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# Financial Lines predictions 2026

After a year of significant shifts across the financial lines landscape in 2025, our team looks ahead to the key developments likely to shape 2026. From professional indemnity and financial institutions to Directors & Officers and class actions, the market continues to evolve at pace.

Drawing on deep sector experience, our Financial Lines partners share their informed predictions to help you make sense of emerging trends, understand the forces driving change and navigate the challenges and opportunities that lie ahead.

## Predictions

| Area of law | Draft prediction |
|---|---|
| PI | Australian Consumers Insurance Lobby's recent submission to the Parliamentary Joint Committee on Corporations and Financial Services highlights growing pressures in the Professional Indemnity (PI) insurance market. With some insurers reducing appetite, exclusions broadening and premiums rising, professionals may face increasing difficulty securing cover for past work. These trends have the potential to affect confidence in industry standards and consumer protections. If market conditions continue to tighten, PI cover could become increasingly difficult to secure for consultants, certifiers and engineers. The next 12 months will be important in assessing whether emerging reforms help stabilise the market or whether additional support measures may be required. |
| D&O | Despite new market entrants and capacity keeping conditions soft, the year ahead is unlikely to be without pressure. Claims activity is poised to rise, with ASIC signalling a renewed appetite for enforcement and class actions regaining momentum. Whilst this would ordinarily prompt a more defensive underwriting stance, prevailing sentiment remains highly competitive. Insurers remain focused on well governed risks and are increasingly drawing firmer lines around poor governance and weak disclosure. Organisations that understand this tension will be best placed to navigate the shifting D&O landscapes. |
| Financial Institutions | The Financial Institutions (FI) insurance market in Australia is showing clear signs of post–Royal Commission recovery. Capacity is returning, competition is easing premiums, and innovative products are emerging. Yet the expectation is that regulation, particularly the suite of new and strengthened prudential standards mandated by APRA, will continue to reshape risk profiles. Insurers are demanding greater transparency around structures and transactions, while brokers who can navigate evolving compliance requirements are becoming increasingly valuable. For boards and executives, the message is straightforward: proactive governance and robust disclosure will determine whether FI cover remains accessible and affordable in the years ahead. |
| Class Actions | The class action landscape is shifting. While overall filings have increased, securities class actions have declined compared with consumer, financial product, and employment claims. Insurers and other market participants are watching several pending judgments that are expected to influence whether there is a return to shareholder claims. Settlements are expected to remain costly, with legal and expert expenses climbing under inflationary pressures. We have seen, and expect further, innovation with class actions pushing into non-traditional areas such as privacy, employment and superannuation. Boards must prepare for broader, more complex risks, while recognising that not all exposures are insurable. Insurers will continue to monitor developments closely and may re-assess risk and appetite as the year progresses. |

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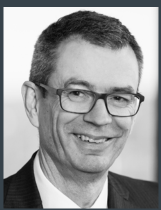
# Key contacts

## We’re here to help

For more information please contact a member of our team.



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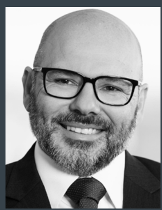

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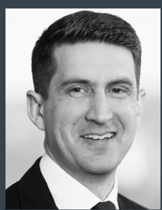

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