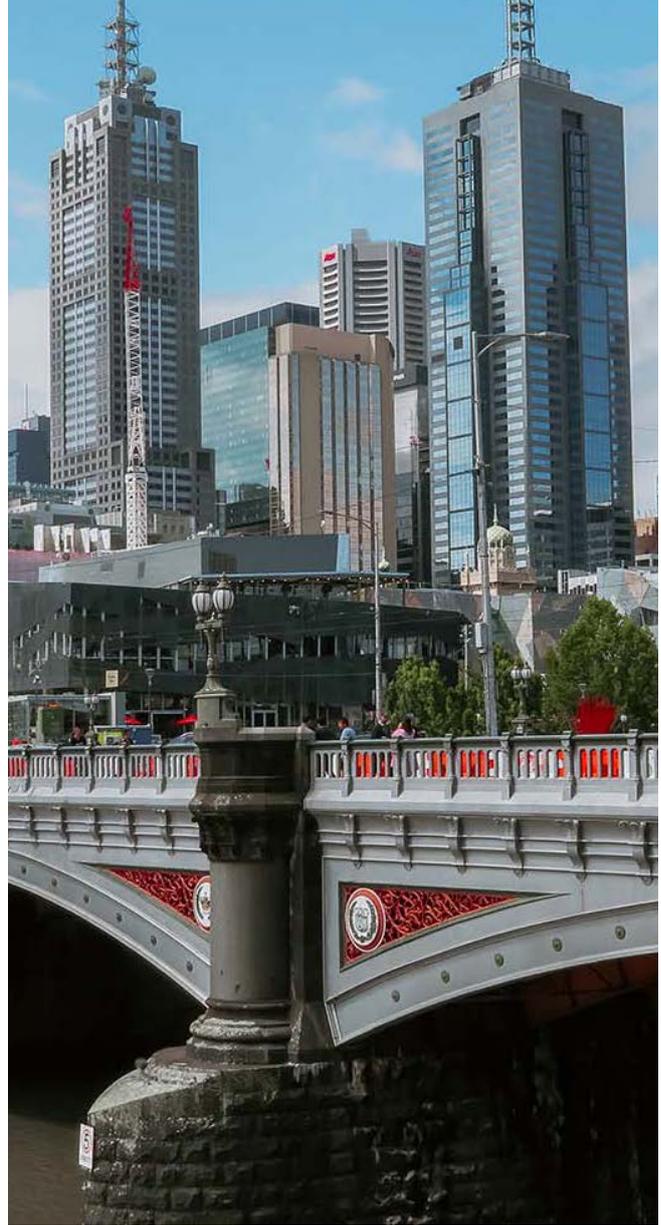
ASIC will continue to focus on investigation and enforcement with new priorities to include "claims and complaint handling by insurers", investigation and prosecution of insider trading and auditor misconduct. ASIC will continue to focus on enduring priorities including governance and directors' duties and systemic compliance failures by large financial institutions.

Noteworthy legislative changes

On 30 October 2025, The Civil Liability (Wrongs) (Organisational Child Abuse Liability) Amendment Act 2025, was passed in the ACT and is awaiting notification. The Bill responds to the High Court's decision in *Bird v DP (a pseudonym)* [2024] HCA 41 and intends to extend organisational vicarious liability for child abuse by both individuals "akin to an employee" and individuals "associated with an organisation". Similar legislation is expected to be introduced in VIC. A similar bill has been introduced in NSW but is in "limbo".

In June 2025 an amendment to the Privacy Act 1988 (Cth) created a new statutory tort of "serious invasion of privacy" and allows an individual to sue another person or organisation for up to AU\$478,550 arising from harm (or seek other remedies such as an injunction), if they suffered:

- either by intrusion upon seclusion (e.g. physical or digital intrusion into private space), or
- misuse of private information (e.g. unauthorised disclosure or use of personal data).



Construction

Of particular interest to construction liability insurers was the interlocutory decision that installing non-compliant cladding material was "property damage"- see *The Owners – Strata Plan No 91086 v Fairview Architectural Pty Ltd (No 3)* [2023] FCA 814. The decision was endorsed in *Insurance Australia Limited t/as CGU Insurance v Capral Limited and Fairview Architectural Pty Limited* [2025] FCAFC 46. We have already seen a number of new notifications to liability insurers in the wake of these decisions.

Legislative changes to improve construction industry standards remain an important theme in Australia. In NSW, obligations imposed by the Design and Building Practitioners Act 2020 (DBP Act), continue to be enacted. Notably, obligations for compulsory PI insurance for some construction professionals will come into force in 2026. It remains to be seen whether the Building Bill introduced in 2024 and set to overhaul/consolidate key existing construction legislation (including the DBP Act) will be progressed.

Class actions and consumers

In the last few years Australia has seen a shift in focus in class actions from financial services/shareholder class actions to product liability and consumer actions. We expect this to continue as litigation funders and law firms continue to find new and novel ways to enact and fund class actions. Environmental and infrastructure/construction class actions are also on the rise and we expect this to continue.

The Insurance Council of Australia is expected to release a revised General Insurance Code of Practice in early 2026. Improving consumer protection and customer experience will be a focus in the revised code and will take account of research into extreme weather and disaster response and improving support for effected customers.

Conclusion

Australia saw a wealth of legislative and common law activity which will continue to shape the insurance industry into 2026 and beyond. Whilst heavy regulation and change can be challenging in the short-term, we expect the changes enforced to bring further increases in standards and certainty for insurers and the insurance industry generally.



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Asia Pacific

Marine & Trade – the Pacific Rim

APAC renewable energy grew rapidly in 2024, led by Scanning forward into 2026, the outlook is guarded.

The macro environment in the Pacific Rim continues to be shaped by geopolitical competition, though risks will likely oscillate in severity through cycles of cooperation and rivalry.

Tariffs and trade barriers will continue to reshape trade and shipping flows. Robust South-South trade outpaced world trade growth by value last year and contrasts with a contraction in US imports. As this trend gains momentum, some volume-based increase in operational risks can result from ageing port infrastructure and vessels, lower safety automation, capacity bottlenecks, and varying regulatory standards and enforcement.

Risk from sudden surges in export activity caused by tariff uncertainty will likely persist into 2026. Real-world effects include port congestion and usage of older or substandard containers and vessels. Heightened time pressures also result in rushed deliveries or riskier routes being taken, raising issues of coverage. Even in the absence of acute pressures, the average age of a vessel in the global merchant fleet is now approaching 23 years according to the International Union of Marine Insurance's 2025 Stats Report, increasing the threat that minor incidents escalate into write-offs.

Trade and tariff uncertainty in 2026 will probably impact trade finance, as rapid shifts in regulatory environment have led to bankruptcies, causing cargo abandonment, non-delivery claims, and trade credit insurance issues. Notably, the US Supreme Court is set to rule on the legality of the sweeping "reciprocal tariffs", USMCA up for review, and the US extension of tariff exclusions on 178 Chinese products expires in November 2026.

We expect the market for container shipping to soften, resulting in more ships chasing less freight. If freight rates come under pressure, this can cause cost-cutting that manifests in maintenance deferrals and smaller crews, raising the potential for losses.

Meanwhile, risks attach to decarbonization. New technologies can result in increased claims costs while kinks are worked out. As well, the continued shift in Pacific Rim economies to electrification means that fire risk on shipments containing lithium batteries persists. Further, proliferation of offshore wind and energy infrastructure in Pacific Rim waters raises the prospect of collisions.

Insurers should watch closely for compliance with new safety changes in the SOLAS requirements effective 1 January 2026. Failure of a vessel to implement required safety changes could jeopardize insurance coverage, also impacting the ease of recovery actions against negligent carriers.

Finally, in a softening marine insurance market, we expect insurers will be looking more closely at subrogation and recovery to bolster the bottom line.



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The view from Dubai & MENA



Dubai & MENA

The regional insurance hub in Dubai has seen significant investment in 2025 both from existing and new risk carriers. Brokers, loss adjusters and subject matter experts also continue to reinforce their expertise in the market. We fully expect this investment to continue through 2026 as it is increasingly recognised that a physical presence in the region is necessary.

Construction

It feels like just about everywhere you look in the UAE there are cranes on the horizon, new residential developments being built and road networks expanding. Dubai Law No.7 of 2025 is no doubt designed to support this growth in the construction sector by regulating the activities of contractors. It deals with a wide range of issues including, but not limited to, registration, validation of qualifications, certification and document keeping. It also introduces an element of protection for purchasers by dealing with terminology such as “turnkey” and “best practice”. As this law is enacted in late 2025 or early 2026, it will no doubt pose some interesting questions for insurers. There is clearly a push by authorities to ensure construction firms and consultancies achieve high standards which can only be a positive.

Mediation

Traditionally, mediation has not played a major role in resolving disputes in MENA. Key issues such as confidentiality and the concept of “without prejudice” have impeded willingness to rely on ADR. However, with growth comes an increase in disputes and this issue has come more sharply into focus. The UAE first legislated in relation to mediation by enacting Federal Decree Law No.40 of 2023 and just this year went a step further by regulating the establishment of private mediation centres through Cabinet Decision No.56 of 2025. This may well lead to more international mediation providers establishing formal presences. Mediation will not suddenly replace other forms of dispute resolution in the UAE, but we fully expect it to play an increasing role in the mid-term.

MEECON

DWF is a founding member and major sponsor of the Middle East Energy Conference (MEECON). The second edition of MEECON was held at the Waldorf Astoria on 23 October 2025 and like the first edition, was sold out. This year the conference featured guest speakers such as Edward Hobart CMG the British Ambassador to the UAE, Professor of Nuclear Materials Tom Scott and the Insurance Manager of ADNOC Ernesto Berger. The reception was again hugely positive and is indicative of wider and more coordinated interaction across the entire insurance ecosystem – MEECON saw brokers, underwriters, claims managers, adjusters and lawyers attend along with numerous insureds and experts in the energy landscape. We are already looking forward to the next edition which will be held in Dubai on 22 October 2026.



The Kingdom of Saudi Arabia

The Kingdom of Saudi Arabia continues to attract interest. The true impact for international reinsurers of the changes implemented on 1 January 2025 by the Insurance Authority – requiring local insurers to offer 30% of the reinsurance cessions to domestic reinsurers – have yet to be felt. In theory, the change will lead to a reduction of risks available to international insurers where the reinsurance risks can be retained by the domestic market. However, opportunities remain where domestic capacity cannot retain the risks and in other structured reinsurance products.

Our team continues to see demand from clients for a more integrated and coordinated service between London, Dubai and the Pacific Rim. This comes as no surprise in an increasingly interconnected world. We have received instructions stemming from a wide range of events including lithium battery fires, turbine damage and even the disruption of shipping in the region. All of these matters require cooperation between global markets to resolve.



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The view from Canada

Canada

The impact of large infrastructure projects on the London market

Canada is positioning itself as a global hub for battery manufacturing, backed by major government incentives and strategic partnerships with leading automakers (GM) and technology firms. These investments will accelerate electric vehicle (EV) production but also enable large-scale energy storage solutions that support critical infrastructure such as AI-driven data centres. This shift signals a profound transformation in Canada's industrial landscape—creating new opportunities and risks for insurers. EV adoption is driving premium growth but also introducing challenges around repair costs and underwriting complexity. For insurers in Canada and London, this offers an important opportunity to innovate: developing tailored products, leveraging data-driven risk models, and partnering with clients across the clean-energy and technology sectors to stay ahead of this rapidly evolving market.

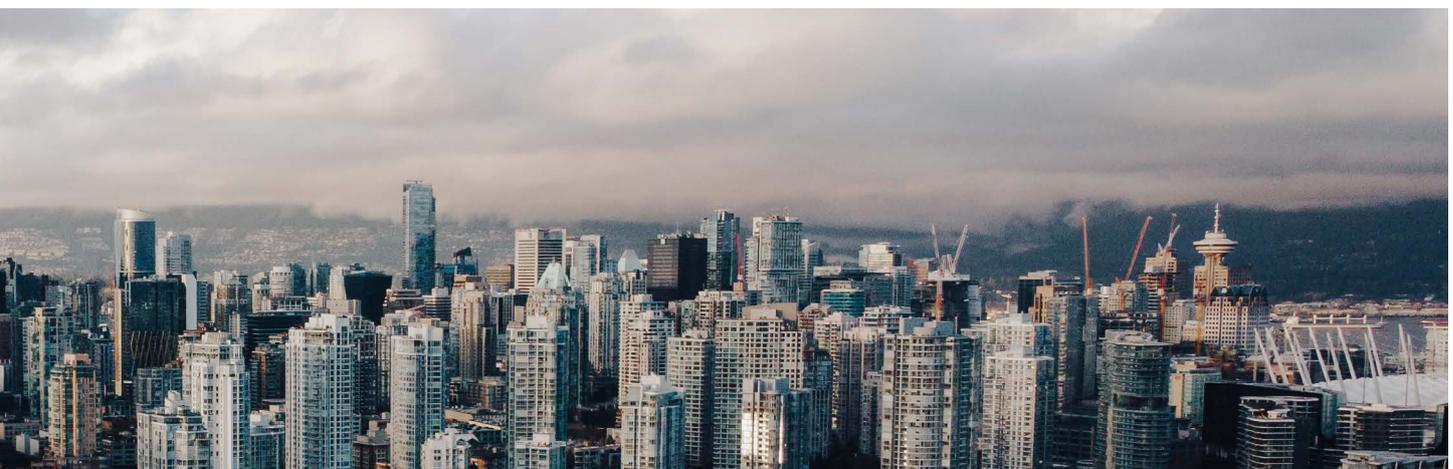
Anticipated changes to the Rules of Civil Procedure in Ontario

The civil justice system has been in need of reform. In early April 2025, there was a release of Phase 2 of the Consultation Paper pertaining to the Civil Rules of Procedure (the Rules). The paper came as a surprise to many people, as the changes being proposed would drastically affect the way parties handle claims. The drive behind the changes is to make the legal justice system more accessible, cost-effective and expeditious. The civil justice system has been described as being so complex for litigants that more time is spent fighting the process, rather than focusing on the actual dispute. As a result, the proposed changes to the Rules were intended to deal with the issues and make civil court proceedings more efficient, affordable, and accessible. It is important to understand what the Rules aim to achieve, as it will be imperative in how they will be interpreted and applied by the Court.

Growth in our Aboriginal practice

Aboriginal law litigation in Canada expanded significantly in 2025, driven by largescale treaty enforcement claims, developments in section 35 jurisprudence, and increasingly ambitious remedies sought by Indigenous nations. At the same time, courts began scrutinizing not just the merits of these claims, but the financial structures used to advance them. In *Nootchtai v. Nahwegahbow Corbiere Genoodmagejig Barristers and Solicitors*, the Ontario Superior Court sent a clear message that uncapped contingency style fees tied to massive recoveries are vulnerable to judicial intervention, particularly where they resemble a “piece of the action” rather than compensation proportionate to risk and work performed. While the court emphatically praised the legal achievement in *Restoule*, it drew a sharp line against contingency arrangements that produce windfall outcomes in megafund cases – a line that is likely to reshape how Indigenous nations finance complex, long running litigation.

Looking ahead to 2026, the practical consequence of *Nootchtai* is likely to be an increased turn toward third party litigation financing and structured rights based funding, as traditional contingency models become less viable in large Aboriginal law cases. If law firms are constrained in their ability to assume risk through percentage based fees, that risk does not disappear – it shifts. Indigenous nations pursuing treaty, title, or governance claims will increasingly need external capital to fund legal fees, disbursements, and adverse cost exposure over many years of litigation. This, in turn, will drive demand for specialized insurance products, including adverse costs coverage, funder backed indemnities, and professional liability arrangements tailored to Indigenous litigation realities. For the insurance industry, this represents a structural change rather than a momentary trend: as rights based claims continue to grow in scale and sophistication, insurers will be required to understand constitutional litigation timelines, public law remedies, and Indigenous governance frameworks. In that sense, *Nootchtai* may ultimately prove to be as influential in shaping the economics of Aboriginal law litigation as the courts have been in shaping its doctrine.





Alberta introduces no fault auto insurance regime

The Alberta government recently introduced a proposed no fault auto insurance scheme which is expected to be implemented in early 2027. The proposed no fault system will replace Alberta's current tort-based system. The changes will eliminate the ability for motorists injured in motor vehicle accidents to commence court claims for injuries or income losses, except in very limited circumstances including where another motorist has been charged with a criminal offence. Under the proposed no fault system, motorists who sustain injuries or income losses will only be entitled to receive payments from their own insurers as compensation, regardless of a motorist's fault for a motor vehicle accident. The compensation available to motorists will be determined by standardized regulations currently being developed by the Alberta government. In addition to limits on amounts payable for injuries, the proposed no fault system will also implement standardized limits on income replacement benefits and reimbursement of reasonably incurred out-of-pocket expenses. At this stage, the regulations establishing the prescribed compensation amounts remain under development.

The proposed changes to Alberta's auto insurance regime will create significant impacts for insurers. The Alberta government notably declined to create its own publicly operated insurer and is instead maintaining the ability for private insurers to write auto insurance policies in Alberta. Insurers issuing auto policies will now be required to assess their own insureds' claims and compensate their own insureds in accordance with the legislation and regulations currently under development. These changes may result in significantly reduced claims costs to insurers but will simultaneously create additional administrative expenses as insurers will be required to assess, manage and administer their own insureds' claims. We anticipate more details regarding the proposed no fault scheme will be finalized throughout 2026 as we approach the anticipated implementation of the no fault system in early 2027.



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