



# GEOPOLITICS PREDICTIONS 2025

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## AVIATION

### 1. Towards a sustainable use of (outer) space

The Zero Debris Charter will set bold standards in the management of space debris and the support of long-term space sustainability. Six decades of space exploration has given rise to an “exponential growth” of debris population that, according to the European Space Agency (ESA), “will pose an ever-increasing hazard to satellites and astronauts and could render some orbits entirely unusable”. The Charter is a global initiative, facilitated by ESA, to drive forward ground-breaking technologies for satellite end-of-life disposal, in-orbit servicing, and active debris removal. While it is not legally binding, those signing up to the Charter agree to adhere to its guiding principles towards space safety and sustainability, with the Charter setting out jointly defined targets for 2030. On 22 May 2024, 12 nations (including the UK and 11 European states) pledged, together with ESA, to adhere to the Charter. More than 40 key space industry players have also signed up. A further 100 organisations have advised of their intention to sign.

## BERMUDA MARKET

### 2. Reinsurer focus on Russia/Ukraine related aircraft leasing losses will intensify

Reinsurers and retrocessionaires will spend 2025 with an intensified focus on monitoring and engaging with the issues emerging from the litigated claims regarding Russia/Ukraine related aircraft leasing losses which have dominated the aviation/specialty insurance market since the conflict began in February 2022. The long awaited ‘mega trial’ in the Lessor Policy claims, listed for 11.5 weeks in the Commercial Court from 2 October 2024, and the operator policy claims following some time thereafter are proving to be increasingly absorbing for reinsurers and retrocessionaires. The gradual resolution of the underlying claims, whether through settlement or judgment, should provide increased clarity as to potential ultimate exposures and the many and labyrinthine routes through the retro market by which those exposures will reach reinsurers/retrocessionaires.

## DATA, PRIVACY AND CYBER

### 3. Approach to regulatory enforcement will increase divergence between the EU and UK

The approach of the Information Commissioner’s Office (ICO) to enforcement, often favouring softer tools in the toolbox such as reprimands, will have a net effect of forcing businesses to take divergent approaches to data protection law compliance in the UK and the EU. We anticipate that this regulatory and commercial divergence will continue, creating both opportunity but also complexity for businesses. The UK’s data protection regulatory regime has historically had a reputation as a more pragmatic, business-friendly regime, especially compared with some EU jurisdictions, where the enforcement of data protection law has been more dogmatic. The ICO has continued this more pragmatic approach as evident, for example, in its approach to consent or pay models and conducting transfer impact assessments following the Schrems II decision.

## EDUCATION

### 4. Protest encampments and direct action at universities is expected to increase

After a summer of high-profile protests at UK university campuses, similar action is likely to increase over the coming year. The political issues giving rise to the protests have not gone away, and activists are becoming ever more organised. Long-term protests can cause myriad issues for staff and students alike: security, health and safety, the risk of intimidation or harassment and possible damage to property versus the right to free speech. Four reported judgments were obtained in July by universities seeking possession of land from occupying protesters, and we see legal action becoming increasingly common as a means to manage and, if necessary, remove protest encampments that have become problematic. We expect more activity in this area as universities review their policies and approach to encampments and look to strike a balance between the right to protest and the protection of staff, students and property.



## INSURANCE WORDINGS

### 5. Terrorism definitions invite renewed scrutiny

The recent publication of the Terrorism (Protection of Premises) Bill may prompt a reconsideration of insurance-adjacent issues related to terrorism, including the definition of terrorism currently used by Pool Re. The Bill uses the definition of terrorism as contained within the Terrorism Act 2000, which is materially different from the definition in the Reinsurance (Acts of Terrorism) Act 1993 which set up Pool Re. Clarity and consistency on this topic remain essential if coverage disputes are to be minimised, especially as there are different definitions of terrorism in operation across various jurisdictions.

## INTERNATIONAL CASUALTY

### 6. 'Just transition' claims will become more prominent

The transition to renewable energy will generate litigation based on the environmental and pollution risks involved in increased mining and extraction of transition-necessary materials. A number of such climate-related actions have been identified as 'just transition' claims. These actions are directed at the behaviour of governments and companies engaged in pursuing the development of renewable energy, while aiming to protect local communities and environments from any adverse effects. One lithium extraction project in the United States is being challenged, despite the extraction method being identified as less-environmentally damaging than traditional mining methods. Looking forward, liability insurers need to be mindful of their exposure to such claims.

## MARINE, ENERGY AND TRANSPORT

### 7. The dark fleet will continue to pose additional risks

The imposition of further sanctions from Western nations against Russia, affecting its oil and gas industry, will cause the dark fleet to remain in operation for the purposes of circumnavigating those sanctions. Most of this dark fleet have substandard maintenance with no insurance, posing a major risk for the environment in case of an oil spillage and a lack of recourse to other vessels following collision incidents. The main risks will come from the highly dangerous and environmentally perilous ship-to-ship transfers on the high seas with no proper oversight. With no realistic end in sight for the Russia-Ukraine conflict, the risks posed by the dark fleet regrettably appear here to stay in the short-medium term and the insurance industry will need to consider the level of capacity it can and will allocate to this area.

### 8. 2025 will see energy being put into arbitrations

COVID-19 and the invasion of Ukraine have disrupted the global energy market and in turn caused several countries to invest in their own oil and gas industries. This threatens walking back on policies to support and grow renewable energy. Such actions have already led to numerous disputes (often subject to 'confidential' arbitration), for example between joint venture partners, and we are likely to see a sharp increase in 2025. For insurers, there is still a risk of price volatility arising from the ongoing invasion of Ukraine, which would have a knock-on effect for energy producers and their insurers, in turn increasing the cost of their policy programmes in respect of critical oil and gas facilities across the globe. While the insurance market - especially the marine and political violence arenas - have stepped up to ensure Ukrainian-linked risks can, where possible, benefit from continued insurance provision, this potential knock-on effect has more wide-reaching consequences.



## POLITICAL RISK, TRADE CREDIT AND POLITICAL VIOLENCE

### 9. AI-generated disinformation is a risk to watch

AI-generated disinformation campaigns are expected to heighten political unrest and violence globally. Incidents in 2024 serve as examples: fake stories about public officials, UK riots sparked by false social media information, and disinformation targeting French elections. As generative AI becomes more accessible and sophisticated, there is a risk of it being weaponised to push radical narratives and conspiracy theories, such as fabricated coup attempts or amplified extremist content on social media platforms. Increasing public distrust may spark widespread civil unrest, heighten geopolitical tensions, and lead to targeted political violence and terrorism.

### 10. Climate change will drive increasing political unrest

Climate change could develop a direct and more obvious correlation with political violence. The effects of climate change are well known – drought, famine and mass migration. Each of these may have a significant impact on the already heightened world tensions and predicted increase in political violence. Already unstable governments may struggle with the increasing needs of their populations in response to a heating planet and changing international views on the subject of foreign aid. The political violence and terrorism market will need to be wary in the coming 12 months when it comes to risks located in areas bearing the brunt of climate change.

### 11. The Black Sea corridor remains closed, but Ukraine grain exports continue (and need insuring)

The market will continue to insure, but keep a close eye on, Ukrainian grain exports. Last year we noted that the closing of the Black Sea corridor for Ukraine's substantial grain exports may have an indirect impact of increased risk of political violence in nations reliant upon the UN World Food Program. During the last 12 months, Ukraine has succeeded in boosting its exports via a combination of hugging the Black Sea coast where Russian submarines cannot operate and via the Danube river. The Black Sea fleet's partial redeployment has also assisted the security situation (and insurance rates). With the war unlikely to cease in the short to medium term, the insurance market will need to monitor the status of Ukrainian port facilities as well as the potential targeting of grain shipments by Russian forces.

### 12. Cold War resurgence will lead to increased focus on insurance cover

Shifts in global alliances may increase the need for and exposure of many insurance lines. A recent joint article by the heads of MI6 and the CIA noted that the world order was currently under a scale of threat not seen since the Cold War. While nations differ on the degree to which Russia is excluded from the global economic and trade system, it is not just the war in Ukraine that has heightened global risk. Ongoing events in the Middle East, together with the resurgence of Islamist extremism in the form of Boko Haram and a resurgent Islamic State, mean the risks faced around the world are numerous and multi-faceted. Insurance plays a huge role in managing these risks to enable trade, commerce and safety to continue and we predict the insurance industry will continue to develop innovative means of cover across the spectrum.



### 13. Geopolitical uncertainty will remain a certainty

Russia's continued operations in Ukraine, new global alliances, the South China Sea tensions, not to mention the complex and multi-faceted issues in the Middle East, mean the potential for global political developments to impact business operations continues to grow. Political risk insurance has long been at the forefront of assessing developing global trends and offering solutions, be that cover for confiscation, expropriation, nationalisation or deprivation by or under the order of a foreign government (CEND), contract frustration cover or unfair calling of bonds (to name but a few). All of these products become increasingly attractive and important in a progressively unstable global environment. We predict growing demand in 2025.

## PROPERTY

### 14. Martyn's Law will impact underwriting and coverage

"There will be ongoing discussions on understanding the implications of Martyn's Law." So says the Impact Assessment accompanying the Terrorism (Protection of Premises) Bill which was introduced into Parliament on 12 September 2024. This development may have caught some unawares, despite the efforts of Figen Murray, the mother of Martyn Hett (after whom the Bill is named), to keep the proposed legislation in the limelight. While the Bill's main impacts are likely to be on liability, including public liability and D&O, insurers, brokers and insureds will need to consider the detail of the Bill and its impact on coverage and exclusions in existing property and terrorism policies as well. These could be positive (for example, a reduction in premiums where it is recognised that premises represent a better rated risk as a consequence of having public protection procedures in place) or negative (for example, where there have been identified failings). Certainly, where available for enhanced duty premises and events, underwriters should be obtaining the information prepared for the Security Industry Authority as part of the presentation of the risk. Additionally, the greater awareness of the threat of terrorism could result in more property owners applying for terrorism-related insurance policies.

### 15. Protests to continue in 2025 - ensure property policies are providing the scope of cover required

As we predicted last year, geopolitical instability and large scale protests across the globe have been a common theme this year, raising several issues for underwriters writing terrorism and political violence cover. Both peaceful and more violent protests (sometimes at the same time) have been a regular theme in the UK and we expect this to continue throughout 2025. It raises a number of potential issues for insurers including in the UK property market, in particular in relation to when it can be said that a peaceful protest turns into a violent one. Insurers should give careful consideration to their use of terms such as strikes, riots and civil commotion as well as malicious damage to make sure that they are appropriate in the current climate of political instability, so that cover is being offered that is within insurers' risk appetite.








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