DAC BEACHCROFT

Bermuda Market
Predictions 2026

Social inflation will continue to drive claims severity and questions over the price of uncertainty

(Re)insurers will continue to face rising claims severity, driven by a combination of economic inflation, social inflation and regulatory instability. Escalating verdicts and unpredictable settlement demands, fuelled by shifting social attitudes and increasingly polarised perceptions of corporate actors and behaviour, will continue to heighten uncertainty and push claims costs higher. Global economic volatility will further complicate claims forecasting, while economic inflation will continue to increase claims costs and reinstatement. The persistence of 'once in a lifetime' claims events has continued a trend towards early claims resolution, often at high values, reflecting the market's increased awareness, and weariness, of unpredictable outcomes.

PFAS-related claims are expected to grow in 2026

As PFAS become subject to increased regulation in the United States, European Union and UK, we anticipate more related injury and environmental claims. Recent technological breakthroughs for the destruction of PFAS have provided a glimmer of hope for addressing the 'forever' impact of the chemicals from an environmental standpoint, notwithstanding their bio-accumulative nature. These removal treatments come at considerable cost, potentially borne by manufacturers responsible for environmental contamination and their insurers. In the United States, settlements totalling nearly US$11 billion have been agreed to resolve one manufacturer's liability for PFAS contamination in drinking water and specific environmental claims. For injury-related actions, despite the first bellwether trial for the Aqueous Film-Forming Foams multidistrict litigation recently being postponed, we expect to see further injury-related PFAS claims in the United States and beyond. In France, activist groups have announced they are preparing to bring an action on behalf of citizens alleging injury from PFAS contamination caused by chemical and petrochemical manufacturing in the Rhone valley. In the UK, two leading claimant firms announced investigations into possible environmental and injury claims caused by PFAS contamination in North Yorkshire.

Definitional clarity of ultra-processed foods will heighten legal exposure

Regulation of, and litigation over, ultra-processed foods (UPFs) is expected to gain traction in 2026. Mounting evidence linking UPFs to chronic diseases, including obesity, type 2 diabetes and fatty liver disease is intensifying regulatory scrutiny and fuelling litigation. Political rhetoric, including references to UPFs as 'poison' has emboldened US states to introduce restrictions on UPFs. While federal regulation remains uncertain, the US Food and Drug Administration (FDA) and the US Department of Agriculture (USDA) are actively considering a uniform definition, which is expected to provide greater legal and regulatory certainty regarding the scope of UPFs. UPF class actions and personal injury claims are increasing, targeting alleged deceptive marketing and the intentional design of UPFs to be 'hyper palatable' or addictive. However, plaintiffs will continue to face significant challenges in establishing causation, with alternative legal theories being explored. The forthcoming FDA/USDA definition is likely to spark further claims activity and heighten exposure for food manufacturers and distributors.

Will microplastics be the next PFAS?

Microplastics are a significant emerging environmental and public health risk. Businesses involved in manufacturing, packaging, and food production could see heightened scrutiny, with underwriters demanding more rigorous risk disclosures and sustainability practices. Regulatory developments, such as the EU microplastics regulation, may drive insurers to adjust policy wordings and exclusions. Litigation risk will only grow as public awareness evolves, leading to class actions and reputational damage. While litigation in this area has largely focused on greenwashing and public nuisance, the next steps would be personal injury claims, which is where the traditional issues around causation start to arise. The industry should effect a wide review of exposures now to understand the long-tail risks microplastics present.

Generation GLP-1 has litigation in its sights

The rise of popular GLP-1 drugs for obesity management comes with substantial litigation risk. Increased use has sparked a wave of litigation in the United States, with over 2,190 lawsuits consolidated in a multidistrict litigation class action. Plaintiffs allege manufacturers failed to adequately warn of severe side effects, including gastroparesis (delayed stomach emptying), vision loss (notably NAION) and suicidal thoughts. Recent regulatory developments, including the European Medicines Agency's mandate for updated warning labels, and new findings cited in the Journal of the American Medical Association regarding vision loss have shifted litigation focus towards vision-related claims. These regulatory actions may be used by plaintiffs as evidence of known risks. Gastroparesis claims now require confirmation by gastric emptying study, potentially excluding some cases. Overall, these product liability exposures are expected to increase, with continued volatility as regulatory scrutiny intensifies and as the multidistrict litigation progresses.

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