

Spain Predictions 2026

Mandatory sports insurance reform set to increase coverage and risk

In the sports sector, new legislation in July 2025 brought significant changes to mandatory sports insurance. Whereas the previous requirement was to equate the minimum sum insured with the scale used for motor vehicle accident compensation, the law now mandates that the sum insured must take into account more serious injuries that require greater coverage. The sum insured, how it will be developed, and when it will be updated, are all to be defined by regulation, which must be issued within six months of the law's publication. This will impact the insurance sector, as insurers will face higher liability, with more serious injuries requiring greater coverage, likely leading to paying out significantly larger indemnities than under the previous regime. To address this, premium rates will almost certainly increase and insurance companies will need to revise their underwriting criteria, risk assessments, reserves, and pricing models.

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.

Supreme Court decision will shift liability in digital fraud cases

In a recent ruling by the Spanish Supreme Court, it was determined that banks are liable for unauthorised transactions resulting from digital fraud, such as phishing or SIM swapping, unless they can demonstrate gross negligence on the part of the customer. This ruling reinforces the quasi-objective liability framework established by Directive 2015/2366 on Payment Services, shifting the burden of proof to financial institutions to demonstrate that the transaction was authorised or that the customer acted with gross negligence. The decision is based on the special duty of care that banks must exercise when, among other matters, opening a bank account (e.g. verifying the ID or the contracting party's information is accurate) or monitoring certain operations (such as unusually timed large transfers by a user). This legal precedent could have significant implications for the insurance sector, particularly regarding policies held by banks. Liability insurers of banks may face an increase in claims related to digital fraud, as banks are more likely to be held responsible. Additionally, insurers should reassess the risks covered and the security measures implemented by banks. Underwriters should consider the adequacy of cybersecurity protocols and banks' incident response capabilities when evaluating risks.

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.

The adaptation of the insurance sector to the climate crisis will become increasingly crucial

In recent years, the risks and associated losses arising from climatic events have increased exponentially, and such events are projected to intensify further in the foreseeable future. The effects of climate change in Spain are undeniable; there has been a substantial increase in both the frequency and severity of certain extreme weather events, including heatwaves, wildfires, heavy rainfall, and flooding. In 2023 alone, insurers operating within the Spanish state faced compensation payouts totalling €847 million, arising from nearly one million claims linked to meteorological events. Furthermore, in 2025, flooding caused by the DANA storm in the Valencian Community and other areas of south-eastern Spain resulted in damages estimated at approximately €3.5 billion. This situation has had a significant impact on the insurance sector, which is now facing an exponential rise in weather-related claims and, consequently, in both frequency and value of indemnities paid out. This, in turn, is leading to higher insurance costs and reduced availability of coverage. Therefore, the insurance sector must adapt promptly and effectively to the challenges posed by the climate crisis. Such adaptation may include the integration of advanced predictive analytics and AI technologies, as well as the development, promotion, and expanded deployment of parametric insurance instruments.

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