

Social Issues **Predictions 2026**

BERMUDA MARKET

PFAS-related claims are expected to grow in 2026

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

Will microplastics be the next PFAS?

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

Definitional clarity of ultra-processed foods will heighten legal exposure

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

Generation GLP-1 has litigation in its sights

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

CASUALTY

AI will identify potential athlete welfare issues before they arise

The rise of AI shows no signs of abating, and the potential use cases are exponential. For athletes, data will increasingly be used alongside AI to prevent welfare issues, be they physical, mental or emotional. From mental health monitoring to bio-mechanical data to detect the risk of injury, and from wearables that warn of fatigue and poor recovery to instrumental mouthguards capable of detecting potential head injuries, expect technology to become increasingly prevalent in proactively managing welfare in elite sports. Technological change, particularly where it is likely to filter down from elite to lower and grass-roots level, will be a game changer for individuals, clubs and associations.

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Social Issues **Predictions 2026**

Heat-stress related claims are set to rise in various workplace settings

With the advent of hotter and drier summers, workplaces are becoming increasingly susceptible to heat-stress related claims, with those working in vulnerable sectors such as agriculture, construction and frontline services particularly at risk. Without a legal maximum safe working temperature, and with increased awareness resulting in an increase in reporting of hazardous conditions, employers in high risk environments should review risk assessments and heat mitigation protocols in order to safeguard the health and safety of employees, and mitigate the risk of personal injury claims and regulatory prosecutions. Increased sun exposure is also likely to require employers to consider protective measures, including limiting the time workers spend in the open air and providing appropriate protective equipment, as well as utilising advances in wearable health monitoring devices.

Potential new legislation on the cards to bolster the law on apologies

Further to the Ministry of Justice's 2024 consultation looking at the adequacy of the law on apologies, expect stronger safeguards to ensure an apology cannot be misconstrued as an admission of liability. Section 2 of the Compensation Act 2006 already states that an apology, offer of treatment or other redress does not amount to an admission of liability, but new legislation could see the introduction of a statutory definition of complaint (as is the case in Scotland), underpinned by a broad acceptance that the use of apologies in highly sensitive cases such as those involving child sexual abuse can aid the healing process for victims.

D&O AND FINANCIAL INSTITUTIONS

The biggest shake up of employment law for a generation will raise significant challenges for UK businesses in 2026 and beyond

The Employment Rights Bill is a key priority for the UK government and reflects many of its manifesto commitments to strengthen workers' and trade union rights. The first changes will be introduced shortly after Royal Assent (expected late 2025) but there are more significant changes happening in April and October 2026, followed by a raft of changes in 2027, including the abolition of two years' service to bring an unfair dismissal claim, which will inevitably increase claims. In 2026, all businesses will need to deal with trade unions having the right to access their premises as well as having digital access too. They will also have to increase steps to prevent sexual harassment, as well as facing potential liability for the harassment of employees by third parties such as customers, clients and suppliers. Large employers will be expected to produce gender equality action plans in 2027, even though there may be a roll-back on diversity, equity and inclusion in the United States. All these changes are significant and, when coupled with the doubling of employment tribunal time limits from three months to six months, mean the exposure to claims is equally increased.

UK government evaluation of class action and litigation funding will seek to balance consumer justice and business impact

The effectiveness of the UK's opt-out class action regime in the Competition Appeals Tribunal (CAT) is under the spotlight. A decade on from the introduction of the opt-out collective actions regime in competition law, the government has launched a review of its operation. Concerns exist that consumers are not obtaining meaningful redress and businesses are being disproportionately burdened. These have been heightened by the nine year legal battle in *Merricks v Mastercard*, which settled for just 2% of the pleaded claim value, and the CAT's dismissal of its first consumer trial (*Le Patourel v BT Group PLC*) which found that BT's pricing was not unfair or an abuse of dominance. The government is now exploring alternative dispute resolution and voluntary redress schemes to better balance consumer justice with business impact. This review comes swiftly after the Civil Justice Council (CJC) recommended in June 2025 that legislation be introduced swiftly to clarify litigation funding agreements are not damages-based agreements, reversing the impact of the Supreme Court decision in *PACCAR* and the significant uncertainty created. The CJC also recommended the 'light-touch' regulation of the litigation funding market with enhanced regulation in consumer claims. The CJC proposals are likely to lead to continued growth of litigation funding in the UK and provide for a more stable, regulated environment in which funders have confidence in the enforceability of funding agreements.



Social Issues **Predictions 2026**

DATA, PRIVACY AND CYBER

Data protection complaints (and complaints about complaints) will increase

The Data (Use and Access) Act 2025 provides data subjects with a new statutory "right to complain". Once the relevant provisions are effective, controllers will need to ensure they have a complaints policy in place which meets the new requirements (including mandatory acknowledgement within 30 days). While many controllers will already have a complaints process in place, all will need to review these policies to ensure compliance with the new regime. This will ease the growing workload of the Information Commissioner's Office (ICO), particularly as data subjects will be formally required to raise a complaint with the relevant controller prior to pursuing a complaint with the ICO, but it is likely to have the opposite effect on controllers. This may be exacerbated by the recent significant increase in the use of generative AI by data subjects to submit complaints more quickly and in greater volume. If controllers are not prepared for the potential tidal wave of complaints, the mere failure of adequately handling complaints could result in further ICO investigations and liability beyond the subject of the original complaint.

EDUCATION

Expect significant reform to the SEND system

The current system for funding special educational needs and disabilities (SEND) support faces significant challenges, with increased demand and substantial funding deficits in local authority budgets. The recent Education Committee report called for mainstream education settings to become more inclusive, with access to specialist staff, appropriate equipment and an inclusive physical environment with a sustainable funding model. At the time of writing, a White Paper is expected which will propose reforms to the SEND system, particularly in relation to education, health and care plans. This uncertainty will continue to cause concern to parents and campaigners and we expect significant reforms will be made.

The extent of universities' duty of care will continue to spark debate

While the High Court declined to make any finding in relation to universities' duty of care in the Abrahart decision (in which the court found that a university had failed to make reasonable adjustments, which contributed to a student's death), this issue remains in the spotlight. A petition, led by the campaign group For The 100, calling for a statutory duty of care for students in higher education, was signed by over 128,000 and triggered a debate in Parliament in 2023. However, the government declined to take any further action citing the duties already held by universities. The extent of universities' duty of care towards students therefore remains unclear and will remain a live issue for some time with further claims likely to come.

INSURANCE ADVISORY

Regulators will focus on the E and G of ESG

Although government and regulators have stated a continuing commitment to the development of sustainable finance, the approach to environmental, social and governance (ESG) considerations generally is now only through the lens of promoting growth and competitiveness of UK markets. It is perhaps notable that the Financial Conduct Authority (FCA) Strategy for 2025-2030, published in June 2025, makes no reference to ESG. In March 2025, the FCA announced that it would not be proceeding with proposed diversity and inclusion requirements for regulated firms. In August 2025, it further announced that it is considering how to streamline the existing sustainability reporting requirements on firms. For the year ahead we expect this trend to continue, with no new regulatory initiatives and a focus on streamlining existing requirements.

The FCA will act on premium finance if the market does not move first

The Financial Conduct Authority (FCA) will continue to look closely at the impact of premium finance on consumers, particularly vulnerable customers. Insurers and brokers should review their premium finance products, looking particularly at the APRs charged and whether the decision to pay monthly is also factored into the setting of the underlying insurance premium (so-called 'double-dipping'). They should be prepared to justify their approach to the FCA if required and to show that it is objectively justified and reasonable. In addition, the long-awaited overhaul of the UK's fifty year old consumer credit laws has begun, and will eventually result in a more flexible regime, better suited to today's products and sales channels. Firms should engage with this process so they can benefit from all of the expected changes.



Social Issues **Predictions 2026**

INTERNATIONAL AND COMPLEX CASUALTY

Litigation funding regulation in the UK/Europe will diverge from the United States

The regulatory approach to litigation funding in Europe and England and Wales is set to take a different path to the United States, following periods of uncertainty and multiple regulatory proposals. Reports from the Civil Justice Council and European Commission propose a series of light-touch regulatory measures, including disclosure obligations and appropriate financial regulation. While the European Commission did not make a formal recommendation, it emphasised the need to balance access to justice with the need to prevent abusive practices. This will be important as use of collective redress measures continues to increase in EU Member States. In the United States, individual states are expected to maintain a focus on matters such as funder registration, disclosure, and transparency. However, the prospect of federal regulation remains in play. Two legislative proposals have been put forward, although their enactment remains uncertain. Both would compel disclosure of funding agreements, with one proposal also focused on foreign involvement, including a prohibition on third-party funding by foreign states and sovereign wealth funds.

Social inflation is coming full circle, with developments in Mexico serving as an example for the United States

Outside the United States, the impact of social inflation is seen most starkly in Mexico, and we predict that the way damages are awarded in civil litigation in Mexico may now influence the United States and other jurisdictions. Legislative efforts to challenge social inflation continue in the United States, with some states enacting legislation to mitigate the risk of nuclear verdicts, challenges to claimant strategies such as 'anchoring arguments' and the capping of non-economic damages in certain claim types. The risk of juries awarding outsized punitive damages awards will remain. However, with more pressure anticipated, plaintiff representatives may pursue damage concepts that prioritise compensating plaintiffs rather than punishing wrongdoers. In Mexico, although punitive damages are available as an extension of moral damages, human rights jurisprudence has led to the development and recognition of 'damage to life plans' awards. These awards are a category separate from moral or economic damages, designed to compensate the long-term effects on the future circumstances of victims and their families. Similar models may offer an alternative route to maximising compensation for plaintiffs in the United States.

International climate change opinions will drive litigation and regulation

Landmark climate advisory opinions issued in 2025 by the International Court of Justice and the Inter-American Court of Human Rights will prompt both litigation and regulation targeted at corporates. The opinions clarified the obligations of states to respond to the climate crisis, including the regulation of private actors such as companies. These opinions will drive activist litigation against states to implement domestic policy change and are already being cited in a South African action challenging a government decision authorising fossil fuel exploration. Businesses will find themselves in the regulatory crosshairs if states are forced to respond. In addition, the opinions themselves will likely to be used to supplement arguments used by activists and other claimants in wider climate litigation against businesses.

LEGAL INDEMNITIES

Accommodation for asylum-seekers will trigger enforcement claims

We anticipate a notable increase in legal claims arising from breaches of covenant related to Houses in Multiple Occupation (HMOs). The trend is already emerging, particularly in the social housing sector, and is likely to accelerate if the government proceeds with plans to expand the use of HMOs to accommodate asylum seekers, avoiding the controversy of long term hotel stays. This expansion may conflict with restrictive covenants, especially in residential areas, prompting enforcement action by residential neighbours and landlords. Legal indemnity insurance will assist HMO providers to navigate the cost and risks of claims, albeit we expect to see some restrictions in the cover that may be on offer.

MEDICAL MALPRACTICE

Healthcare finance and other non-standard areas of law may provide fertile new ground for clinical negligence claims

The relationship between private healthcare providers and their patients can be legally complex, involving not only clinical negligence and broader healthcare law but also consumer protection and finance. An example of this was *Bailey v (1) Bijlani (2) MBNA Ltd*, where a negligence claim brought against a dentist also saw the patient making a successful recovery against her credit card provider. We can expect to see more diversity and more creativity in the types of claims that arise from healthcare negligence.



Social Issues **Predictions 2026**

MOTOR

The regulatory void around micromobility devices will not be addressed

Expect the e-scooter rental scheme trials to be extended beyond May 2026 with no new regulation introduced, and the number of e-bikes that do not conform to legal requirements by way of speed and size to continue to increase. This will result in more expensive claims, bodily injury and property damage. The government will come under pressure to tighten regulations, with many local authorities lobbying hard for more powers and enhanced safety rules. The example of Paris, which banned e-scooters in 2023 and experienced a major uplift in cycling, is often cited.

Care costs will continue to rise

Costs of care are already subject to significant inflationary pressures, not least as a result of labour shortages in the sector. Those labour shortages are likely to worsen as the government clamps down on net migration and the requirements for new entrants to the UK. Until the labour shortages are resolved it is unlikely that the inflationary pressures in the care sector will stabilise.

POLITICAL RISK, TRADE CREDIT AND POLITICAL VIOLENCE

Drone warfare will lead flight to political violence insurance

The exponential rise of the use of drones in the theatres of combat will raise the awareness (and need) for political violence insurance far beyond the front lines. The increase in use is driven by advancements in AI and lower costs, making them a cheaper and 'safer' alternative to manned aircraft for both surveillance and offensive strikes. Unmanned aerial vehicles (UAVs) have become the main weapon of the war in Ukraine, now accounting for up to 80% of all Russian and Ukrainian casualties. The technology is causing mayhem far beyond the front lines, with Ukraine using quadcopters (drones with four rotors) to mount a devastating attack on airfields deep inside Russia, including one in eastern Siberia some 3,000 miles from Kyiv. But their recent usage demonstrates how neighbouring countries, and insurers therein, are also exposed to the threat of this technology. In September 2025, 19 Russian drones flew over Poland overnight, of which up to four were shot down - the wreckage of 16 were found scattered across the Polish countryside, smashing into homes and damaging cars. It marks the first time Russian drones have been downed over the territory of a NATO state. The provision of political violence cover within a country actively engaged in a war is likely difficult (and expensive). However, drone warfare will mean that those insurers that consider the epicentre of conflict to be far from their property would be well advised to consider their political violence coverage, including whether it extends to perils such as War, Warlike Operations and Hostile Acts of sovereign entities, to name just a few potentially applicable perils.

PRODUCT SAFETY, LIABILITY AND RECALL

Products risks in the UK and Europe will mirror actions from the United States

As collective redress becomes normalised, product liability class actions will increase in the UK and Europe, mirroring multidistrict litigation in the United States, where many of the claims allege some form of product defect or consequent illness. Claimant representatives in the UK and Europe will be closely watching developments in GLP-1 drug and ultra-processed food litigation in the United States in 2026. However, several product liability actions are already progressing here, with claimant firms announcing the commencement of an action alleging links between certain cancers and the use of talcum powders and further possible actions involving similar allegations for hair relaxing chemicals. Although the standard causation challenges will remain in these actions, other United States actions may prove more fruitful. Combat arms earplugs linked to a US\$6 billion settlement in the United States are now under scrutiny across the Atlantic, with an action underway in the UK. Similarly, a cross-border representative action is underway in Italy concerning allegedly defective CPAP ventilator machines and the release of potentially harmful particles. A similar case in the United States led to a US\$1.1 billion settlement in April 2024.

PROFESSIONAL LIABILITY

Financial advisers: Changes to taxation of pension benefits will provide fresh grounds for complaints against financial advisers

The government announced in Autumn 2024 that from April 2027 unused pension benefits will fall within the estate of a deceased person and be subject to inheritance tax. This change will prompt a significant shift in the way people with larger pension pots approach long term financial and estate planning. They will require advice from financial advisers on its impact both before and after the change is implemented. If that advice is not provided or is not provided correctly, it is likely to prompt complaints.



Social Issues **Predictions 2026**

SPORTS AND ENTERTAINMENT

Contingency policies will broaden to respond to cancel culture and no-platforming risks

The rise of social media and what has become termed 'cancel culture' continues to present very real risks for event organisers and media production companies. The impact of public cancellation is often swift and costly, with demands to remove individuals from events and TV screens and an associated risk of boycott and long-term reputational harm from both failing to act quickly (or at all) and caving into public pressure. We are set to see contingency underwriters require that their insureds undertake more detailed reputational assessments and background checks and implement more sophisticated crisis communication planning. In the context of a growing market for disgrace and reputational risk insurance (as well as for associated D&O and employers' liability risks), it is likely that contingency policies will continue to evolve to provide more comprehensive and integrated coverage.

Artist activism and climate activist vandalism are likely to increase in this geopolitical landscape

As geopolitical events continue to intensify, we have seen artists bringing their activism to the stage. Summer 2025 saw a litany of cancellations and abandonments as a result of statements made by artists in reaction to world events, as well as controversy for event organisers. Fine art and property insurers have also seen an increase in climate activist vandalism, which has driven up premiums. Events face new and unpredictable risks including cancellation and disruption due to political and climate-related protest, by either performers or members of the public. Insurers will need to proceed carefully in both assessing how and whether to underwrite, and eventually how to adjust, these types of risks.

REPUBLIC OF IRELAND

Third party litigation funding will come under the spotlight again

Third party litigation funding is set for renewed attention as Ireland considers reform of its long-standing prohibition on third party legal funding pursuant to common law maintenance and champerty rules. The Law Reform Commission (LRC) published a comprehensive consultation paper in July 2023, exploring models for legalisation and regulation, and invited submissions from stakeholders before the December 2023 deadline. The final report with the LRC's recommendations is expected soon and will likely shape the future framework for litigation funding in Ireland. Following the European Commission's cross-border study on litigation funding (published in March 2025) and the European Parliament's draft directive, it is anticipated that the European Union will press ahead with proposals to introduce common regulatory standards across Member States. However it is likely that Member States will retain the discretion to decide whether third-party litigation funding can be offered in relation to proceedings within their jurisdiction.

New medical negligence Practice Directions should facilitate smoother running of cases and greater certainty for insurers

Two new High Court practice directions introduce new procedures for applying for a trial date in clinical negligence proceedings, aiming to ensure cases are properly pleaded and full information is exchanged before a trial date is assigned. This should in turn enable more timely and accurate reserving. They also aim to facilitate earlier resolution of actions and reduce legal costs. The practice directions also establish a dedicated Clinical Negligence List within the High Court and will apply to all stages of clinical negligence proceedings, intended to enhance procedural efficiencies by ensuring claims are given focused attention resulting in more certainty for insurers in what has traditionally been an unpredictable battleground.

FRANCE

Expect a claims and regulatory clampdown on PFAS

PFAS-related litigation in France will accelerate, with the class action near Lyon expected to become the largest of its kind in Europe. The legal environment in respect of PFAS is shifting rapidly, with France banning PFAS in cosmetics, clothing, footwear, and ski waxes from 2026, and in all textiles from 2030, marking a regulatory turning point. Enhanced monitoring of drinking water is also underway. The 'polluter pays' principle is also gaining traction, increasing the risk of significant indemnity exposures for both liability and environmental lines. Insurers must be aware of the introduction of additional regulatory requirements, which will drive up compliance costs and could trigger coverage disputes, especially for legacy and silent exposures.



Social Issues **Predictions 2026**

NETHERLANDS

Mass claims will gain momentum

The Dutch Civil Code allows claims for collective redress. They can then be presented to the courts, often with the help of a special legal entity. This provision has been active for several years but has recently gained momentum. In 2025 a large data breach at a Dutch laboratory, with allegedly almost a million people involved, triggered widespread public interest in this provision. With a million people claiming compensation in a case like this (say €1,000 per head) there is huge exposure. Insurers need to consider policy cover and how they may want to mitigate their exposure.

SPAIN

Mandatory electric scooter insurance will take effect in January 2026

As part of the reform of the Motor Vehicle Insurance Law, Spain has introduced a mandatory civil liability insurance requirement for electric scooters and other personal mobility vehicles. From 2 January 2026, all personal mobility vehicle owners must have valid insurance. This includes obtaining a 'certificate of circulation' and ensuring the vehicle is registered with the Directorate General of Traffic. The law defines a personal mobility vehicle as a vehicle weighing up to 25 kg and capable of speeds between 6 and 25 km/h. Vehicles exceeding these specifications may fall under different regulatory categories. The introduction of mandatory insurance is expected to impact the insurance sector significantly, as insurers will have to develop specific products or policies for personal mobility vehicles, considering factors such as vehicle type, usage patterns, and risk profiles. Additionally, the establishment of a public registry by the Directorate General of Traffic will facilitate the monitoring and enforcement of compliance.

Unit Linked Insurance Plans will become increasingly popular in Spain

Currently, the Spanish public pension system is facing significant challenges in ensuring financial security for its retirees, due in part to its high demographic dependency. In addition, over the years the tax reliefs available to private pension schemes have been significantly reduced. For instance, the current annual tax relief limit for individual pension schemes is €1,500 or 30% of the sum of net income from employment and economic activities earned individually during the fiscal year, whichever is lower. In contrast, in 2018, this limit was €8,000 or 30% of such income, if lower. As a result, individuals are increasingly seeking alternative methods to secure their retirement. This trend is significantly impacting the insurance market, where a notable rise has been observed in the uptake of savings products, such as unit-linked insurance plans, the subscription to which in Spain has reached historic highs and is projected to continue growing. We expect this trend to continue in 2026.

SWEDEN

Infrastructure insurance gap will create business risk

Sweden's road and rail networks are also showing signs of strain, and companies continue to face accidents, delays and higher costs due to inadequate maintenance and winter disruptions. Business leaders and insurers are voicing growing concerns that infrastructure quality is falling behind economic needs. If public investment does not keep pace, it is likely insurers will tighten policy terms or even exclude damage caused by network failures. In turn, this is expected to drive demand for policies that cover transport interruptions and business disruption costs. This trend will most likely also give rise to the question of whether public authorities or private operators should ultimately bear the financial responsibility – a debate that is becoming increasingly central to Swedish risk management.

UNITED STATES

United States mass tort litigation will continue to encounter standing and due process headwinds

With plaintiffs' attorneys favouring contingency fee agreements whereby they receive a percentage of recoveries, especially for mass actions which maximise fee awards from deep-pocketed organisations, the search is now on for the 'next big thing'. Previously, mass actions centred around asbestos, tobacco, pharmaceuticals, breast implants, pelvic mesh, and environmental contamination (among others). To ensure maximum recovery, the plaintiffs' bar argued for – and courts adopted – alternative causation theories to impose liability for damage and injuries even when plaintiffs could not directly prove their damages and/or injuries were caused by a particular defendant. Even in those cases, however, plaintiffs must allege their injuries are attributable to the acts or omissions of specific defendants. The plaintiffs' bar is now focusing on two types of ubiquitous products that allegedly cause various maladies: forever chemicals (PFAS) and ultra-processed foods (UPF). However, as demonstrated by the courts' decisions in *Hardwick v. 3M Co.* and *Martinez v. Kraft Heinz Co., Inc.*, claims brought by mass action plaintiffs will not be permitted to survive dismissal based upon general, non-specific allegations about injuries suffered from general exposure to ubiquitous products. We expect that trend to continue for other, similarly ubiquitous products on which the plaintiffs' bar focuses its attention.



Social Issues **Predictions 2026**

United States immigration crackdowns will have a chilling effect on personal injury litigation

President Trump has followed through on a campaign promise to “launch the largest deportation program in American history” and remove millions of unauthorised immigrants from the United States. In certain jurisdictions (particularly New York), undocumented immigrants comprise a substantial percentage of plaintiffs in personal injury lawsuits. Indeed, multiple Racketeer Influenced and Corrupt Organizations Act (RICO) lawsuits have been filed against personal injury law firms in the New York City metropolitan area alleging that those firms have used undocumented immigrants to perpetrate a scheme to bring false and/or trumped-up claims against property owners and their contractors alleging injuries on construction projects. We expect defendants in lawsuits filed by undocumented immigrants to begin demanding that plaintiffs appear in person at court hearings, depositions, independent medical examinations, and other lawsuit-related activities. Although we expect push back against those demands, courts potentially will agree that due process requires their appearance. If so, that may have a chilling effect on plaintiffs’ pursuit of their personal injury lawsuits.

BRAZIL

ESG-driven insurance products could gain traction

Brazil’s insurance market may experience a notable increase in products linked to environmental, social, and governance (ESG) criteria. Insurers could introduce more green insurance policies, climate risk coverage, and microinsurance aimed at underserved populations, especially if regulatory pressure and consumer awareness continue to grow. Companies that successfully integrate ESG into their underwriting and claims processes might attract greater investment and customer loyalty, while those slower to adapt could face reputational and regulatory challenges. However, the extent and speed of this shift will depend on evolving market dynamics, regulatory developments, and the willingness of both insurers and consumers to embrace ESG-driven solutions.

Social catastrophe insurance will move from debate to design

Brazil is set to make significant progress towards establishing a national social insurance scheme for catastrophic events, such as floods and landslides. Following devastating climate disasters and a persistent protection gap, the government, through the insurance regulator’s dedicated working group and with strong support from Congress and the insurance industry, is working to design a public-private catastrophe insurance model. The scheme will focus on providing rapid, emergency payouts to low-income and vulnerable populations, with eligibility and funding mechanisms shaped by ongoing stakeholder consultations. While full implementation may extend beyond 2026, the year will mark a turning point as Brazil moves from political debate to concrete regulatory proposals and pilot programmes, setting the stage for a more resilient and inclusive disaster response system.

Open insurance could accelerate market innovation

By 2026, the ongoing rollout of Brazil’s open insurance framework may foster a wave of innovation and competition across the sector. If data-sharing protocols and interoperability standards are widely adopted, consumers could benefit from more personalised products, easier policy comparisons, and improved movement between insurers. New entrants, including fintechs and insurtechs, might leverage open data to offer tailored solutions and challenge established players. However, the pace and impact of open insurance will depend on regulatory clarity, industry collaboration, and consumer trust in data privacy and security. If these factors align, open insurance could reshape how Brazilians interact with insurance providers and drive broader financial inclusion.

CHILE

Expect increased liability exposure for electricity companies

Due to climate change and greater chances of unprecedented heavy storms, it is expected that more power outage-related incidents will take place in Chile. This will increase liability exposure for electricity companies (especially electricity distribution) as: i) the consumer authority has taken an aggressive role by initiating class actions on behalf of consumers against electricity companies for greater damages than those historically awarded; and ii) for the first time in Chile’s history, a civil court granted compensation for moral damages to consumers that were affected by a power outage. This has opened the door to new claimants and new damages, both of which will require more attention by underwriters.

Pension reform in Chile will bring significant positive changes

During 2025, the Chilean Congress approved a reform of the pension system, becoming one of the most important legal reforms of the last 40 years. It will increase pension contributions (gradually until 2033) by 8.5%, of which 4.5% will go directly to individual capitalisation, and the other 4% will strengthen social security equality between men and women. In the face of these guaranteed increases in pensions, life annuities will generate a greater interest for future pensioners, creating a favourable scenario for this insurance product in the market. We also expect the reform to improve economic growth, gradually decreasing unemployment and reactivating an economy that is still very resentful following the pandemic.



Social Issues **Predictions 2026**

Presidential election will lead to call for swift solutions

By the end of 2025, the presidential elections will have concluded, and the new president will take office by March 2026, most likely looking to focus on security, health and economic growth. We expect pressure from the electorate for the new president to act quickly thereafter, following the social unrest, pandemic and economic downturn of the last few years. Unless swift solutions are seen within the first year, there is a risk of further social unrest.

COLOMBIA

2026 presidential elections bring the potential for social unrest

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

Expansion of universal health cover may result in increased litigation

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

Creative solutions to under-insurance challenges are on the horizon

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

MEXICO

Judicial decisions and profound changes to the judicial system will impact dispute resolution

Supreme Court rulings on issues such as moral damages, proof of policy conditions, and limitation periods will keep shaping claims handling. Further legislative changes are anticipated as the political landscape evolves, including potential environmental, social and governance reporting requirements and sustainability-driven obligations, as well as greater state involvement and intervention in the country's productive sectors. The direct popular election of judges in Mexico since June 2025 represents a profound shift in the judicial system that will impact dispute resolution in different sectors, including insurance. The potential loss of technical specialisation and increased politicisation of the judiciary may lead to short-term legal uncertainty. Insurers will need to adjust their litigation and compliance strategies to navigate a more volatile environment, requiring greater investment in jurisdictional analysis and legal risk management.

Mexico will be a critical jurisdiction in defining new horizons of risk transfer in maritime trade

In 2026, Mexico's port infrastructure will face rising exposure to business interruption disputes. Geopolitical tensions, regulatory shifts in customs and tariffs, environmental frameworks, and trade realignments are likely to intensify claims over delays, congestion and contractual performance. Disputes are likely to test the boundaries between marine, political risk and business interruption cover. For insurers and reinsurers, Mexico will serve as one of the critical jurisdictions where policy wording, translations, regulatory interpretation, and co-ordination with global markets will define new horizons of risk transfer in maritime trade.



Social Issues **Predictions 2026**

PERU

AI will expand both in depth, tackling empathy, and in reach, accessing rural areas

AI will not only automate repetitive tasks but will also advance toward understanding emotions and contextual information, turning chatbots and virtual assistants into more empathetic, accurate and efficient tools. Businesses will increasingly rely on AI to customise services and enhance user experience, while workplaces will benefit from AI-driven platforms that optimise workflows in real time. These developments will foster productivity and innovation across multiple sectors. At the same time, Peru continues to expand its digital infrastructure to improve internet access in rural and underserved regions, which will open new opportunities for telemedicine, remote education, and e-government services. Strategic alliances, such as Huawei's collaboration with the government on mobile classrooms for digital literacy, will further narrow the digital divide.

Peru will continue to see an increasing uptake in microinsurance

Increasing insurance penetration among Peru's large economy of owner-run business, small farmers and rural households is enjoying renewed government focus, building on the legal framework for microinsurance first introduced in 2007. Distributed through non-insurance channels, the take-up has been growing. The key products have been funeral insurance, sold via utility bills or pharmacies, health microinsurance for low-income populations, sometimes bundled with microcredit, and agricultural index-based insurance for small farmers, a type of parametric cover triggered by rainfall levels. The government is now encouraging a pilot programme of disaster microinsurance in flood-prone and earthquake-prone regions, supported by development banks.

AUSTRALIA

Brain injury claims in female Australian Football League pose escalating insurance risk

Insurers are facing growing exposure to legal claims arising from brain injuries in female Australian Football League (AFL) players, with significant implications for liability coverage and premium stability. Emerging medical research confirms that women are more susceptible to concussions, yet safety protocols in women's leagues lag behind their male counterparts. The post-mortem diagnoses of chronic traumatic encephalopathy in players like Heather Anderson and Jacinda Barclay underscore the seriousness of this risk. If the AFL men's class action succeeds, it could pave the way for similar claims from female AFL players, potentially triggering a surge in litigation and insurance costs. This may also impact the viability of grassroots clubs reliant on affordable coverage. Insurers must proactively engage with clubs and governing bodies to clarify policy terms, assess exposure, and implement risk mitigation strategies. Without intervention, this evolving issue could lead to premium blowouts and long-term financial strain across the sporting sector.

MAINLAND CHINA

Financial liberalisation will accelerate insurance collaboration

Since March 2025, the National Financial Regulatory Administration of China has abolished the US\$2 billion total asset threshold for Hong Kong and Macau financial institutions investing in mainland insurers, signalling not only a new stage of opening-up but also a fresh source of momentum for the industry. Looking ahead to 2026, a broader spectrum of smaller Hong Kong and Macau institutions is expected to enter the market, bringing with them more diverse governance practices and innovative approaches. Cross-border collaboration, particularly within the Greater Bay Area, is set to gain pace in health, pension and green insurance, directly addressing the pressing societal needs of an ageing population and the green transition. Meanwhile, wider foreign participation is likely to elevate disclosure standards and strengthen governance frameworks, thereby enhancing public trust in the sector. Overall, this policy both widens the channel for overseas capital and conveys China's firm commitment to deepening financial liberalisation, with its social impact unfolding through cross-border integration, support for the real economy and improvements in public welfare.



Social Issues Predictions 2026

SINGAPORE/SOUTHEAST ASIA

Southeast Asia's commercial aviation sector is poised for growth

Despite rising geopolitical risks, intense competition and mounting cost pressures across Southeast Asia, its commercial aviation sector is poised for significant growth. This expansion is expected to be driven by a rising middle class, increased disposable income and strong cross-border tourism and business travel. To accommodate growing passenger volume, several airport development projects are underway across the region, with Vietnam expected to take the lead, as well as significant projects in Thailand and Cambodia. While passenger traffic has finally rebounded from the lingering effects of the COVID-19 pandemic, the aerospace industry continues to face challenges in aircraft production and supply. This has limited the ability of regional airlines to meet projected fleet increases and retire ageing aircraft. Key constraints include unresolved global supply chain bottlenecks and production backlogs with traditional original equipment manufacturers (OEMs). In light of these challenges, there is an opportunity for alternative OEMs to play a larger role in bridging supply and production gaps.

Developments in AI will lead to more sophisticated cyberattacks

With the advancement of AI, we expect to see an increase in the sophistication of cyberattacks. Gone are the days of simple phishing emails sent to unwitting employees asking them to change their password, which often contain obvious errors that are easily detected. Threat actors are now using AI to create sophisticated attempts, such as deepfakes, to deceive employees into handing over their credentials. One recent example was an employee who transferred large sums of money following receipt of a deepfake video showing the company's senior executive instructing employees to do so. We also anticipate that threat actors will use AI to assist with password decoding and data mining of large datasets to determine the value of the data that they have accessed and possibly exfiltrated. Datasets that were traditionally thought to be difficult to translate in Asia, e.g. Japanese or Korean, can now be easily and accurately translated with the improvement in AI-assisted translation tools. As a result, we anticipate that through the use of AI, attacks based on deception and abuse of confidence will become more sophisticated and increasingly convincing, which is likely to result in an increase in cyber claims of this nature.



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