

Colombia Predictions 2026

2026 presidential elections bring the potential for social unrest

Colombia's 2026 presidential elections are expected to be highly polarised, with potential for large-scale protests and social unrest regardless of the winning side. The risk of strikes, riots, and civil commotion (SRCC) claims may significantly increase, putting pressure on insurers underwriting political violence covers. Reinsurers could demand stricter sub-limits and higher retentions for SRCC exposures in urban centres such as Bogotá, Cali, and Medellín. Insurers may also face reputational challenges if claims handling is perceived as slow or restrictive during politically sensitive events.

Climate change and El Niño/La Niña cycles will boost appetite for catastrophe cover

Colombia's geographic vulnerability to the El Niño - Southern Oscillation will remain a major environmental challenge. By 2026, intensifying El Niño droughts and La Niña flooding events could trigger significant insured losses across agriculture, infrastructure and energy sectors. Drought-driven wildfires in the Andean region may escalate property claims, while excess rainfall could lead to landslides and flooding, testing catastrophe models that historically underpriced Colombian risk. This trend will open opportunities for parametric insurance linked to rainfall or river levels, as well as demand for broader catastrophe covers, boosting appetite for this type of insurance, which has been growing in the country.

Expansion of universal health cover may result in increased litigation

Colombia's healthcare system is undergoing reform to strengthen universal access and reduce the role of private intermediaries, which has triggered a structural crisis in service delivery. If this crisis persists into 2026, private insurers offering health plans and complementary covers may face rising demand, leading to higher premiums and affordability challenges. At the same time, deficiencies in the public system are expected to increase litigation risk, with insurers exposed through professional liability, errors and omissions, and even D&O policies covering healthcare providers and administrators. The growing trend of litigation in health-related disputes will intensify this exposure. Insurers will need to carefully balance reputational risks from operating in a politically sensitive sector with the opportunities created by sustained demand for supplemental health products among wealthier Colombians.

Regulations will be brought into line with international standards

Colombian authorities are working to align national regulations more closely with international standards. Last year, new rules were introduced covering risk-based standards and reserving with tighter rules on solvency and transparency. Work is now being undertaken to incorporate IFRS17 accounting standards into the national regulatory regime. The government hopes this will open up the market, although it comes against a background of high inflation, currency devaluation, rising medical and motor repair costs, all putting pressure on insurer margins.

Creative solutions to under-insurance challenges are on the horizon

Under-insurance has been a long-standing problem in Colombia, as it is in much of Latin America, but new microinsurance and parametric insurance models are emerging to fill the most serious gaps, especially for climate and environmental risks. Earlier this year, a parametric/early-alert insurance product was launched to protect Colombia's páramo ecosystems (high mountain wetlands) from wildfire damage. It utilises the key mechanism of parametric solutions, activating payments automatically when environmental conditions trigger risk thresholds, enabling funds for fire control and restoration. If successful, this is likely to see similar products launched.

For further information or enquiries, please contact:

Juan Diego Arango


Partner

jarango@dacbeachcroft.com



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