DAC BEACHCROFT

Regulation
Predictions 2027



England and Wales

Aviation

A significant shift in UK aviation regulation beckons

The Civil Aviation (Consumer Protection and Regulatory Reform) Bill has the potential to mark 2027 as the year UK aviation regulation moves from an inherited EU-based framework towards a more tailored, UK-designed regime. Should the reforms proceed in their current form, the beneficiaries are expected to be regulators, infrastructure projects and, most notably, air passengers. Complaints handling and passenger welfare are likely to attract increased board-level regulatory attention rather than being viewed solely as operational matters. Airlines and airports may face increased compliance obligations, scrutiny and financial penalties. At the same time, debates over airport expansion, climate policy and regulatory accountability are likely to intensify as the Government seeks to balance economic growth with environmental objectives. Taken together, these developments point towards a more interventionist and distinctly UK approach to aviation regulation in the years ahead.

Airline ground handling reform to become the UK's operational game changer

In 2027, we expect to see the full impact of the UK Civil Aviation Authority's (CAA) ground handling regulatory reforms reshape safety, operational resilience and airline performance across the sector. Ground handling has been one of the least regulated parts of aviation for decades, despite its critical role in turnaround activities such as baggage loading, aircraft dispatch, fuelling co-ordination and passenger boarding. That is now set to change. The CAA is introducing a new regulatory framework based on emerging International Civil Aviation Organization standards for ground handling, with implementation commencing in late 2026 and impacts expected to be felt across the sector during 2027. While the immediate result may be higher compliance costs and industry adjustment, insurers, airlines and service providers will be watching closely to see whether the new regime delivers safer operations, improved punctuality and a more resilient aviation sector.

The regulatory roadmap for autonomous aviation to take shape

Following the Law Commission's final report on aviation autonomy, published in May 2026, 2027 may mark the transition from legal review to regulatory planning for the development of autonomous aviation in the UK. The report sets out a framework for future reform. Its recommendations include clearer legal definitions and harmonised terminology for autonomous and remotely piloted operations, legislative changes to facilitate traffic management services for uncrewed aircraft systems, measures to protect passengers travelling on remotely piloted or future autonomous aircraft and the reallocation of certain pilot responsibilities in fully autonomous operations. The report also examines wider issues such as aviation-related criminal law and the legal framework required if a single remote pilot is permitted to oversee multiple aircraft or if operations transition between remotely piloted and autonomous flight. For insurers, manufacturers, operators and regulators alike, the central question may become less whether autonomous systems can operate safely and more how responsibility should be allocated when they do not. As autonomy increases, established concepts of operational control, pilot responsibility and liability are likely to be tested in new ways.

Bermuda Market

Sports betting operators to face addiction-related litigation

The widespread availability of mobile betting applications has transformed access to sports gambling. Concerns about user addiction are expected to drive litigation in the United States by state attorneys general and individual gamblers who lose money and suffer from emotional distress as a result of these platforms. Betting markets range from match outcomes to parlays, with sports leagues increasingly partnering with betting companies to promote their services. Estimates are that approximately 95% of regular online sports gamblers lose money over time. In some cases, gambling debts can become substantial. The concept of liability arising from allegedly addictive digital products is already familiar in the United States. In August 2026, Meta agreed to a $17.1 billion settlement with 51 state attorneys general to resolve claims that Meta engineered Instagram and Facebook to be addictive for teens.

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Casualty

Housing providers face rising claims risks as Awaab's Law expands

The phased implementation of Awaab's Law will increase housing-related claims against social landlords. The first stage, introduced in October 2025, requires landlords to investigate and remedy significant damp and mould hazards within prescribed timeframes. As the regime expands to encompass a broader range of housing hazards, providers will face increasingly stringent compliance obligations and reporting requirements, adding financial and reputational risks for providers and their insurers. Increased regulatory scrutiny is likely to be accompanied by greater public awareness and claimant activity. Where landlords fail to comply with the new requirements, we expect a rise in claims alleging personal injury, property damage and breaches of statutory duty. While many organisations are investing heavily in compliance programmes, the operational challenge of meeting new standards across large housing portfolios is likely to remain significant.

Climate change will reshape workplace liability

The effects of climate change will increasingly influence workplace injury and occupational health claims. Rising temperatures, extreme weather events and changing working environments are expected to place greater focus on employers' health and safety obligations. Heat-related illness, other exposure risks for outdoor workers and the impact of severe weather on workplace operations may all generate new areas of scrutiny and potential liability. Organisations operating in sectors such as construction, agriculture, logistics and utilities, as well as local authorities, are likely to face particular challenges. As climate adaptation becomes a business priority, insurers and employers will need to consider whether existing risk management and safety frameworks remain fit for purpose.

AI-assisted litigants will increase pressure on courts

Increased use of AI by litigants in person will lead to more procedural errors, satellite disputes and court delays. Generative AI is making legal information more accessible than ever before, but accessibility does not guarantee accuracy. As more unrepresented litigants use AI tools to prepare pleadings, submissions and legal arguments, courts are likely to encounter a growing number of inaccurate authorities, procedural misunderstandings and poorly evidenced claims. This may generate additional hearings, costs disputes and challenges around case management. While AI has the potential to improve access to justice by enabling individuals to navigate legal processes without specialist representation, its misuse is likely to place further pressure on already stretched court resources and increase complexity for all parties involved in litigation.

Construction and Engineering

Remediation reform will move from encouragement to enforcement

With further legislative reform underway, 2027 is likely to mark a decisive shift from remediation encouragement to remediation enforcement. The Building Safety (Remediation of Unsafe Cladding etc) Bill proposes a statutory duty to assess and remediate life-critical external wall fire safety risks, strengthens regulators' powers to compel action, and provides a remediation backstop where responsible parties fail to act. Enhanced transparency requirements and group accountability provisions will make it harder for organisations to use complex corporate structures to avoid remediation liabilities. Construction product manufacturers will face increasing pressure to contribute to remediation costs with the Bill making it easier for a wider range of parties, including developers, to recover losses arising from unsafe building products. The new national register of medium-rise residential buildings may expose buildings with previously unidentified fire safety risks, some of which may not yet have been notified to insurers. If enacted, the reforms are likely to accelerate remediation activity and generate further claims and recovery actions across the construction supply chain. As liabilities become more clearly defined and enforcement intensifies, the adequacy of D&O and professional indemnity insurance will come under increasing focus.



D&O and Financial Institutions

AI governance set to become a boardroom priority

AI has moved from an innovation issue to a governance and accountability issue. As organisations increasingly embed AI and AI agents into core business functions, boards will face growing scrutiny over how these systems are governed, monitored and controlled. Potential areas of exposure include AI system failures, inaccurate or biased outputs, confidentiality breaches, intellectual property concerns, regulatory non-compliance and allegations of 'AI-washing' (overstating AI capabilities). Directors are now expected to be AI-literate and understand how AI is being deployed and what controls are in place. Poorly conceived AI investment, inadequate oversight and weak governance may expose organisations to shareholder and regulatory scrutiny, reputational harm and potential litigation. In this environment, directors should ensure robust AI oversight and clear accountability processes are in place to mitigate the risk of scrutiny. Crucial to risk management is the scope of any D&O insurance cover. Corporates and their boards must ensure that they have appropriate D&O provisions in place to protect against evolving AI risks.

Collective actions set to remain a major litigation risk

From Dieselgate to competition and securities claims, collective litigation looks set to remain a key exposure for insurers. While the post-PACCAR funding market has proved more resilient than many expected, pressure is building for legislative reform and proportionate regulation to provide greater certainty for funders and claimants alike. At the same time, the debate is shifting beyond funding to the further expansion of collective redress. The Law Commission consultation on the introduction of a consumer class actions regime (announced in April 2026), combined with growing political interest in access to justice, could see the introduction of broader opt-out mechanisms beyond competition law. If so, consumer-facing businesses may face a growing volume of claims capable of generating significant defence costs, settlement pressures and reputational damage. Although the Competition Appeal Tribunal is taking a more interventionist approach to certification, settlements and damages distribution, we expect collective actions to remain a significant driver of D&O claims.

Expanded corporate liability set to drive investigations risk

The expansion of corporate criminal liability under the Crime and Policing Act 2026 is likely to accelerate regulatory and criminal enforcement activity. By extending the senior manager attribution model beyond economic crime to all criminal offences, the new regime gives prosecutors a broader route to pursue companies for misconduct, including health and safety offences, environmental breaches, sanctions violations, data protection offences and other regulatory offences. For boards, the focus is shifting from compliance in principle to demonstrating effective oversight in practice. Expect increased scrutiny of governance frameworks, internal investigations, whistleblowing arrangements and escalation procedures. Directors and senior managers are likely to face greater personal scrutiny and more frequent requests to participate in internal, regulatory and criminal investigations, which may result in higher defence costs. As enforcement activity increases, D&O insurers can expect continued pressure on investigation-related cover, policy wording and limits, with defence costs remaining a key area for consideration.

Employment risk becomes a boardroom issue

The UK Employment Rights Act reforms increase both workforce protections and employer obligations, particularly in relation to harassment, whistleblowing, dismissal, employee rights and workplace culture. Directors will be expected to demonstrate active oversight of these risks and not simply delegate them to HR. Employment tribunal claims are already at record levels and are likely to increase further. A key driver will be the growing use of AI by employees and claimant representatives to identify potential claims, analyse workplace data, draft grievances and prepare litigation at scale, making it easier to bring complaints. The January 2027 reduction in the qualifying period for unfair dismissal claims will add further pressure, exposing employers to claims much earlier in the employment relationship. Against a backdrop of increased regulatory scrutiny and reputational risk, workforce governance will become a critical element of directors' risk management and D&O exposure in the UK.



Data, Privacy and Cyber

ICO regulatory enforcement set to increase

The Information Commissioner's Office (ICO) has historically been criticised for lacking teeth, particularly in its response to cyber security incidents and data breaches. That position now appears set to change. Major fines have been relatively rare, often appealed or reduced, and enforcement action has been limited compared with the volume of reported breaches. Since April 2022, the Netting-Off Agreement has allowed the ICO to retain fine income, subject to an annual £7.5 million cap, to meet specified enforcement and litigation costs. Meanwhile, its proposed settlement regime would offer substantial penalty reductions to organisations that admit infringements and resolve cases at an early stage. Taken together, these measures could reduce the financial and procedural burden of enforcement, potentially enabling the ICO to pursue more investigations through to formal regulatory outcomes. Each successful outcome may also strengthen the regulator's reputation and willingness to intervene. In addition, powers introduced by the Data (Use and Access) Act 2025 will enable the ICO to require organisations to commission forensic investigations and report the findings, potentially reducing the regulator's investigative burden, streamlining enforcement and bringing more security failings to light.

The UK's innovation-first AI approach faces growing pressure

The UK's pro-innovation approach to the regulation of AI will be challenged in response to industry and public concerns over the safety risks associated with the development of artificial general intelligence and superintelligent systems. Reported incidents of agentic AI systems executing unsanctioned actions and demonstrating deceptive behaviour have emphasised the risks associated with the development of increasingly advanced AI models. A Private Member's Bill, the Artificial Superintelligence Bill, was introduced into Parliament in September 2026. While unlikely to pass, the Bill's proposal to prohibit artificial superintelligence systems and introduce monitoring and control powers illustrates the growing political appetite for more prescriptive regulation of advanced AI. Further significant AI-related incidents, whether involving misinformation, cyber security, critical infrastructure, autonomous decision-making or widespread workplace disruption, will quickly shift public sentiment and political priorities. As AI becomes more deeply embedded across sectors, the UK Government may face mounting pressure to change its approach and consider introducing a legislative framework to ensure that AI is developed and used safely and responsibly.

The AI era forces a rethink of data retention

Data deletion and retention will rise to the top of the boardroom agenda as insurers seek to reduce risk, improve data governance and prepare for an AI-enabled future. For many in the data and privacy sector, historic approaches to retaining data are becoming increasingly difficult to justify. Growing volumes of legacy data increase cyber exposure, storage costs and regulatory risk, while also raising questions around compliance with data protection principles. At the same time, firms are looking to harness AI and advanced analytics, placing greater scrutiny on the quality, provenance and governance of the data they hold. We expect firms to move beyond policy reviews and launch more ambitious retention and deletion programmes. The challenge will be balancing legal, regulatory and business requirements to retain information against increasing pressure to justify why data is kept in the first place.

Cyber risk in the supply chain will remain a board-level concern

Cyber risk in the supply chain will remain a board-level concern as firms become increasingly dependent on complex networks of technology providers, outsourced services and data partners. Recent years have demonstrated that organisations are often only as resilient as their weakest supplier. As the sector continues to adopt cloud services, AI solutions and digital platforms, the potential for operational disruption, cyber incidents and data breaches originating within the supply chain will continue to grow. We expect increased regulatory scrutiny of supplier oversight, contractual risk allocation and incident management arrangements. Firms will be expected not only to understand their critical dependencies, but also to demonstrate that appropriate governance, due diligence and ongoing monitoring processes are in place throughout the supply chain.



Education

Political uncertainty around SEND reforms to continue

The Special Educational Needs and Disabilities (SEND) system has been under increasing pressure for several years, but the form and timeline of proposals for reform are subject to political uncertainty. In February 2026, the Government's 'SEND Reform: Putting Children and Young People First' White Paper proposed a significant shift towards consistent SEND support in mainstream settings, supported by digital Individual Support Plans intended to reduce reliance on Education, Health and Care Plans for many children. The reforms are also intended to reduce dependence on appeals to the First-tier Tribunal, potentially leading to a refocusing of the Tribunal's role. Following a change in leadership since the publication of the White Paper and the close of the consultation, there remains considerable uncertainty about whether, and in what form, these proposals will be implemented. Recent headlines also note concerns about the overdiagnosis of ADHD. The use of private experts to obtain such a diagnosis is an area that might also be subject to further regulation.

Education providers face new security obligations under Martyn's Law

Education providers that have not yet begun preparations for the introduction of Martyn's Law should do so now. The Terrorism (Protection of Premises) Act 2025, commonly known as Martyn's Law, is expected to come into force in spring 2027 following an implementation period of at least 24 months. The Act will require those responsible for certain premises to take proportionate steps to improve preparedness for terrorist incidents. Early years, primary, secondary and further education settings will automatically fall within the standard tier and must have appropriate evacuation, invacuation, lockdown and communication procedures in place. Higher education institutions and larger training providers may be subject to enhanced duties, including terrorism risk assessments and reasonably practicable mitigation measures.

Free speech enforcement steps up in higher education

Freedom of speech continues to be a key area of regulatory focus in the higher education sector and institutions should ensure that their policies, governance arrangements and event management procedures remain aligned with the evolving regulatory framework. Following the phased implementation of the Higher Education (Freedom of Speech) Act 2023, the Office for Students has introduced a new free speech complaints scheme (which opened on 1 September 2026) and published detailed guidance on universities' obligations to protect lawful speech and academic freedom. A further phase of implementation is scheduled for April 2027, creating additional and strengthened enforcement powers for the Office for Students, including the ability to impose significant financial penalties.

Insurance Advisory

The FCA to take a more interventionist approach to AI

The Financial Conduct Authority (FCA) will take a more interventionist approach to AI, increasing its scrutiny of how firms govern, test and oversee AI systems. While the regulator has consistently stated that existing regulatory frameworks remain fit for purpose, its focus is shifting from understanding AI adoption to assessing whether firms can demonstrate appropriate accountability, effective governance and positive customer outcomes. The FCA is already engaging with industry on issues such as model testing, explainability, monitoring outcomes and the fair treatment of vulnerable customers, while its work on frontier AI signals a growing interest in the risks posed by more advanced AI systems. For insurers deploying AI across underwriting, claims and customer engagement, the challenge will be less about complying with new AI-specific rules and more about evidencing that existing regulatory obligations are being met in an AI-enabled environment.

Conflicts of interest will face greater regulatory scrutiny

Conflicts of interest in the insurance market will come under increased regulatory scrutiny. The Financial Conduct Authority (FCA) expects all firms in the distribution chain to review their business models, having regard both to its specific rules on conflicts and to its regulatory principles, including the Consumer Duty where that applies. The FCA will act where firms cannot provide evidence that their controls are operating effectively. This starts with identifying all potential conflicts and having processes in place to manage them. Disclosure alone may not be sufficient; firms need to review their governance, systems and controls. They should also notify the FCA of changes to their business model. Firms which cannot satisfy the FCA that they have effective oversight in place will face supervisory or enforcement action, which could include being required to stop writing business through certain business models until they can satisfy the regulator that all conflicts are effectively managed.



Insurers will innovate to close protection gaps

As climate, cyber, AI and other emerging risks continue to evolve, traditional insurance products will not always provide adequate protection. In response, insurers will accelerate the development of innovative products and alternative risk-transfer solutions to address growing protection gaps across both commercial and personal lines. Expect further growth in areas such as parametric insurance, bespoke and structured risk-transfer solutions, and products targeting previously underinsured or uninsured risks. Innovation will extend beyond product design, with insurers exploring new sources of data, technology-enabled underwriting and more flexible approaches to risk assessment and pricing. As customers seek protection against increasingly complex and interconnected risks, insurers that can demonstrate a clear understanding of emerging exposures and adapt their offerings accordingly will be best placed to meet changing market demand.

Third-party risk moves to the top of the resilience agenda

Third-party dependencies will drive the next phase of operational resilience, as regulators increase their scrutiny of operational incidents, material third-party arrangements and concentration risk across the insurance sector. The Prudential Regulation Authority and Financial Conduct Authority are introducing new reporting requirements for operational incidents and material third-party arrangements, reflecting growing concern about firms' reliance on a relatively small number of critical service providers. For the sector, the focus will extend beyond traditional outsourcing arrangements to cloud infrastructure, technology platforms and other critical services that underpin key business operations. As dependence on global technology providers grows, firms will be expected to demonstrate a clear understanding of their critical dependencies, robust oversight of third-party risk and effective contingency planning. Operational resilience will increasingly be judged not only by how firms manage their own systems, but by how well they manage their external dependencies.

Captives will move into the mainstream

The UK's proposed captive regime will accelerate the move of captives from specialist risk-management tools to an established feature of mainstream operational strategy. As the Prudential Regulation Authority and Financial Conduct Authority develop a more proportionate regulatory framework for captives, organisations will have a stronger domestic option for risks that are difficult to insure, costly to place or better retained within the organisation. Persistent inflation and pressure on balance sheets are already prompting insureds to reassess how their insurance spend is deployed, while global conflicts, supply-chain disruption and climate volatility are exposing coverage gaps that traditional products may not solve alone. Captives will not replace the traditional insurance market, but will increasingly sit alongside it, giving organisations greater choice and control over risk management, capital allocation and resilience planning.

International and Complex Casualty

Litigation funding faces divergent regulatory futures

The lack of a uniform approach to litigation funding on both sides of the Atlantic will be brought into sharper focus in the coming year. The UK direction will be one of normalisation, rather than restriction. Although legislation to reverse the decision in PACCAR has yet to materialise, the UK market continues to operate under a largely self-regulatory model. The Civil Justice Council's 2025 proposals favoured proportionate, 'light-touch' regulation over a comprehensive statutory regime and are now being considered as part of the Law Commission's consumer class action project. The Solicitors Regulation Authority itself has recently concluded a consultation proposing the creation of a regulatory framework for solicitors utilising litigation funding in consumer claims. By contrast, in the United States, regulation has been primarily driven at state level, with several recent state laws establishing licensing requirements, fee caps and disclosure of funding agreements. Some states, such as North Carolina, have expressly restricted 'litigation investment'. There have been several bills proposed that would markedly increase regulation in the funding space, expressly raising concerns about foreign influence on litigation in the United States.



Gaming addiction litigation gains momentum

Gaming addiction may emerge as the next frontier in technology-related collective redress in the UK and Europe. Early claims originated in the United States, where major game developers have been targeted for allegedly designing their products intentionally to encourage compulsive use. However, these claims remain an emerging yet unproven form of action in the United States, with many cases still developing. There is growing regulatory scrutiny in the UK and Europe of loot boxes, persuasive design features, in-game monetisation and the impact of excessive gaming on children. These developments will assist in framing gaming-related harms as a consumer protection and product safety issue rather than an issue of personal responsibility for users and their parents. The recognition of gaming disorder by the World Health Organisation arguably provides claimants with an increasingly credible medical framework for establishing injury. Although significant causation hurdles will arise in such actions, claimant firms will be watching developments closely. For insurers, gaming addiction litigation must be considered alongside the possible technology risks associated with claims alleging harm caused by social media.

Toxic tort claims set to expand internationally

UK and European courts may see a growing number of 'toxic tort' claims influenced by developments in the United States, particularly where scientific evidence, regulatory findings or large settlements provide a foundation for copycat litigation. In England and Wales, the Johnson & Johnson Baby Powder Group Litigation has demonstrated how such a claim may develop and come to fruition, with similar litigation also progressing in Scotland. The representative action mechanism introduced across the European Union was intended to create an accessible environment allowing claimants to pursue group actions at scale and may encourage similar actions. The prospect of toxic tort claims outside the States has long been perceived as facing causation challenges, and these actions will likely reinforce that view. While legal and procedural barriers remain significant, insurers should expect allegations involving contamination, environmental exposure and emerging substances to become increasingly international in scope. The key challenge will be identifying cumulative and cross-border exposures as toxic tort risks evolve from local liabilities into global litigation capable of generating claims across multiple jurisdictions and policy years.

Legal Indemnities

Rights to light claims set to increase

The Government's revised National Planning Policy Framework, published in August 2026, will drive an increase in rights to light claims. The Framework gives substantial weight to developments which create additional homes above existing residential and commercial buildings through airspace development, encouraging higher-density schemes in urban areas. As developers look upwards to unlock housing delivery, neighbouring owners are likely to scrutinise projects more closely and pursue rights to light claims where their amenity is affected. We expect developers and local authorities to make greater use of section 203 powers (under the Housing and Planning Act 2016) to override private rights where schemes deliver wider public benefits. This will increase demand for rights to light insurance and specialist legal advice, placing a greater focus on compensation negotiations, valuation evidence and the balance between private property rights and the delivery of much-needed housing.

Chancel repair insurance faces an uncertain future

Chancel repair liability will test the legal indemnity market's ability to adapt to regulatory change. If the Law Commission's proposals are implemented, demand for high-volume, low-premium 'just in case' policies is likely to fall sharply, affecting insurers, brokers and search providers. Cover for known or registered liabilities should remain, but in a smaller, more specialist market requiring greater underwriter input and higher premiums. Insurers and distributors will need to reassess appetite, pricing and product strategy, with consolidation or withdrawal from the market a realistic possibility.

Assets of community value set to become a key transactional risk

The new Assets of Community Value (ACV) regime will create opportunities for legal indemnity insurance products, as the ACV status of commercial and development land becomes a material transactional risk. ACVs are buildings or land which support community life. When the ACV provisions in the English Devolution and Community Empowerment Act 2026 come into force, communities will have the right to buy their ACVs rather than simply bidding to acquire them. A new category of sporting assets will be created that will be wide in scope, encompassing land used for purposes ancillary to sporting use, including parking. Property owners and developers will seek insurance cover for challenges to ACV listing, procedural breaches and financial losses arising from ACV restrictions.



Commonhold reform set to reshape the legal indemnity market

The legal indemnity market will continue to monitor progress on the Commonhold and Leasehold Reform Bill with interest. Once implemented, the legislation will change the landscape for multi-unit residential developments. Ground rent and forfeiture reforms may reduce established product lines, but the transition to commonhold will create new risks and opportunities. Developers, lenders and leaseholders will face complex conversion issues, historic liabilities and title defects, creating demand for bespoke cover where remediation is costly, disruptive or impractical. The legislative transition itself will drive further enquiries as transactions proceed against an evolving legal framework. For insurers, the opportunity will be to anticipate the emerging risks and tailor cover that supports complex property restructuring and legacy title risks.

Marine, Energy and Transport

Autonomous vessel systems will accelerate as fleets grow and seafarer numbers fall

The difficulties in seafarer recruitment will continue as the industry faces a shortage of personnel and increased demand from growing fleets. Technology will need to fill that gap, with autonomous systems being used to support crew decision-making and increasingly taking over certain crew tasks altogether, allowing for lower manning levels. The adoption of the long-awaited International Maritime Organization Maritime Autonomous Surface Ships (MASS) Code in July 2026, together with confirmation from the International Group of P&I Clubs that liabilities arising from MASS are covered across all modes of operation, has removed two significant obstacles to wider deployment of autonomous systems. Human crew and intelligent machines can be expected to work more closely together than ever before, challenging long-standing concepts of seaworthiness and crew competence and raising novel legal issues regarding subrogation that are likely to lead to new areas of dispute.

Medical Malpractice

Product liability reform could open the door to patient class actions

Proposed reforms to product liability law extending to digital products, including AI, together with a Law Commission consultation on a consumer class action regime, could increase the prospect of patient-led opt-out claims being pursued under consumer law rather than negligence. The Law Commission is consulting on proposed changes to product liability law, including whether digital technologies such as AI should qualify as products. The outcome of the review could reshape the balance between product liability and clinical negligence claims, including where clinicians recommend health-monitoring apps. Separately, the Commission is considering whether opt-out consumer class actions, currently largely confined to competition law, should be extended. Such a development could increase aggregation risk, enabling large volumes of similar claims to be pursued through a single consumer law mechanism.

A rethink of Ogden disability assumptions could reshape quantum

Academics are continuing to explore refinements to the Ogden reduction factors for contingencies other than mortality, raising the prospect of a future move beyond the current binary disabled/non-disabled model. A more graduated approach reflecting the degree of disability and its effect on employability could materially affect future earnings calculations, with insurers likely to face greater scrutiny of vocational, medical and labour market evidence.

Motor

Micromobility claims will outpace regulation

The Government is expected to continue to avoid comprehensive regulation of micromobility, leaving stakeholders and the judiciary to deal with the consequences. The proliferation of high-powered e-bikes that fall outside Electrically Assisted Pedal Cycle requirements is becoming increasingly difficult to ignore. However, micromobility risks remain politically awkward, and a further year of policy inertia is expected, despite growing evidence of serious injury, fire and property damage risks. The result will be an increasing number of claims involving uninsured or effectively untraceable users, coupled with greater uncertainty around liability, recovery prospects and product safety. The question is no longer whether reform is needed, but whether policymakers are prepared to prioritise it.



Policy Wordings

Legacy product liability wordings will require wholesale alterations

Underwriters will need to closely monitor the progression of product liability reform in the UK, as legacy policy wordings drafted primarily for physical products become outdated. The UK Law Commission's ongoing project on product liability reform requires insurers to remain alert to the direction and pace of change in the UK. The published consultation document suggests that both alignment and divergence with the updated EU Product Liability Directive (PLD) may form part of the final legislative proposals. What is clear is that the UK is expected to update its product liability regime to expressly address software, AI and digital services. As the revised EU Product Liability Directive takes effect, insurers will need to consider modifying product liability wordings to reflect the PLD's broader definition of a product for businesses selling into the European Union.

Ransomware payment ban to drive cyber underwriting changes

A proposed UK-wide ban on ransomware payments by public sector bodies and operators of critical national infrastructure (CNI) will prompt insurers to reassess their underwriting appetite to reflect increased exposure where ransom payments are no longer available as a recovery option. Initially proposed in 2025, such legislation would be intended to make the public and CNI sectors less attractive to ransomware groups. However, this approach remains untested and could increase their financial exposure. This could constrain cyber insurance capacity, reduce indemnity limits and tighten policy conditions. It may encourage the development of specialist products for public bodies and operators of CNI, but in the absence of formal legislative proposals, there remains a lack of clarity on whether the ban extends to privately owned organisations operating in the public and CNI sectors.

AI will continue to reshape policies of all types

As AI adoption continues across all sectors, insurers will continue refining policy wordings to address both AI risks and the use of AI within insured businesses. The market is likely to see increased scrutiny of how existing covers respond to AI-related losses, together with the introduction of new exclusions, endorsements and affirmative cover provisions designed to reduce uncertainty around coverage, liability and claims arising from AI-related events. Rather than creating entirely new classes of insurance, many insurers will prefer to focus on adapting traditional products to address evolving exposures. Clearer wordings around liability, professional services, intellectual property, cyber events and autonomous decision-making will become increasingly important as insurers seek to balance innovation with certainty of coverage.

Policy wordings will race to keep pace with emerging risks

Insurers will increasingly reassess both policy wordings and underwriting strategies to ensure they remain fit for purpose as emerging risks such as cyber and climate change continue to develop. Traditional coverage structures are often unable to adequately cover novel or rapidly evolving exposures, creating opportunities to provide greater contractual clarity while maintaining sustainable risk selection and pricing. Insurers are likely to address these concerns via several routes, such as tailored wordings, specialist endorsements and parametric solutions designed to balance increasing demand for protection with the need for underwriting certainty. Underwriters may also place greater emphasis on understanding new risk characteristics, identifying potential accumulation exposures and assessing where protection gaps exist.

Political Risk, Trade Credit and Political Violence

Grey-zone conflict will become the defining political violence exposure

Political violence insurers will face increasing claims arising from grey-zone conflict that falls short of conventional war. States are increasingly pursuing strategic objectives through cyber operations, sabotage, proxy actors, disinformation campaigns and covert attacks rather than formally declared armed conflict. These activities often create significant physical and economic damage while generating uncertainty regarding the application of war exclusions and political violence wordings. Recent years have demonstrated the vulnerability of locations including energy infrastructure, telecommunications networks, logistics hubs and transport systems. Over the next year, insureds and insurers will increasingly focus on whether policy wordings adequately address state-linked but deniable acts. Coverage disputes concerning attribution and causation are likely to become more common as geopolitical competition intensifies.



Product Safety, Liability and Recall

The UK product liability rulebook will be rewritten

UK product liability law will finally embrace digital technology and the prospect of a more litigious consumer landscape in the coming years. The Law Commission consultation on the scope of product liability will result in a markedly different liability environment. The scope of the consultation document, issued in October 2026, includes legislating for product liability law to address contemporary digital technologies, including AI. Any consultation proposals taken forward will engage with issues such as liability for AI-dependent products throughout their life cycle, liability in supply chains, including online marketplaces, and the UK's current divergence from the EU Product Liability Directive. Whenever the reforms take effect, businesses and their insurers should expect a growing appetite for US-style collective actions across the products arena.

Battery recalls will become a defining risk

The continued growth of electric vehicles, e-bikes, consumer electronics and energy storage systems, together with increased domestic solar power generation, will ensure that lithium-ion batteries remain a significant source of product safety concerns and recalls. Although battery technology continues to improve, the risk of thermal runaway, where a battery overheats and potentially catches fire or explodes, cannot be eliminated entirely. There have also been high-profile examples of other performance issues, such as loss of power, which have raised significant vehicle safety concerns. Complex global supply chains, increasing production volumes and pressure to reduce manufacturing costs may further increase the potential for defects. Lithium-ion battery defects continue to account for some of the largest and most costly automotive recalls, with individual recall campaigns often affecting tens of thousands, and occasionally millions, of vehicles due to concerns over fire risk, overheating and battery system failures. As regulators increasingly focus their attention on battery safety, manufacturers are likely to face greater scrutiny regarding product testing, quality control and post-sale monitoring. In response, recalls may become more frequent in the short term, particularly where even a small number of incidents suggest a serious fire risk.

Digital traceability to transform product recalls

Digital supply chains are likely to transform product recalls from broad, reactive exercises into highly targeted and proactive interventions. By integrating technologies such as Internet of Things sensors, RFID (radio frequency identification) tags and GPS technology, companies will gain real-time visibility over products from manufacture to end use. Rather than recalling entire batches, businesses will be able to identify the precise components, production runs or individual units affected by a defect. This enhanced traceability should significantly reduce recall costs, minimise disruption to customers and limit unnecessary waste, all while improving safety. Ultimately, this could shift recalls from a crisis-management reaction to a real-time, targeted intervention. Traditional supply chains often rely on fragmented systems, manual reporting and limited visibility. By contrast, a digital supply chain creates a continuous flow of real-time information between manufacturers, suppliers, distributors, retailers and customers. This is not entirely without risk or cost. In many industries, particularly the automotive and pharmaceutical industries, this level of traceability is becoming a regulatory expectation. There are also challenges around supply chain interdependence and the preservation of evidence in an environment in which there is a huge amount of data, as well as the threat of cyberattacks. The implications for insurance could potentially include a reduction in the cost of cover, but also the emergence of coverage issues around knowledge and reaction speed.



PFAS claims will move from pollution sites to consumer products

Per- and polyfluoroalkyl substances (PFAS) litigation could be approaching a new phase in the UK and Europe. While claims have traditionally centred on environmental contamination, the United States is increasingly seeing litigation targeting PFAS in consumer products, including allegations concerning product safety, inadequate warnings and misleading marketing. In 2026, the New York Attorney General brought an action against major manufacturers of PFAS used in consumer goods. The action concerns the risk of PFAS contamination through the use of these products, as opposed to contamination during their manufacture. This raises the question of whether a similar shift could emerge in the UK. The Government's 2026 PFAS Plan signalled increased scrutiny of consumer products, including potential restrictions on PFAS under the UK's chemicals regulatory regime (UK REACH) and consideration of consumer articles in future regulatory controls. The Plan also aims to improve consumer information about PFAS risks and product content. This indicates a potentially significant product safety issue for both manufacturers of consumer goods and their insurers. As regulation and scientific evidence develop, historic formulation, testing, labelling and warning decisions could come under scrutiny, potentially bringing product liability and/or negligence exposures into focus alongside traditional environmental risks.

Digital accountability will redefine UK product safety risks

The UK's product safety regime is poised for a digital reset following the UK Government's 2026 consultation. For manufacturers and insurers, the direction of travel points to greater accountability across the product life cycle. Reforms will address a market increasingly shaped by connected products, AI and software-driven functionality. There will be greater scrutiny of how technology-dependent products are assessed throughout their life cycle, particularly where safety risks emerge only after products enter the market. Online marketplaces are likely to face clearer responsibilities for unsafe goods sold through their platforms. This will narrow the distinction between digital intermediaries and traditional distributors. Alignment with the European Union will also remain a central consideration. With the transition to UK conformity assessment marking largely paused, the EU's evolving product safety framework may provide a ready-made template for UK reform. The UK may choose to give serious consideration to measures such as digital product passports.

Professional Liability

AI will continue to impact all professions

AI is increasingly being adopted by professionals to enhance efficiency, manage data and reduce the incidence of human error. A key challenge for insurers and their customers will be to keep up to date with the various use cases and technological developments to understand the nature of the potential risks and exposures. Users ultimately remain responsible for the output generated by AI. Professionals must therefore check the work product to mitigate the potential risks. Law firms have already faced claims and regulatory scrutiny as a result of AI hallucinations and the inadvertent loss of privilege that occurs when client information is uploaded to an open AI model. Claims might also arise in the future if professionals fail to use AI for a task it would have completed more efficiently or to a higher standard. All professionals must keep up to date with regulatory guidance and understand the operation and limitations of any AI they use.

Accountants: Heightened tax risks and network scrutiny

Accountancy firms will face a period of profound operational change as 2027 brings the biggest overhaul of His Majesty's Revenue and Customs regulation of tax advisers in decades, together with the next phase of the Making Tax Digital initiative. Network firms are also in the spotlight, following the NMC Health audit settlement and the ongoing Evergrande litigation. It is hoped that regulators and courts will take a pragmatic view, recognising that there are consequences to piercing the corporate veil in situations where audit liability is usually uncapped. The structure of network firms, the ways in which firms take on capital to fund service improvement and the AI rollout are all likely to remain areas of regulatory focus.



Construction: Wildfire risk will emerge as a significant source of construction and professional indemnity claims

Hotter, drier summers in the UK and northern Europe will increase the risk of wildfires causing damage and disruption to construction projects and may lead to a rise in claims against construction professionals. In 2026, nearly 100 square miles of the UK was razed by uncontrolled wildfires fuelled by climate change and fanned by human activity. If this continues, projects will be subject to increased seasonal disruption from wildfires and operational restrictions on high-risk activities such as 'hot works', causing delay and prolongation. Risk assessments will need to be updated to reflect this new 'seasonal risk'. Measures to mitigate wildfire risk will become an increasingly important factor in planning, design and construction. Building Regulations may be extended to include climate resilience measures to future-proof buildings. Contractors and professional advisers will be increasingly expected to consider wildfire and climate-related mitigation measures at an early stage and may be exposed to claims if they do not. This creates challenges for insurers in an emerging risk area.

Financial advisers: Simplified advice on the way but how simple will it be?

Financial advice firms will be provided with an opportunity to develop simpler advice propositions in circumstances where concerns about potential liabilities have previously limited their development. As a final step in its Advice Guidance Boundary Review, the Financial Conduct Authority is planning to make changes to its pension and investment advice rules to facilitate firms delivering simplified advice to clients to help fill the advice gap that currently exists. However, it remains to be seen whether firms will consider the changes sufficient to enable them to develop new offerings with confidence and the support of their insurers.

Lawyers: Firms are still under the AML compliance microscope

Law firms will be subject to close scrutiny for anti-money laundering (AML) under current and future regulatory regimes. The Solicitors Regulation Authority (SRA) has focused on law firm AML compliance for some time. The profession is considered key to the Government's fight against money laundering, and this careful examination shows no sign of abating. In June 2026, the SRA had reportedly issued related fines amounting to £600,000 since the beginning of the year. Severe financial sanctions and published SRA decisions can cause damaging publicity. It is expected that the Financial Conduct Authority (FCA) will begin taking over responsibility for AML supervision by the end of 2028, and law firms can expect continued heightened scrutiny in this area. In expectation of this change, law firms and their insurers are trying to anticipate what the FCA's expectations may be and, more broadly, its approach. The key, as always, is to ensure that proper policies and procedures are in place. This will include ensuring that all members of the firm attend compulsory onboarding and ongoing training, and that continuing monitoring is carried out.

Property

Once-in-a-generation FOS reforms to provide insurer certainty

Property insurers and insureds will likely benefit from legislative and operational changes to the Financial Ombudsman Service that aim to provide greater certainty in decision-making. Most significantly, an objective of the reforms is to ensure that complaints are assessed against the regulatory and legal standards applicable at the time of the relevant conduct. Insurers complying with Financial Conduct Authority (FCA) rules will have greater certainty, with adverse rulings likely only where FCA rules have been breached or where the FCA has not prescribed a relevant rule. Greater predictability in decision-making could improve insurers' ability to assess risk, reserve for potential liabilities and manage customer redress programmes with increased confidence. The introduction of a registration stage for insureds and dismissal powers should also result in faster progression of cases, fewer repeated information requests and greater certainty around complaint lifecycles.



Underwriters will adapt to the implementation of Martyn's Law

Underwriters will be busy in the first quarter of 2027, with the Terrorism (Protection of Premises) Act 2025 expected to come into force in the spring. As implementation planning continues, the Home Office, ProtectUK and the Security Industry Authority are publishing regular guidance on unresolved issues, including multi-use premises, together with case studies, tools and templates for duty holders within the standard and enhanced tiers. As a possible soft target for terrorists, Zone Ex, the often-crowded publicly accessible space outside venues, remains an unresolved issue. Guidance is needed to resolve the threat, rather than transferring the risk, in order to achieve the aims of Martyn's Law. Underwriters will be amending their proposal forms and exclusions once the outstanding template documents for the risk assessments are published and will need to make sure they understand the nature of the risks being underwritten and keep a watching brief on Pool Re's 'SME Incentive Scheme' to cover any gaps.

Reinsurance

Regulators will tighten scrutiny of funded reinsurance structures

The UK will continue to scrutinise offshore-funded reinsurance structures while focusing on attracting captive insurance business through a proposed bespoke regulatory regime. The Prudential Regulation Authority issued two consultations in 2026 highlighting these regulatory priorities and further movement is expected in the coming year. Consultation paper CP8/26 proposed changes to the prudential treatment of funded reinsurance under Solvency UK, focusing on the risks posed by the growth of funded reinsurance exposures. Consultation paper CP11/26 proposed a tailored regime for captive insurance. At the same time, regulators have continued to scrutinise funded reinsurance structures. This focus is consistent with the European Insurance and Occupational Pensions Authority's supervisory statement issued at the beginning of October 2026, which highlighted a number of areas where greater supervisory consistency is expected. The statement acknowledges that private equity investors can bring potential benefits to the sector, but warns that their business strategies, ownership structures, asset allocations and governance arrangements can also pose challenges for effective supervision.

Sports and Entertainment

Mega-event cyber incidents will drive a rethink of contingency coverage

Cyber disruption will become one of the most significant drivers of contingency claims for major sporting and entertainment events. The increasing digitisation of major events has created a risk landscape that extends far beyond the physical venue. Ticketing systems, broadcasting infrastructure, payment platforms, venue operations and fan engagement tools all present attractive targets for cybercriminals and state-sponsored actors. Analysis undertaken in relation to the 2026 FIFA World Cup has highlighted credible concerns relating to ransomware, phishing campaigns, AI-enabled fraud, disinformation and attacks targeting critical infrastructure. As a result, insurers are likely to introduce increasingly granular underwriting requirements and seek clearer delineation between cyber and contingency coverage. The market may also witness the emergence of integrated products designed specifically for large-scale events, reflecting the growing convergence between operational disruption and cyber risk.

Transactional Liability

The retreat from net zero will trigger new deal disputes

As political and economic priorities shift, the initial momentum behind the energy transition is now beginning to slow. Governments around the world are reassessing green policies, scaling back subsidies and softening regulatory support for renewable energy and decarbonisation initiatives. For businesses and investors that relied on those incentives, the consequences could be significant. This changing landscape is expected to generate increased transactional liability notifications and claims. This will occur particularly in sectors where valuations, growth projections and investment cases were heavily dependent on supportive policy frameworks. Buyers may scrutinise whether risks relating to subsidy withdrawal, regulatory change, project viability and future profitability were adequately disclosed during the sale process and reflected in relevant warranties. As market conditions evolve, disputes are likely to focus not only on what was known at the time of the transaction, but also on whether the long-term prospects of low-carbon 'green' businesses were presented fairly. For insurers, the intersection of policy change and deal risk may become an increasingly important source of claims activity.



Ireland

Long-awaited civil justice reforms could reshape Irish litigation

Civil justice reform is expected to remain high on Ireland's legislative agenda in 2027 as debate continues around the proposed Civil Reform Bill. The 2020 Kelly Report recommended wide-ranging reforms designed to modernise the Irish civil justice system and improve efficiency. The General Scheme of the Civil Reform Bill 2025 ("the Bill") was published in January 2026 by the Irish Minister for Justice, Jim O'Callaghan. The Bill would implement many of the recommendations from the Kelly Report and has been listed for priority publication in the Autumn Legislative Programme. Key proposals include earlier disclosure, enhanced judicial case management and stronger pre-action requirements. While many practitioners support the objective of improving efficiency, aspects of the Bill remain controversial, with some stakeholders questioning whether certain proposals will achieve that aim in practice. Submissions from the Law Society of Ireland and other professional bodies are expected to shape the next stage of the reform process.

Ireland stays at the centre of European Big Tech regulation

As AI, data governance and digital regulation evolve, Ireland is expected to remain at the centre of Europe's most significant regulatory investigations and technology disputes. Ireland's Data Protection Commission (DPC) has imposed €4 billion in fines on major technology companies based in Ireland, underlining its central role in enforcing European data protection laws. Most recently, the DPC issued a €403 million fine to Google over its handling of location data. Many of those decisions remain subject to appeal, meaning only a small proportion of the headline fines (some €20 million) has so far been collected. Because many global technology companies maintain their European headquarters in Ireland, the DPC is likely to remain one of the continent's most influential regulators, exerting a significant impact on those companies' operations, with several major investigations continuing into 2027.

Scotland

Scottish civil justice reforms to change the claims landscape

Scottish civil justice reforms are likely to increase claims spend and defence costs, as the Qualified One-Way Costs Shifting (QOCS) provisions under the Civil Litigation (Expenses and Group Proceedings) (Scotland) Act 2018 continue to limit opportunities for costs recovery. The proposed reforms will significantly broaden the scope of gratuitous services claims by extending recovery beyond the current categories. The Scottish Government has indicated its intention to implement the Scottish Law Commission's recommendations during the current parliamentary session, albeit with no clarity on the proposed implementation dates. If enacted, the reforms are likely to increase the frequency and value of gratuitous services claims and create additional evidential issues around informal care. QOCS continues to substantially reduce costs exposure for claimants. Recent decisions have clarified that disapplication remains a high threshold to meet, reserved for exceptional circumstances. Despite the statutory requirement for a review of the QOCS provisions now being overdue, there is no indication of when it may occur. Until then, trends seen since the introduction of QOCS are expected to continue, with insurers continuing to face speculative claims.

Regulation of non-surgical cosmetic procedures will reshape insurer exposure in Scotland

In light of increased regulation, there may be greater scrutiny of non-surgical cosmetic treatment providers, which could lead to an increase in claims. New legislation aimed at regulating the non-surgical cosmetic industry will shortly come into force. The Non-Surgical Procedures and Functions of Medical Reviewers (Scotland) Bill passed through the Scottish Parliament in 2026 and is expected to come into effect in September 2027. The legislation introduces a three-tier system, categorised by level of risk and invasiveness. It seeks to address a perceived lack of regulation in the industry and put patient safeguarding front and centre. There are various implications for insurers. Insurance will become mandatory, which should increase demand for specialist non-surgical cosmetic policies. The introduction of a three-tier system means that existing policies should also be scrutinised to ensure there is adequate coverage.



Scottish group proceedings set to gain momentum

Group proceedings in Scotland are expected to gain momentum in 2027. The Johnson & Johnson Baby Powder litigation that has attracted considerable attention in England is subject to a parallel action commenced in Scotland. This should be viewed as part of a wider trend rather than a standalone development. The case demonstrates that Scotland's group proceedings regime will become an increasingly viable mechanism for pursuing large-scale product liability, consumer and environmental claims. The statutory framework introduced in 2018 has created a platform capable of supporting more ambitious group proceedings. Claimant firms and litigation funders are becoming increasingly familiar and comfortable with the procedure. Although Scotland is unlikely to experience growth in claims akin to other jurisdictions, the direction of travel is clear. Awareness of group proceedings will grow, particularly if actions are pursued successfully. Insurers should anticipate a broader range of coordinated claims and a continued expansion of group proceedings north of the border in the coming year.

Prescription remains a live risk for construction professionals in Scotland despite reforms

Recent decisions indicate that prescription remains a live risk, as statutory reform intended to ease the current uncertainty may have had a more limited practical effect than expected. Construction professionals and their insurers should continue to adopt a cautious approach to potential claims. The Court of Session's decision in the cases of Ogilvie Construction Ltd v M1 Re Glasgow Ltd and Ogilvie Construction Ltd v Leach Rhodes Walker Ltd was the first judicial consideration of the Prescription (Scotland) Act 2018. The outcomes suggested that the reforms may not have provided the protection many anticipated. The court held that the five-year prescriptive period began when the pursuer incurred the cost of remedial works, even though it did not know those costs had been incurred as a result of any wrongdoing. In reaching that conclusion, the court emphasised that the concept of "loss, injury or damage" remains unchanged from the previous regime and does not require knowledge of a wrong. As a result, all claims were held to be time-barred. The judgment reinforces the importance of early investigation of issues, along with careful record-keeping.

Mainland Europe

EU SAF adoption brings new liability and regulatory challenges

The use of Sustainable Aviation Fuel (SAF) is likely to increase significantly as EU Regulation 2023/2405 (also known as ReFuelEU Aviation) introduces progressively higher SAF blending requirements across the EU. As SAF adoption moves from policy ambition towards wider commercial deployment, new legal, regulatory and insurance issues are likely to emerge. Disputes may arise concerning fuel certification, sustainability claims, product performance and the allocation of responsibilities between producers, suppliers and airlines. Aviation stakeholders may also face increasing scrutiny of environmental claims, feedstock traceability and regulatory compliance. For insurers, greater SAF usage is likely to bring increased focus on product liability exposures, contractual risk allocation and recovery opportunities where technical, operational or supply-chain issues arise. As SAF adoption accelerates, the key challenge may become less the use of the fuel itself and more the allocation of responsibility when performance, certification or sustainability issues arise.

France

New product liability regime in France will turn cyber failures into casualty claims

Cyber vulnerabilities and defective software will increasingly generate product liability claims rather than purely cyber losses. The implementation of the revised EU Product Liability Directive in France will bring software, AI systems and connected products within the strict liability regime, while extending potential exposure across manufacturers, importers, distributors, online platforms and other economic operators. Failures to provide security updates or comply with mandatory cybersecurity requirements may be relied upon as evidence that a product is defective. Insurers should therefore expect increasing overlap between product liability, cyber, technology errors & omissions (E&O) and directors & officers (D&O) policies, together with more complex allocation and aggregation disputes where a single software defect causes losses across multiple products and jurisdictions.



Political violence will become a permanent feature of French property programmes

Political violence and civil unrest will move from exceptional-event contingency planning into the regular structuring of French property insurance programmes. France's new mandatory riot insurance mechanism and the associated pooling arrangements will increase the interaction between private insurers, public reinsurance and insureds. Insurers will need to distinguish carefully between riots, terrorism, sabotage, war and ordinary criminal damage, particularly where events are coordinated through digital networks or connected with international political developments. Disputes are likely to concern the scope of compulsory cover, deductibles, business interruption and the allocation of losses falling partly inside and partly outside the statutory mechanism. Reinsurers will also place greater emphasis on accumulation management, particularly where coordinated events give rise to losses across multiple locations and insureds.

Non-judicial expert evidence will reshape claims handling in France

French insurers will increasingly rely on contractual and non-judicial expert evidence to resolve claims before trial, but the quality and independence of the supporting material will become decisive. Recent French decisions have strengthened the evidential weight of non-judicial expert reports, particularly where expert determination is contractually required or the report's conclusions are supported by independent evidence, including annexed documents prepared by others. This is likely to encourage insurers and insureds to invest earlier in technically robust investigations, preserve objective evidence and negotiate more detailed expert determination provisions. At the same time, the adversarial nature of the process will create disputes over expert appointments, the provenance of corroborating documents and the extent to which expert findings bind third parties.

Germany

Regulators will look beyond AI adoption to AI governance in Germany

2027 will mark a turning point for the German insurance sector, as AI moves from experimentation to industrial-scale deployment. Success will be measured not only by technological capability, but by how robust AI governance is. Ahead of the AI Act's late-2027 compliance deadlines for standalone high-risk AI systems, operational resilience will become a commercial imperative rather than a purely compliance-driven objective. Insurers that fail to establish robust governance frameworks may face heightened regulatory risk. As European Union AI legislation takes effect and AI capabilities continue to advance, differences in insurers' AI maturity will become increasingly visible to the insurance ecosystem, influencing competitiveness, underwriting performance and market confidence.

Cybersecurity vulnerabilities will drive a new wave of product liability and supplier recourse disputes

As connected products become increasingly dependent on third-party software, cybersecurity vulnerabilities will drive disputes over who bears the resulting remediation, recall and liability costs. The EU Cyber Resilience Act (CRA) reinforces manufacturers' responsibility for the cybersecurity of finished products, including where vulnerabilities originate in a third-party component, such as software. However, regulatory responsibility does not automatically translate into a right to recover the costs of patches, recalls or other remediation from software suppliers. A recovery against the software supplier by the manufacturer may be limited where a vulnerability is corrected before it causes injury or damage, leaving manufacturers to rely largely on contractual claims through the supply chain. Disputes are likely to focus on agreed security standards and support periods, whether a vulnerability existed on delivery, and whether any field-action costs are recoverable. In preparation, manufacturers should review software supply agreements, update and support commitments, liability caps, and procedures for urgent remediation and timely defect notices.



Italy

Italian public officer liability reform creates new insurance opportunities

Italy's reform of public officer liability will create new business opportunities but will also have claims implications for insurers. Public officers and professionals responsible for managing public resources are expected to seek insurance protection against gross negligence actions. The legislation is expected to take effect on 1 January 2027. The reform narrows the definition of gross negligence for public officers and provides greater protection from liability where public officers have acted in accordance with case law or decisions issued by competent authorities. These changes are expected to increase demand for specialist cover that may not have existed previously. However, the legislation also requires insurers to participate as necessary parties in any subsequent proceedings, potentially increasing defence costs and claims-handling complexity. Insurers should watch closely for judicial guidance on the new framework and whether it leads to an increase in recovery actions relating to losses suffered by public bodies or funds.

PLD disclosure obligations will reshape Italian product liability claims

Once implemented in Italy, the updated EU Product Liability Directive (PLD) will create a more claimant-friendly approach to product liability claims. Most significantly, the PLD will allow injured parties to seek disclosure of documents from the manufacturer, a procedural mechanism not traditionally available in Italian civil litigation. Where a claimant can establish a plausible case, courts may order the defendant to disclose relevant and proportionate evidence. The PLD will also expand the scope of strict liability to include software and other digital products. In addition, it broadens the range of potentially liable parties to include, in certain circumstances, online platforms. Together, these reforms are likely to increase the volume and complexity of product liability claims.

Netherlands

Water quality emerges as the next major Dutch environmental challenge

Dutch environmental litigation may increasingly shift from nitrogen emissions to water quality as pressure mounts to comply with the EU Water Framework Directive. Where water quality concerns delay or prevent development projects, the resulting losses may generate insurance claims. Potential losses could include delay-related costs, project redesign expenses and losses arising from subsequent public-law decisions. Such losses may give rise to disputes under a range of insurance products, including D&O, Construction All Risks and professional indemnity policies. For example, developers may pursue consultants for allegedly inadequate water quality assessments, while public authorities may face allegations that permit decisions were insufficiently robust. Key coverage questions are likely to include whether the loss results from environmental conditions, professional services or regulatory decisions.

Grid congestion turns into liability risk in the Netherlands

Grid congestion is no longer solely an operational constraint and, in 2027, limited electricity transmission capacity may become a recurring source of liability claims in the Netherlands. Housing developments, logistics facilities, industrial electrification projects, battery storage facilities and solar projects may be delayed, scaled back or become economically unviable. Claims may extend beyond grid operators to developers, contractors, lenders and advisers alleged to have failed to identify or manage connection, capacity and energisation risks.

ESG commitments become ESG claims

Environmental, social and governance (ESG) risk in the Netherlands is shifting from disclosure to delivery. In 2027, companies may face claims not only for what they report, but also for sustainability commitments they fail to implement. Net-zero targets, transition plans and supply-chain statements will come under increasing scrutiny from investors, activist organisations and competitors. Particular attention will be paid to disclosures that are misleading or unrealistic, or unsupported by appropriate governance, funding, and operational capability. Claims may increasingly focus on whether companies can demonstrate meaningful progress against stated commitments, giving rise to greater regulatory scrutiny and ESG-related disputes.



Spain

Baremo reform unlikely to end compensation disputes in Spain

The Spanish system for assessing compensation in road traffic accidents (the Baremo) is expected to remain a significant source of litigation and reserving uncertainty. The 2025 reforms to the Baremo sought to address longstanding criticisms. Those included concerns about its complexity, as reflected in numerous compensation tables and actuarial methodologies, which have generated substantial litigation and inconsistent judicial interpretations. The reforms increased compensation in key areas, including serious injuries, future care needs, third-party assistance and loss of earnings. However, important questions remain. In particular, disputes are likely to continue over the extent to which the Baremo should influence the assessment of damages outside road traffic litigation. Claimants frequently contend that it was conceived exclusively for motor claims, whereas defendants rely on Supreme Court authority recognising its persuasive value in other personal injury disputes. Until the Spanish Supreme Court provides further guidance, insurers should expect continued challenges in valuing personal injury claims, upward pressure on claim severity and further litigation over the application of the revised framework.

Data centre expansion creates new multi-line risks in Spain

Data centres will become a significant multi-line insurance risk in Spain as the country consolidates its position as one of Europe's leading data centre markets. Continued investment in digital infrastructure will create increasingly complex underwriting and claims exposures across the construction and operational phases of these facilities, spanning property, construction, cyber, liability and business interruption risks. At the same time, the sector is entering a period of heightened regulatory scrutiny. Following the public consultation launched by the Ministry for the Ecological Transition on a draft Royal Decree intended to implement aspects of the EU Energy Efficiency Directive, operators may face additional energy efficiency, sustainability and reporting obligations. The proposed framework also links compliance with certain requirements to access to electricity transmission and distribution networks, increasing the importance of energy and environmental considerations in the development of new facilities. Insurers should therefore exercise greater scrutiny of operational resilience, energy dependency and regulatory compliance when assessing data centre risks.

AI liability moves from emerging risk to active claims

As AI becomes embedded in everyday business operations, insurers will increasingly face AI-related claims across cyber, professional liability, product liability and D&O lines. Spain has been at the forefront of these developing risks; the AEPD (Spanish data protection authority) publicised the first reported data breach executed autonomously by an AI agent using a large language model in September 2026. Claims are likely to arise from defective AI systems, inaccurate or misleading outputs, regulatory breaches, cybersecurity incidents and failures in governance and oversight. Regulatory changes such as the updated Product Liability Directive (when formally transposed into Spanish law) are expected to lower the barriers to recovery and broaden the range of potential defendants. Spanish insurers should expect to pay close attention to underwriting and risk allocations across supply chains, particularly in sectors involving connected products. AI-related disputes will move increasingly from theoretical risk scenarios to real-world claims.

Cyber supply chain risk becomes a major driver of insurance losses

Cyber incidents originating within technology supply chains will become a major source of insured losses in Spain. Spanish organisations' dependencies on third-party technology providers mean that cyber events involving software vulnerabilities, managed service providers, cloud platforms or outsourced IT services are likely to generate significant business interruption losses, recovery costs and regulatory exposure. Recent years have demonstrated that cyber incidents increasingly originate within digital supply chains rather than within the affected organisation itself. European cybersecurity legislation, including NIS2 and the Cyber Resilience Act, has increased expectations regarding cybersecurity standards and supply chain security. As these frameworks become fully operational, they are likely to influence how regulators, courts and claimants assess whether reasonable cybersecurity measures were in place. Insurers should therefore expect greater scrutiny of third-party dependencies, vendor management and supply-chain security controls during underwriting, as well as more complex claims involving multiple affected insureds arising from a single cyber event.



Sweden

Money-laundering defences will reshape claims handling

Insurers will increasingly incorporate anti-money laundering reviews into claims investigations and rely on financial crime concerns as a basis for challenging suspicious claims. The Swedish Supreme Court recently confirmed that an insurer may refuse indemnity where payment would create a risk of money laundering ("näringspenningtvätt"), even if no underlying criminal offence has been established. It is sufficient that the circumstances, viewed objectively from the insurer's position, reasonably suggest a money-laundering purpose. As insurers bear the burden of proof to the ordinary civil standard, they are likely to invest in more structured fact-finding at first notification of loss, with greater scrutiny of matters such as purchase price, payment method, seller identity and the insured's financial circumstances, before deciding whether a claim should be refused.

Software liability forces a repricing of product risk in Sweden

Insurers are likely to move swiftly to reprice and reassess product liability exposures following the introduction of Sweden's new Product Liability Act. This will result in a harder, more document-driven product liability market ahead of the Act's planned entry into force, particularly around software development and AI-heavy manufacturers. The Act transposes the updated EU Product Liability Directive into Swedish law and significantly broadens the scope of product liability exposure. The Act will expand liability to cover traditional tangible products, as well as standalone software and digital files such as apps and AI systems. The range of potentially liable parties is also broadened. In addition, the Act expands compensation for property damage, introduces economic loss arising from the destruction or corruption of data as a new recoverable head of loss and makes it easier for claimants to establish liability in technically complex cases.

United Arab Emirates

Broker misconduct comes under intensifying scrutiny in Dubai

Broker liability and misconduct are expected to remain under intense judicial and regulatory scrutiny in 2027. In Qatar General Insurance & Reinsurance Company QSPC v Emrgent Risk Solutions Limited, the Dubai International Financial Centre (DIFC) Court issued its first reported judgment on broker liability in placing reinsurance and retrocession cover. The Court held that the broker had failed to follow its client's instructions and inform it of a material cancellation, awarding more than 6.2 million Qatari riyals. The judgment clarified DIFC law on duties, causation, loss of chance and damages. Regulatory scrutiny is also increasing. In January 2026, the Dubai Financial Services Authority fined Ed Broking (MENA) Limited and sanctioned a senior broker for misleading conduct involving 'grossing up' facultative reinsurance premiums without the cedants' knowledge, to increase commissions. The Dubai Court of Cassation then ordered a regional broker to disgorge $17.8 million for similar conduct involving Yemeni war risks. Disgorgement is likely uninsurable under professional indemnity policies. Grossing up may also provide reinsurers with grounds to allege misrepresentation or non-disclosure, potentially jeopardising reinsurance recoveries. Given indications that the practice may be more widespread, regulators are expected to investigate further and could launch a thematic market review of broker remuneration and placement practices.

UAE regulatory investigations set to drive D&O exposure

Regulatory investigations are expected to increase across both the onshore and offshore UAE markets in 2027. While the Dubai Financial Services Authority remained active in 2026, attention in 2027 is expected to shift increasingly towards the onshore regulatory landscape. The Capital Market Authority, which replaced the Securities and Commodities Authority on 1 January 2026, has extensive enforcement powers, including substantial penalties for disclosure failures. The UAE Central Bank is also likely to maintain its focus on anti-money laundering enforcement as the UAE prioritises remaining off the Financial Action Task Force grey list. This attention is expected to increase investigations and defence costs under D&O policies, particularly where directors and companies face parallel enquiries. Investigation and legal expenses are expected to account for a growing proportion of D&O losses, increasing demand for pre-claim inquiry cover and enhanced Side A protection. Questions about separate representation and allocation of defence costs may arise at an earlier stage of claims. Coverage for regulatory fines remains an area of uncertainty. Although many policies respond only where legally permitted, the position under onshore UAE law is largely untested. Insurers should therefore take a cautious approach to whether, and to what extent, penalties are insurable.



United States

Data centre development in the US to face growing regulatory resistance

Opposition to the expansion of data centre development in the United States is expected to intensify during 2027. Several states and municipalities have already imposed moratoriums on data centre development and construction. Further moratoriums are expected in 2027, as concerns grow over their environmental and societal costs. In 2024, data centres in the United States were estimated to consume approximately 192 TWh worth of electricity, which is approximately 4% of the country's total electricity consumption. That number reportedly rose to 312 TWh for 2025, and lawsuits are underway to prevent data centre owners and developers from passing those energy costs to ratepayers. Data centres also can consume substantial volumes (between 300,000 and 5,000,000 gallons) of water daily and generate sustained noise levels (between 85 and 100 dB) that affect surrounding communities. The noise pollution produced has already generated lawsuits from residents close to data centres seeking damages for the effect on their daily lives. Further challenges may target planning and regulatory approvals that opponents argue lacked sufficient transparency or public consultation.

Supreme Court ruling may reshape US climate litigation

Climate change litigation in the United States brought by states against fossil fuel companies may find a significant roadblock following an expected Supreme Court decision in 2027. For years, state and municipal governments have been seeking to hold fossil fuel companies accountable for their alleged contribution to climate change. These claims are typically brought under state law. Some state and federal courts have held that such claims are pre-empted by federal law. However, the Colorado Supreme Court reached the opposite conclusion, and that decision is now before the United States Supreme Court, which heard arguments on the issue in October 2026. If the Court reaches the merits of the case, it may conclude that efforts to hold fossil fuel companies liable under state law are pre-empted by federal law.

Sports betting operators to face addiction-related litigation

The widespread availability of mobile betting applications has transformed access to sports gambling. Concerns about user addiction are expected to drive litigation in the United States by state attorneys general and individual gamblers who lose money and suffer from emotional distress as a result of these platforms. Betting markets range from match outcomes to parlays, with sports leagues increasingly partnering with betting companies to promote their services. Estimates are that approximately 95% of regular online sports gamblers lose money over time. In some cases, gambling debts can become substantial. The concept of liability arising from allegedly addictive digital products is already familiar in the United States. In August 2026, Meta agreed to a $17.1 billion settlement with 51 state attorneys general to resolve claims that Meta engineered Instagram and Facebook to be addictive for teens.

Argentina

The deregulation boom will transform Argentina's insurance market

Argentina's insurance market is expected to enter a new era in 2027 as the government advances a comprehensive reform of the Insurance Act, originally enacted in 1967. Despite numerous amendments, the current framework was designed for a vastly different economic and commercial reality and no longer fully reflects the needs of a modern, interconnected insurance market. The reform is anticipated to promote innovation, facilitate new business models and attract international insurers and reinsurers. It is also expected to provide a regulatory framework better suited to emerging risks and evolving consumer demands. Together with broader economic deregulation and increased foreign investment, these changes may trigger a period of accelerated growth and market expansion across the insurance sector.

Parametric insurance set for a regulatory breakthrough in Argentina

In 2027, Argentine regulators are expected to begin developing a framework for parametric insurance, marking an important step towards wider adoption of these products. Demand for rapid and transparent claims payments, particularly for agriculture, energy and climate-related risks, will increase interest in solutions triggered by predefined events rather than traditional loss adjustment processes. A clearer regulatory environment would provide legal certainty, support product innovation and improve protection against catastrophic and weather-related events.



Brazil

Discussions of the Insurance Act will move from compliance to the courts

In 2027, the practical impact of Brazil's Insurance Act will become clearer as regulators, courts and market participants test the new framework in live placements and claims. Following the first wave of regulatory alignment in 2026, when local insurers adapted their policy wordings and the federal supervisory agency for insurance, SUSEP (Superintendência de Seguros Privados – Superintendence of Private Insurance), enacted Circular 496/2026 to regulate changes to property and casualty products and end the distinction between large-risk and mass insurance, attention will now shift to how the Act's core obligations and remedies are interpreted in practice. Insurers and reinsurers are likely to revisit products, operating procedures and dispute strategies as early decisions expose areas of uncertainty. Insureds may rely more actively on the Act's protective provisions, while market participants seek greater consistency between contracts, underwriting files and claims communications. The result should be a more mature compliance environment, but litigation can be expected, along with regulatory scrutiny, as precedents develop.

New Brazilian reinsurance rules will reshape cross-border capacity

Effective from January 2027, Brazil's revised regulatory rules on reinsurance, retrocession and coinsurance will begin to reshape cross-border placements. The new framework aligns market rules with the Insurance Act and the legal regime introduced for cooperatives and mutual protection arrangements, while updating provisions on contract formation, claims adjustment and insurance placed abroad. Cedants, brokers and reinsurers will need to adapt their documentation and operating models to the revised framework, including its shorter timetable for formalising reinsurance contracts (reduced from 180 to 90 days). The changes may improve legal certainty and broaden structuring options, but implementation could also create friction where global programme terms do not fit Brazilian requirements. Market participants that align documentation and governance early will be better placed to access international capacity and avoid disputes over the effectiveness of risk transfer.

Regulatory agenda will reshape priority products and reinsurance formalisation

In 2027, market attention will shift to the implementation and consequences of SUSEP's (Superintendência de Seguros Privados – Superintendence of Private Insurance) regulatory agenda for priority products and prudential issues. Work carried forward from the 2026 plan includes aligning surety, life and liability insurance rules with the Insurance Act, reviewing mandatory insurance arrangements and studying the use of pension and capitalisation reserves as credit collateral. The agenda also includes incentives for collateralisation in reinsurance and retrocession with foreign reinsurers, as well as operational rules governing the offering of reinsurance capacity and the formalisation of reinsurance proposals. These initiatives should require insurers, reinsurers, brokers and insureds to reassess products, operations, claims and placement procedures.

AI will move into core decisions under stronger governance

In 2027, it is expected that insurers and other supervised protection providers in Brazil will expand the use of AI in underwriting, pricing, claims, fraud detection and distribution. Competitive advantage will depend on data quality, human oversight and integration with established controls, not merely access to models. For example, insurance cooperatives and mutual protection administrators may use AI to scale member services and claims management, while facing the same expectations for governance and consumer safeguards set out by the Insurance Act and data protection regulation. As automated tools influence customer outcomes, market participants will need robust governance and transparent oversight. AI-assisted triage and generative tools may improve efficiency, but inaccurate, biased or insufficiently documented outputs could create legal, operational and reputational exposure. Responsible deployment will therefore become part of product and claims governance.



Brazilian insurance cooperatives and mutual protection entities will present new reinsurance opportunities

In 2027, insurance cooperatives and regulated mutual asset protection arrangements will begin to demonstrate their role in Brazil's supervised market. Complementary Law No. 213/2025 and CNSP (Conselho Nacional de Seguros Privados – National Council of Private Insurance) Resolutions Nos. 491 and 492/2026 created the legal and regulatory structures for mutual protection operations and insurance cooperatives. Their development may expand protection in underserved regions, particularly in motor and member-based segments, while increasing competition and creating partnership opportunities for insurers, brokers, reinsurers and service providers. Regulations provide that both types of arrangement may rely on reinsurance capacity, as applicable to regular insurance carriers, and generate new business streams for reinsurers targeting the local market. Progress will depend on regulatory authorisation and regularisation, governance, financial and actuarial capacity, consumer safeguards and access to reinsurance.

Chile

Chilean pro-investment reforms move from legislation to implementation

Chile's economic outlook in 2027 will be shaped by the implementation of its recently approved "mega economic reform", one of the most significant pro-investment packages enacted in decades. The reform includes a gradual reduction in the corporate tax rate from 27% to 23%, measures to accelerate investment, greater regulatory certainty for major projects, and incentives aimed at boosting economic growth and competitiveness. Investment activity is expected across mining, energy, technology infrastructure, forestry and critical minerals. Regulatory debate is likely to shift from whether permitting reform is needed to how effectively the new framework attracts capital while maintaining environmental and social safeguards. The key challenge will be translating a more investment-friendly legal environment into growth across productivity, jobs and living standards, while managing political debate over how the benefits of reform are distributed.

Colombia

Failed developments will test fiduciaries' duties

Claims arising from failed real estate developments will place the potential liability of Colombian fiduciary companies under increasing scrutiny in 2027. Recent first-instance decisions have focused on whether fiduciary companies adequately assessed project risks, monitored the use of funds and warned purchasers of material risks. This does not make fiduciaries guarantors of a developer's performance. However, the distinction between construction risk and a fiduciary's own failure to exercise professional diligence will become increasingly contested as insolvent or stalled developments generate claims. The trend will increase exposure under professional indemnity and financial institutions policies. This will generate difficult coverage questions and disputes over allocation of responsibility among fiduciaries, developers and other project participants.

Climate risk supervision to intensify in Colombia

ESG and climate risk management will be a key operational and supervisory priority for Colombia's financial sector in 2027. By April 2027, financial institutions are required to implement new systems for identifying and monitoring these risks under the Climate Action Law. Moving from implementation to effective compliance will require insurers to demonstrate how climate and social factors are reflected in underwriting, governance and reporting. It may also lead to more demanding information requirements for insureds and projects in sectors with significant environmental or social exposure. As regulatory supervision matures, larger insurers will face increased scrutiny of data quality, internal controls and decision-making. Risk selection, pricing and capacity may also be affected, raising new questions about directors' duties and the accuracy of companies' environmental and sustainability disclosures.



Ecuador

Privacy enforcement will test cyber cover in Ecuador

Ecuadorian privacy claims will put cyber wordings under pressure in 2027, addressing whether policies will respond to regulatory investigations and corrective measures in the absence of a cybersecurity breach. The data protection regulator's first enforcement action in December 2025, resulting in six-figure fines against two national sports bodies for processing user information without valid consent, demonstrates that possible insurance exposure extends to unlawful processing. Insurers are expected to revisit investigation triggers, defence costs and losses arising from orders to stop processing or delete data. AI-assisted underwriting and overseas claims handling will add scrutiny of decision records and data-sharing arrangements. Whether the policy responds to the alleged privacy violation will be the central coverage question, with fines and remediation costs requiring separate consideration under both the policy wording and applicable law.

Mining growth in Ecuador will sharpen environmental scrutiny

Environmental cover in Ecuadorian mining will come under sharper scrutiny in 2027, particularly regarding the gap between liability cover and losses from project suspension. Recent investment decisions by mining companies in Ecuador point to continued growth, but the Constitutional Court's 2021 Los Cedros ruling on the rights of nature continues to shape expectations around environmental protection and prior consultation. The central question, therefore, will be whether cover extends to losses arising from permit disputes or suspension without insured physical damage, as distinct from clean-up costs and third-party damage. Baseline environmental evidence and the allocation of responsibility between operators and contractors will become more important at placement of the cover.

Mexico

Mexican liability exposures will continue to widen for insurers and reinsurers

Mexico's insurance and reinsurance markets expect to confront a broader and less predictable civil liability landscape. Reinsurers will become more closely involved in disputes originating in the primary market, particularly after complex or catastrophic losses. Claims arising from health risks, and climate or cyber-related events, will also place policy language and existing allocation-of-risk assumptions under renewed scrutiny. Insurers and reinsurers should respond by stress-testing coverage positions, refining risk models and strengthening claims protocols for increasingly severe and interconnected losses. Courts and regulators are taking a more expansive approach to contractual and non-contractual duties, alongside a greater readiness to impose substantial damages and, in appropriate cases, personal accountability on corporate decision-makers. Public expectations of accountability, developing case law and reforms intended to reflect international standards will reinforce this direction of travel. Businesses operating in Mexico should therefore revisit their liability exposures, governance arrangements and compliance frameworks.

Judicial reform and developing case law to reshape dispute resolution

In 2027, Supreme Court decisions on moral damages, proof of policy terms and limitation periods will continue to shape claims handling and coverage disputes in Mexico. Insurers must also navigate a changing legislative and political landscape, with the prospect of new sustainability obligations, including environmental, social and governance reporting requirements. Greater state intervention is also expected in strategically important sectors. The continued implementation of Mexico's system for the direct popular election of judges, introduced in June 2025, will add a further layer of uncertainty. Concerns over inconsistent judicial approaches and the potential politicisation of judicial appointments could reduce predictability and prolong disputes. Insurers should review litigation strategies accordingly, while investing in appropriate monitoring and specialist advice. Careful forum analysis and early assessment of judicial trends will be critical when setting reserves, evaluating settlement options and managing complex insurance disputes.



Mexico's ports will test the boundaries of maritime risk transfer

Mexico's port and logistics infrastructure will face heightened business interruption (BI) exposure in 2027. Shifting trade routes, geopolitical tensions and changing logistics requirements may increase congestion, leading to delays and contractual performance issues. These losses could raise difficult questions of causation and aggregation, testing the boundaries between marine, cargo, political risk and BI cover. Policy language may be tested where disruption involves several jurisdictions, multiple insured interests or a combination of physical and non-physical triggers. For insurers and reinsurers, Mexico will remain a key market in which local regulatory interpretation must be reconciled with global programmes and international reinsurance arrangements. Clear, consistent drafting and effective coordination between local and overseas markets will be essential. Insurers should also examine accumulation risks around major ports and transport corridors, where a single disruption could affect interconnected supply chains and generate losses across multiple classes of business.

Trade realignment and tariff volatility will complicate cross-border exposures

In 2027, shifting trade relationships and tariff volatility will create both opportunities and more complex risk exposures in Mexico. Nearshoring and closer integration with United States supply networks will create demand for transport, marine, construction, infrastructure and liability cover. However, exporters and manufacturers will remain exposed to trade disputes and regulatory divergence affecting the cost and availability of goods and components. Claims may become harder to resolve where contractual obligations and competing legal regimes overlap. The relocation of production and logistics could concentrate exposures in emerging industrial hubs while placing pressure on supporting infrastructure. Insurers and reinsurers should reassess accumulations and policy responses across trade credit, political violence, cargo and business interruption portfolios. Particular attention will be required where tariffs or regulatory intervention contribute to domestic or wider supply-chain disruption.

Healthcare inflation and expanding medical liability will drive higher severity losses in Mexico

In 2027, healthcare inflation and expanding medical liability exposure will be key drivers of losses across the Mexican insurance market. Rising hospital, pharmaceutical and medical technology costs will drive claims inflation across healthcare lines. This will increase the value of both treatment-related losses and liability claims. At the same time, claimants are increasingly relying on complex evidence to support claims for future medical expenses, loss of earning capacity and moral damages. Courts may continue to show greater sensitivity to patient rights and long-term health impacts. This combination of economic pressures and evolving judicial standards will challenge traditional underwriting assumptions and increase reserving uncertainty. This may place upward pressure on medical malpractice and healthcare liability portfolios. As a result, insurers and reinsurers will need to reassess pricing and wordings as healthcare-related claims become more complex and volatile.

Peru

Climate resilience moves from competitive advantage to underwriting requirement in Peru

Insurers operating in Peru will increasingly require demonstrable climate resilience measures when underwriting and pricing high-exposure risks. With the continuing threat of a significant El Niño event and growing concerns around flooding, landslides and business interruption losses, insurers will place greater emphasis on risk mitigation plans, catastrophe modelling and asset protection measures. Companies that invest in resilience and adaptation measures will secure more favourable terms, while those operating in high-risk areas without adequate protections may face higher deductibles, increased premiums or restricted capacity. Climate adaptation will become an underwriting prerequisite rather than a value-added feature.

Cyber insurance will become a core risk management tool

Cyber insurance uptake in Peru will accelerate as organisations confront increasingly sophisticated cyberattacks and AI-enabled fraud. Businesses will also be subject to evolving regulatory expectations regarding data protection. Coverage will no longer be viewed solely as a financial safeguard but as part of a broader risk management framework. Demand is expected to grow across various sectors including banking, telecommunications, energy, logistics and public infrastructure. Insurers are likely to supplement policies with additional services such as incident response, cybersecurity assessments and risk-prevention services. Cyber insurance will become a core component of corporate governance and resilience strategies.



Australia

A revival in Australian securities class actions to increase D&O exposure

Australian securities class actions will regain momentum in 2027, increasing D&O exposure. After five consecutive defendant victories, recent decisions in Southernwood v Brambles and Parkin v Boral marked a shift in favour of plaintiffs on key liability or causation issues. The High Court's Zonia decision is expected to clarify materiality, causation methodology and the court's ability to assess loss on the best available evidence. If those principles reduce evidentiary barriers, litigation funders may return to securities claims and valuations may rise. An appeal in Brambles and an application for special leave in Crowley mean uncertainty will persist, but insurers should prepare for an increase in securities class action filings, more contested loss modelling and greater pressure on defence costs and settlements.

Privacy reform in Australia to drive investigations, claims and penalties

Privacy regulation in Australia is tightening, increasing regulatory and liability exposure for organisations handling personal information. The 2024 amendments to the Privacy Act strengthened the enforcement powers of the Office of the Australian Information Commissioner and introduced a statutory tort for serious invasions of privacy. Further privacy reforms are expected to introduce a requirement that data practices be fair and reasonable, along with additional rights for individuals. Businesses can expect greater scrutiny of how personal information is collected, used and disclosed, particularly where large volumes of customer data are involved. Insurers should anticipate regulatory investigations and civil penalty proceedings, as well as statutory tort and third-party claims arising from data governance failures. Organisations that review their privacy frameworks regularly will be better placed to manage the compliance, reputational and insurance risks.

AI liability moves from financial loss to bodily injury in Australia

AI-enabled decisions will generate a new wave of bodily injury and liability claims in 2027. As AI influences healthcare, transport, workplace safety and public services, claimants will test who is responsible when technology-assisted decisions cause bodily harm. The court system in Australia is likely to focus on the organisations, professionals and directors who selected, implemented or relied on the system, rather than the technology itself. Claims will raise difficult issues of causation, foreseeability, reliance and the standard of care. A single flawed algorithm may also affect many people, creating aggregation risk. Casualty insurers should review whether existing wordings respond clearly to AI-related injury and consider affirmative cover, defined endorsements or targeted exclusions for unintended systemic exposure.

Historic trust mistakes to trigger a wave of new PI claims in Australia

Historic family trust tax errors will drive professional indemnity notifications in 2027. The Australian Taxation Office's focus on family trust distribution tax, coupled with the voluntary disclosure window closing on 31 December 2026, will prompt advisers and trustees to review decades of elections and distributions. Invalid elections, distributions outside the family group and incomplete records may expose trustees to tax and accumulated interest, followed by recovery claims against accountants who prepared elections, advised on distributions or failed to identify errors. Solicitors and barristers who gave tax advice are also potential recovery targets. Insurers should expect complex, long-tail disputes over what caused the loss, when claims accrued and whether multiple claims should be aggregated. Coverage may also turn on retroactive dates and exclusions, while liability could be affected by professional standards scheme caps. Early notification and careful reconstruction of historic advice and records will be critical.

Hong Kong

Regulatory pragmatism will attract business to Hong Kong

Hong Kong's historically relatively hands-off approach to business regulation continues to evolve. In recent years, the government has taken steps consistent with a more robust approach to regulation, most notably establishing the Accounting and Financial Reporting Council (AFRC) to oversee accountants and auditors. However, encouraged by the success of the IPO market in 2025 and 2026, the general approach to regulation remains comparatively pragmatic and business-friendly, aimed at promoting the attractiveness and accessibility of the jurisdiction. This is expected to continue in 2027. Nevertheless, the AFRC provided an exception to this wider trend in 2026, imposing a record HK$300m fine on PwC and using the new AFRC regime as a basis for imposing relatively high fines on other auditors. The approach of the AFRC, together with close scrutiny of finance-related businesses by the Securities and Futures Commission, is expected to carry through into 2027 as an example of robust regulation against the general backdrop of regulatory pragmatism.



Critical infrastructure rules to become a cyber underwriting benchmark

Codes of Practice implementing Hong Kong's Protection of Critical Infrastructures (Computer Systems) Ordinance will become an increasingly important benchmark for both regulatory scrutiny and insurers' assessment of cyber risk exposures. Regulators spent much of 2026 publishing a suite of guidance documents aimed at helping designated operators implement the new regime. Organisations continue to embed the new requirements and, although regulators do not publish a list of designated critical infrastructure (CI) operators, the legislation does not prohibit operators from disclosing that designation. Insurers writing risks that may be affected by a CI operator designation are well advised to seek proper disclosure at placement. The generic and sector-specific Codes of Practice are likely to become the benchmark against which regulators assess organisations' cybersecurity arrangements following incidents.

Mainland China

China's Insurance Law reform will require careful governance and compliance planning

China's proposed Insurance Law revision could create conflicts with overseas sanctions obligations, requiring scrutiny of group policies, sanctions clauses and claims payment arrangements. The revision is wide-ranging, expanding the legislation from 185 to 214 articles and introducing reforms covering insurance contracts, shareholder oversight and prudential supervision. As full foreign ownership is already permitted, international groups can control their Chinese subsidiaries outright, but more explicit shareholder obligations would place greater weight on local governance and capital support. The proposed anti-sanctions provisions would prohibit insurers from implementing or assisting discriminatory restrictive measures against Chinese citizens and organisations. The draft also codifies the existing judicial rule that the limitation period for subrogated claims runs from the date the insurer acquires the right, normally on indemnity payment. The standard period remains three years, subject to special regimes. This will provide a clearer statutory basis for recovery planning.

Singapore and Southeast Asia

Greater regulatory scrutiny to drive increased exposure for businesses in Southeast Asia

Businesses in Southeast Asia will face intensified regulatory scrutiny, particularly in relation to financial services, cybersecurity and ESG-related governance. Illustrating this trend, the Malaysian Anti-Corruption Commission is now conducting a new investigation every week; implementation of the Philippines National Cybersecurity Plan 2023–2028 is driving more formalised compliance practices; and the Indonesian Financial Services Authority has mandated sustainability reporting for public companies and financial institutions, with its regulatory framework expected to expand further during 2027. Regulators across the region are expected to move beyond guidance towards more active enforcement, with larger penalties and more onerous remediation becoming increasingly common. From an insurance perspective, a key challenge will be the gap between growing regulatory expectations and the level of awareness and preparedness among many insureds.

Indonesia to strengthen its role in international aviation governance

Indonesia's aviation sector is likely to attract increasing international attention during 2027 as the country seeks to strengthen its influence within global aviation governance. That ambition is reflected in its candidature for election to the International Civil Aviation Organization (ICAO) Council and its growing focus on aviation safety, security, sustainability and technological innovation. In September 2026, Indonesia announced that it had exceeded the global average under ICAO's Universal Safety Oversight Audit Programme. Its candidature has also been accompanied by commitments relating to sustainable aviation fuel, workplace safety initiatives and the development of regulatory frameworks for emerging aviation technologies, including cargo and passenger drones. Indonesia is expected to play a more active role in the development of international aviation policy and standards. As a result, governance, regulatory credibility and operational resilience will assume greater significance. With the country's aviation market continuing to expand, its approach to safety oversight, international standards and emerging aviation technologies is likely to attract closer attention from airlines, manufacturers, insurers and investors.



AI-enabled products to drive liability and recall claims

Increasing use of AI in consumer and industrial products is likely to increase product recall exposures and regulatory scrutiny across Southeast Asia. Manufacturers are rapidly integrating AI-enabled functions into a wide range of products from consumer electronics to motor vehicles. As these products become more autonomous and increasingly rely on software-driven decision-making, questions of product safety, causation and responsibility will become more complex. Recent developments in Asia, particularly China's increasing regulatory and judicial focus on autonomous and driver-assistance vehicle technologies, highlight growing concerns around AI-driven product safety and manufacturer responsibility. Insurers will face more product liability and recall claims arising from allegations that AI-enabled products have malfunctioned, made flawed decisions or failed to operate as intended. Given the scalability of software-based defects, a single flaw may affect thousands of products simultaneously, creating the potential for large-scale recalls, regulatory action and cross-border liability claims.

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