DAC BEACHCROFT

Casualty
Predictions 2027



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.

Persistent claims inflation will elevate casualty claims costs

Claims inflation will remain one of the most significant challenges, with indemnity spend continuing to increase. Rising casualty claims costs show little sign of slowing. Regular uplifts to Judicial College Guidelines awards, coupled with the increasing cost of medical treatment, rehabilitation, care, aids and specialist equipment, are steadily driving up damages and settlements. At the same time, claimant legal costs continue to rise as experts and service providers increase their fees, adding further pressure to overall claims expenditure. Operational challenges are also contributing to delays and increased costs, with backlogs in areas such as Compensation Recovery Unit reviews extending claim lifecycles and delaying resolution. Economic pressures may also influence claimant behaviour. As households continue to feel the impact of higher living costs, individuals may be more inclined to pursue or maximise compensation claims following workplace or public liability incidents. Insurers will therefore need to focus on early intervention, proactive claims management and robust cost-control strategies to mitigate the continued impact of inflation across the casualty portfolio.

Pet insurance will become increasingly personalised

Pet insurance will become more personalised as technology-driven underwriting and claims processes reshape the market. The growing use of pet activity trackers, GPS collars and health-monitoring devices is providing insurers with access to richer behavioural and health data. Much like telematics transformed motor insurance, these technologies are likely to support increasingly tailored pricing and risk assessment. At the same time, greater integration between insurers and veterinary providers will streamline claims handling, reducing reliance on traditional reimbursement models. Over time, pet insurance may begin to resemble private medical insurance, with more direct treatment pathways, faster claims decisions and increased emphasis on preventative healthcare and ongoing health management.

For further information or enquiries, please contact:

Emma Fuller, UK
Partner
efuller@dacbeachcroft.com

Cassandra Mitchell, UK
Partner
cmitchell@dacbeachcroft.com

Jose Pimentel, Spain
Partner
JosePimentel@dacbeachcroft.com



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.

US insurers take the offensive against organised claims fraud

Insurers in the United States have seen a sharp rise in organised, high-value personal injury and motor fraud, prompting larger carriers to move beyond claim denials and pursue strategic counter-litigation. Organised crime rings orchestrate phantom collisions, forced-merging crashes and staged trip-and-fall or construction-site accidents using scripted participants. These networks may connect law firms, medical providers and litigation funders, escalating minor injuries into costly and unnecessary procedures, including spinal surgery, to inflate settlement demands and drive larger jury awards. Insurers are responding with federal civil racketeering (RICO) actions against these networks, alleging mail and wire fraud, extortion and conspiracy by lawyers, doctors, diagnostic centres and third-party funders; more than 60 such cases have been brought since 2023. Insurers are also deploying tools such as algorithmic detection, dashcams, event data recorders, social media analysis and rapid video canvassing to identify ghost brokers, concealed claims histories and suspicious patterns. Working alongside regulators and the National Insurance Crime Bureau, insurers hope these measures will disrupt multimillion-dollar fraud rings and help contain avoidable premium inflation.

Toxic exposure claims will test the boundaries of long-tail casualty cover in France

French courts will see more long-tail claims based on anxiety and exposure to toxic substances, even where no physical illness has yet been diagnosed. Recent French case law recognising anxiety arising from exposure to a harmful substance as a compensable consequence of bodily injury may give claimants a longer period in which to bring proceedings. Combined with increasingly sophisticated scientific evidence and growing public awareness of PFAS and other contaminants, this is likely to encourage collective and multi-claimant litigation. Casualty insurers will face difficult questions concerning trigger, causation and allocation between policy years. These issues will be particularly acute where exposure spans several decades, triggering multiple policy periods and involving successive manufacturers, employers or site operators.

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.



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.

Scan here to view our full suite of predictions for 2027.

insurance.dacbeachcroft.com

dacbeachcroft.com

Connect with us:
DAC Beachcroft LLP

DAC Beachcroft publications are created on a general basis for information only and do not constitute legal or other professional advice. No liability is accepted to users or third parties for the use of the contents or any errors or inaccuracies therein. Professional advice should always be obtained before applying the information to particular circumstances. For further details please go to www.dacbeachcroft.com/en/gb/about/legal-notice. Please also read our DAC Beachcroft Group privacy policy at www.dacbeachcroft.com/en/gb/about/privacy-policy. By reading this publication you accept that you have read, understood and agree to the terms of this disclaimer. The copyright in this communication is retained by DAC Beachcroft. © DAC Beachcroft 2026. Prepared November 2026.