RISK RADAR

MAY 2025

GLOBAL INSURANCE LAW CONNECT

IN THIS EDITION

RISK RADAR
MAY 2025

Dear clients

Welcome to the seventh edition of Global Insurance Law Connect's Risk Radar report. In this edition, we are pleased to bring entries from 23 member firms across 5 continents.

In our network every firm is a highly rated, specialist insurance law firm. It is this detailed, in-depth knowledge with an overlay of global insights which makes our Risk Radar report so valuable to our clients. This year, the firms' contributions highlight both a number of unique, localised risks but also many that transcend international borders and jurisdictional boundaries.

Changes to regulatory environments feature heavily for many of our European members who are monitoring the impact of the Digital Operational Resilience Act (DORA) and the revised Network and Information Security Directive (NIS2), but firms in the four corners of the globe, including those in China, Brazil and New Zealand also highlight significant legislative changes in their own jurisdictions.

Climate change is significant and that is reflected across the whole report, with the intensifying consequences of natural disasters reported across the globe. Cyber and AI also remain top of mind , digitalisation of distribution channels are discussed by Finland and Australia and Switzerland are monitoring shifting cyber risks.

Global collaboration and information sharing is at the heart of how our network supports our clients to identify, track and respond to emerging and continuing risks. This edition of Global Insurance Law Connect's Radar report again gives valuable insight into all these challenges and the differing global responses.

We hope that this report continues to serve as a useful tool for our clients and partners no matter where they are in the world.

Best wishes,

The Board of Global Insurance Law Connect

This document does not present a complete or comprehensive statement of the law, nor does it constitute legal advice.
It is intended only to highlight issues that may be of interest to clients of Global Insurance Law Connect. Specialist legal advice should always be sought in any particular case.

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KEY ISSUES:

- Changes in regulation related to normal operations
- Changes in regulation related to minimum capital requirements for insurers
- Changes in rules regarding contracts in foreign currency

ABELEDO GOTTHEIL ABOGADOS

ARGENTINA

Since Mr. Milei took over the presidency of Argentina in late 2023, the country has been experiencing profound changes, and the insurance market is no exception to this disruption. During the first part of 2024, the new administration focused on making the necessary macroeconomic corrections.

After those corrections were made, the monthly inflation rate dropped from around 20% to around 3%. The activities that had been most severely affected by those corrections started to make up their losses, and in most sectors, the activity level is now at the same rate as in December 2023, with projections of real growth in 2025.

Once the macroeconomic adjustments were out of the way, the new administration started a significant deregulation program with the sole purpose of cutting as much red tape as possible.

The insurance sector was no exception to this trend and, since mid-2024, profound changes have been made to the regulatory framework, with the objective of simplifying it and removing as much bureaucracy as possible. These regulatory modifications are still ongoing.

Palacio Barolo, Buenos Aires, Argentina

REGISTERED FIRMS

206

VALUE OF PREMIA

13.552 MILLION PESOS

CHANGES IN REGULATION RELATED TO MINIMUM CAPITAL REQUIREMENTS FOR INSURERS

Another relevant change refers to the modification of capital requirements for new insurance companies. Previously, there was a correlation between the type of insurance lines that each company operated with and their capital requirements. Now, the new regulation states only one single capital requirement for all new direct insurers, regardless of the amount or type of lines of business that they will be writing.

Minimum capitals are established in "Units of Acquisition Value" (UVA, in its Spanish acronym): 750,000 UVAs for direct insurers and 3,750,000 for reinsurers (approximately USD 850,000 and USD 4,200,000, respectively, at current values). Another change derived from the same rule has eliminated the prohibition for companies to simultaneously operate life and non-life lines.

> "THESE CHANGES HAVE SUBSTANTIALLY INCREASED MINIMUM CAPITAL REQUIREMENTS, PROMOTING A MORE COMPETITIVE AND PRODUCTIVE MARKET, FACILITATING CAPITAL COMPLIANCE FOR INSURERS WHILE ELIMINATING INEFFICIENT REQUIREMENTS."
>
> MATÍAS PONFERRADA, PARTNER, ABELEDO GOTTHEIL ABOGADOS

CHANGES IN RULES REGARDING CONTRACTS IN FOREIGN CURRENCY

Capital controls that were re-instated in 2019 are being gradually lifted. The regulator of the insurance market in Argentina has already made some modifications to key aspects of these rules. One of these changes, in line with changes implemented in the Civil and Commercial Code, now provides that the parties of the contract with obligations in foreign currency are no longer entitled to cancel their debts with local currency unless it is expressly agreed upon by the parties.

> "IN LINE WITH THESE CHANGES, THE GOVERNMENT HAS RECENTLY LIFTED SEVERAL RESTRICTIONS ON THE ACCESS TO FOREIGN CURRENCY. INDIVIDUALS CAN NOW FREELY EXCHANGE PESOS FOR US DOLLARS UNDER A FREE OPEN MARKET REGIME. CORPORATIONS ARE STILL, HOWEVER, UNDER CERTAIN RESTRICTIONS THAT ARE STILL AFFECTING COMPLIANCE WITH FOREIGN REINSURANCE OBLIGATIONS (I.E.: PAYMENT OF REINSURANCE PREMIUM MUST BE PAID IN INSTALMENTS WHILE THE CONTRACT IS RUNNING, INSTEAD OF AN INITIAL SINGLE AMOUNT) BUT THESE RESTRICTIONS ARE EXPECTED TO BE LIFTED BY THE END OF THIS YEAR."
>
> MATÍAS PONFERRADA, PARTNER, ABELEDO GOTTHEIL ABOGADOS

CHANGES IN REGULATION RELATED TO NORMAL OPERATIONS

The regulatory framework has experienced profound changes over the last year, which are continuing in 2025. One of these important changes was the simplification of the approval of contract wordings.

Previously, every plan had to be reviewed and approved by the Argentinian regulator. With the new system, insurance companies can present the new texts along with a legal opinion issued by an independent lawyer, stating that it complies with the current regulations. The insurer shall be automatically able to use the new wording, although it may receive observations from the regulator for adjustments.

> "THIS CHANGE ALLOWS COMPANIES TO AMEND CLAUSES OR TO INTRODUCE NEW CONTRACTS FOR THEIR IMMEDIATE USE, THUS BEING KEY FOR THE PROMPT IMPLEMENTATION OF NEW INSURANCE BUSINESS."
>
> MATÍAS PONFERRADA, PARTNER, ABELEDO GOTTHEIL ABOGADOS

KEY ISSUES:

- Australian insurance regulatory landscape 2025
- Cyber risk amid shifting dynamics
- Climate change & sustainability pressures

REGISTERED FIRMS

101
Non-life

23
Life

VALUE OF PREMIA

AUD$68 BILLION
Non-life

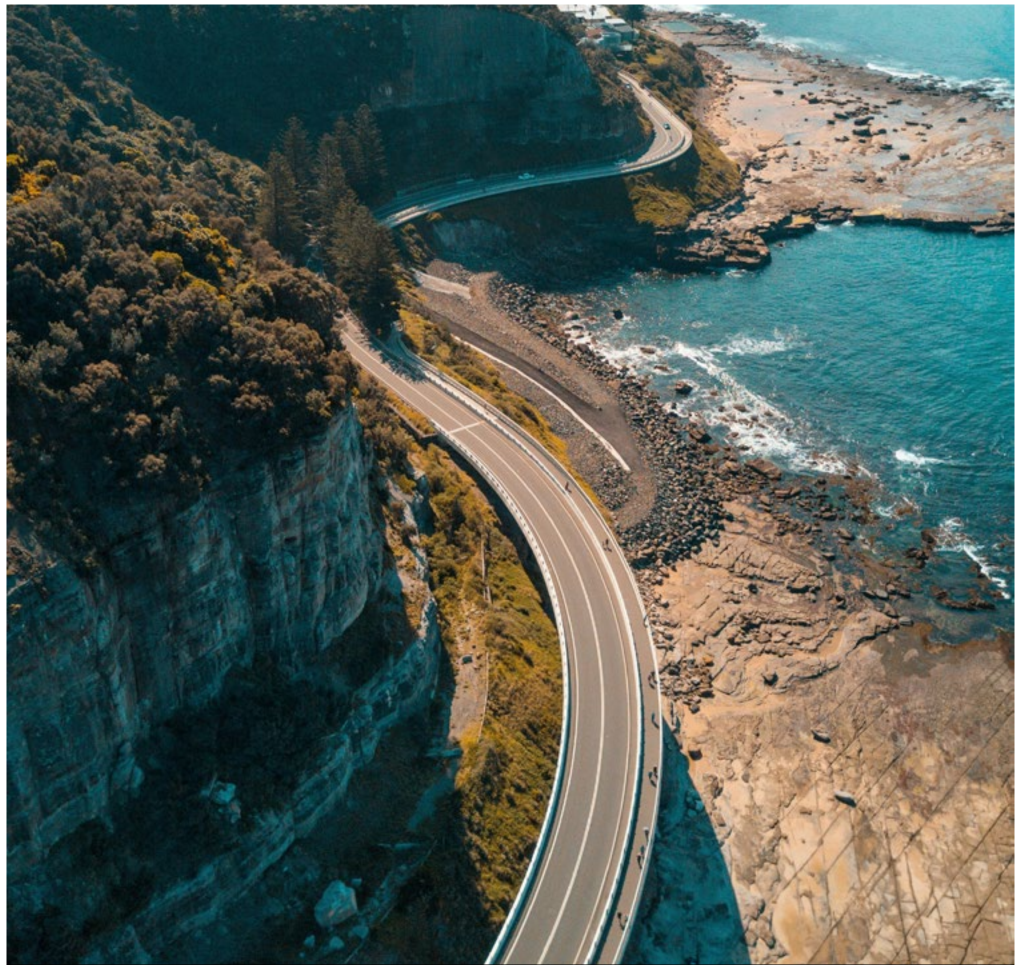
AUD$36 BILLION
Life

SPARKE HELMORE LAWYERS

AUSTRALIA

The Australian commercial insurance market is poised for steady growth into 2025, driven by increasing demand to address emerging risks such as cyberattacks, climate-related disasters, and regulatory challenges. These factors underscore the expanding need for comprehensive insurance coverage, highlighting the market's potential.

However, this growth faces significant headwinds, including increasing scrutiny of what some consider to be an overconcentrated insurance market, cost-of-living pressures on consumers, and the escalating cost of reinsurance. These challenges contribute to rising premiums and limited insurance availability, which could hinder accessibility and complicate the market's upward trajectory. While demand is set to grow, these obstacles may restrain the market's full potential.



Sea Cliff Bridge, Clifton, Australia

CYBER RISK AMID SHIFTING DYNAMICS

Despite growing cyber security awareness and major breaches, Australian businesses – especially SMEs – remain underinsured. While the cyber insurance market is continuing to grow, availability of coverage is influenced by adequate risk assessment and ensuring safeguards like multi-factor authentication are in place.

The insurance industry is watching several ongoing data breach class actions closely. Meanwhile, the Australian Securities and Investments Commission (ASIC) has intensified its cyber resilience focus including enforcement over alleged security shortcomings. Cyber remains a significant area of focus for boardrooms and professional service providers in particular.

Two legislative developments from 2024 will play out over the next year: The Cyber Security Act 2024, effective May 2025, mandates ransom payment reporting for certain businesses, while amendments to the Privacy Act 1988 have introduced a statutory tort for serious privacy invasions.

> **"RISK MANAGERS SHOULD PARTNER WITH BROKERS TO HELP QUANTIFY CYBER RISKS. UNDERSTAND CLAIMS ACTIVITY AND STAY AHEAD OF EVOLVING THREATS."**
>
> JON TYNE, PARTNER, SPARKE HELMORE

AUSTRALIAN INSURANCE REGULATORY LANDSCAPE 2025

The Australian regulatory landscape is becoming increasingly complex, with substantial reforms impacting businesses, particularly insurers.

In March 2025, the Financial Accountability Regime (FAR) introduced individual accountability obligations for the directors and most senior executives of insurers and superannuation trustees, following implementation for the banking sector in March 2024.

The Australian Prudential Regulation Authority's (APRA) Risk Management Regime, commencing in July 2025, requires APRA-regulated entities to strengthen their risk management frameworks to enhance resilience against operational risks.

Sustainability reporting obligations take effect for financial years beginning on or after 1 January 2025, requiring eligible entities to lodge financial reports with the ASIC, and submit sustainability reports if specified criteria are met.

Additionally, amendments to the Anti-Money Laundering and Counter-Terrorism Financing Act from 31 March 2025 aim to prevent harmful disclosures that could prejudice investigations and enable secure information sharing within reporting groups.

> **"FROM INDIVIDUAL ACCOUNTABILITY TO MANDATORY CLIMATE CHANGE DISCLOSURE. 2025 IS ANOTHER YEAR OF INCREASED REGULATION AND COMPLIANCE FOR THE INSURANCE MARKET."**
>
> MATT ELLIS, PARTNER, SPARKE HELMORE

CLIMATE CHANGE & SUSTAINABILITY PRESSURES

Climate change is again challenging the Australian insurance industry as increasingly frequent and severe weather events strain its ability to support policyholders effectively.

Insurers face challenges from high claims volumes after natural disasters, leading to delays, rising costs, and difficulty assessing widespread damages. Innovations in claims processing and greater capacity are vital to manage large-scale crises effectively.

The recent Tropical Cyclone Alfred highlighted the Cyclone Pool, established by the Australian Reinsurance Pool Corporation, as a positive step to expand insurance access and lower premiums. It offers reinsurance cover to general insurers, transferring risk to primary insurers rather than assuming direct liability from insureds.

The broadening impacts of climate change require insurers, government, and stakeholders to collaborate on comprehensive solutions that balance affordability with sustainability.

> **"SPLITTING RISKS BETWEEN GOVERNMENT AND PRIVATE REINSURANCE SYSTEMS PRESENTS ADDITIONAL COMPLEXITIES FOR INSURERS. BUT ENABLES A STRONGER INSURANCE FRAMEWORK."**
>
> SIMON LEWIS, PARTNER, SPARKE HELMORE

KEY ISSUES:

- Digital Operational Resilience Act (DORA)
- Economic crisis / insolvencies
- Natural disasters

VÖLKL RECHTSANWÄLTE

AUSTRIA

Insurers are confronted with regulatory challenges, in particular due to the entry into force of DORA, but also sustainability issues; on the cover side, risks arise due to market developments, in particular in the property sector and natural disasters. The issue of life insurance also continues to play a major role.

The ongoing economic crisis in Austria is leading to a wave of insolvencies, which is also increasing the number of liability claims being asserted against managers, auditors, and consultants. Liability insurance policies are correspondingly burdened.

In view of increasing outsourcing projects, the use of AI and cloud services, insurers are increasingly finding themselves in the regulatory spotlight regarding DORA. In many cases, very outdated contracts need to be reviewed, renegotiated, and adapted, as it is to be expected that the financial market supervisory authorities will increasingly focus on corresponding controls in the near future.

Unibrücke, Innsbruck, Austria

REGISTERED FIRMS

41

VALUE OF PREMIA

€20.4 BILLION

RISK RADAR REPORT | MAY 2025

DIGITAL OPERATIONAL RESILIENCE ACT (DORA)

DORA is an extremely complex regulatory act of the European Union that poses enormous challenges for insurers and all financial institutions. Not only does the regulation contain highly complex technical content, the legal categorisation and interpretation of which cannot yet be assessed in many cases, it is also extremely difficult to coordinate with the business processes, governance, and legal requirements for insurers. In addition, insurers are faced with the challenge of having to quickly adapt some very old contracts so that they fulfil the relevant EU legal requirements. New technical possibilities, in particular the use of AI in connection with data protection and cybersecurity, raise additional questions. We see a very high need for advice in this area, which will not subside in the coming years.

> **"DORA CONTAINS HIGHLY COMPLEX TECHNICAL CONTENT AND IS EXTREMELY DIFFICULT TO COORDINATE WITH THE BUSINESS PROCESSES, GOVERNANCE, AND LEGAL REQUIREMENTS FOR INSURERS."**
>
> CLEMENS VÖLKL, PARTNER, VÖLKL RECHTSANWÄLTE

ECONOMIC CRISIS / INSOLVENCIES

The economic crisis is leading to the biggest wave of insolvencies in Austria in recent decades. This is likely to lead to a sharp rise in liability claims, which insolvency administrators in particular will assert against the management, auditors or advisors of insolvent companies. Due to the proliferation of D&O and liability insurance policies, asserting claims has now become standard practice. This presents insurers with considerable challenges: on the one hand, this is likely to massively increase the claims ratio, while on the other hand, claims settlement will become significantly more complex. In addition, there are new complex insurance products that have not yet been fully adjudicated in Austrian case law. For example, fidelity insurance policies, which have often been taken out by financial institutions.

> **"THE PROLIFERATION OF D&O AND LIABILITY INSURANCE POLICIES HAS LED TO ASSERTING CLAIMS IN THE EVENT OF INSOLVENCY BECOMING THE STANDARD PRACTICE."**
>
> CLEMENS VÖLKL, PARTNER, VÖLKL RECHTSANWÄLTE

NATURAL DISASTERS

Natural disasters have increased significantly in Austria recently. Severe weather events such as drought, storms, hail or mudslides cause major damage in both the business and private sectors, leading to a sharp increase in insurance benefits in property insurance on the one hand and a need for risk limitation and special insurance products on the other. In this regard, the insurance industry is also increasingly seeking dialogue with the public sector with the aim of pooling such risks or achieving insurance solutions involving public funds. These efforts are still in their infancy, but it is to be expected that there will be some movement in this area.

> **"AN INCREASE IN NATURAL DISASTERS HAS LED THE INSURANCE INDUSTRY TO CONVERSE WITH THE PUBLIC SECTOR ABOUT POOLING RISK OR ACHIEVING INSURANCE SOLUTIONS INVOLVING PUBLIC FUNDS."**
>
> PHILIPP FRENZL, PARTNER, VÖLKL RECHTSANWÄLTE

KEY ISSUES:

- Adaptation to the New Insurance Law no. 15.040/2024
- Legal uncertainty in both judiciary and regulatory spheres, including the development of new reinsurance rules protecting the local market
- Risks arising from the condition of the global and Brazilian economies

REGISTERED FIRMS

Approx.
144
insurance companies (as of December 2024)

VALUE OF PREMIA

BRL 751.3 BILLION

(Approx USD 132 billion) (due to December 2024).

SANTOS BEVILAQUA ADVOGADOS

BRAZIL

Brazil's insurance industry is the largest in Latin America. In 2024, the total premiums written in Brazil were approximately BRL 751,3 billion (about USD 131,7 billion), growth of 12.5% from 2023. The market has been growing steadily over the years, exceeding pre-pandemic levels, although the growth rate has fluctuated due to economic instability, inflation, and political challenges.

Certain segments, such as health insurance and life insurance, have been consistently expanding, reaching more market share. However, the industry will face some challenges regarding the new and very interventionist New Insurance Law (to be effective from 11 December 2025) established in 2024. This law requires new adjustments and, above all, makes it impossible to predict the impacts on Brazilian market share and market expansion.

While the Brazilian market is experiencing modest growth propelled by low economic expansion, the anticipated transformation from the new legislation has prompted a comprehensive review of market practices and a proactive approach to potential future impacts.

Cathedral of Brasília, Brazil

ADAPTATION TO THE NEW INSURANCE LAW NO. 15.040/2024

The approval of Law No. 15.040/2024 introduced a new legal framework for the insurance and reinsurance market. The Law will be effective from 11 December 2025. The new Brazilian insurance legislation introduces new paradigms to which all of the market's insurers and reinsurers must adapt.

This legislation generally favours policyholders while imposing greater restrictions on insurers and, in certain aspects, reinsurers. This shift includes the introduction of limitations on the autonomy of contractual parties, new and unconventional rules for reinsurance and claims regulation, and the emergence of long-tail risks from normal risks.

It is an unusual law, and it is difficult to anticipate its impacts. However, insurers and reinsurers, both local and foreign, need to assess and adapt operational procedures and contracts carefully to reduce the inevitable uncertainty of the coming years.

> **"THE NEW INSURANCE LAW WILL BRING NUMEROUS CHALLENGES TO THE BRAZILIAN INSURANCE MARKET, POSSIBLY INCREASING THE LITIGIOUSNESS OF CLAIMS."**
>
> JOÃO MARCELO SANTOS, FOUNDING PARTNER OF SANTOS BEVILAQUA AND MEMBER OF THE GILC BOARD

LEGAL UNCERTAINTY IN BOTH JUDICIARY AND REGULATORY SPHERES, INCLUDING THE DEVELOPMENT OF NEW REINSURANCE RULES PROTECTING THE LOCAL MARKET

SUSEP, the Brazilian insurance supervisor, has made clear the government's plans to expand protection for the local reinsurance market, possibly going as far as to implement restrictions on foreign reinsurers or benefits for local reinsurers. There is significant uncertainty regarding the regulatory environment in both the short and medium term.

This, combined with global geopolitical risks, a certain conservatism against emerging economies and, the impacts of the New Insurance Law, will result in a scenario of significant legal and regulatory uncertainty. A new Brazilian insurance and reinsurance case law will also be issued, considering the New Insurance Law's paradigm shift. Against this backdrop, insurers and local and foreign reinsurers will have to exert considerable effort to adapt in the coming years.

> **"FUNDAMENTAL KNOWLEDGE OF BRAZILIAN REGULATIONS, LAWS, AND RISKS WILL BE EVEN MORE NECESSARY TO OPERATE SAFELY IN THE BRAZILIAN INSURANCE AND REINSURANCE MARKET."**
>
> JOÃO MARCELO SANTOS, FOUNDING PARTNER OF SANTOS BEVILAQUA AND MEMBER OF THE GILC BOARD

RISKS ARISING FROM THE CONDITION OF THE GLOBAL AND BRAZILIAN ECONOMIES

The Brazilian economy has shown signs of being difficult to read. At the same time that certain activities are recovering and unemployment levels are low, inflation has been a growing risk that has required the government to increase interest rates.

This is also associated with the excessive increase in government spending.

The global geopolitical and economic scenario risks make it even more challenging to predict the performance of the Brazilian economy in general and the insurance sector in particular.

This reality will also create uncertainty around the demand for insurance in its various lines, the increase in financial revenues, and the need for careful planning by insurers and reinsurers.

> **"OPERATING IN THE BRAZILIAN INSURANCE AND REINSURANCE MARKET IN THE COMING YEARS WILL BE EXTREMELY CHALLENGING, BUT THERE WILL ALSO BE NEW OPPORTUNITIES."**
>
> ANA PAULA COSTA, PARTNER, SANTOS BEVILAQUA

KEY ISSUES:

- Approval of the reform of the Chilean pension system
- Evolution of the health insurance market
- Undercapitalisation of insurers in Chile

PRIETO ABOGADOS

CHILE

In the period from 1 January to 30 September 2024, the Chilean insurance market recorded a real increase of 1.1% in sales and 4.5% in profits, compared to the same period in 2023, as reported by 32 life insurance companies and 32 general insurance companies.

Life insurance companies reported sales of USD 7,500 million as of 30 September 2024, up 2.2% compared to the same period of 2023, but recorded a 0.4% decrease in profits. General insurance companies recorded sales of USD 4,087 million, decreasing 0.9% compared to the same period of 2023, and recorded a 23.9% increase in profits.

As a noteworthy aspect, during October 2024, the Financial Market Commission authorised the merger between the insurance companies HDI Seguros S.A. and Liberty Compañía de Seguros Generales S.A., the former becoming the largest general insurance company in Chile. During 2024 the Financial Market Commission also authorised the operation of two life insurance companies: Zurich Seguros Rentas Vitalicias S.A. and Seguros de Vida y Salud UC Christus S.A.

The Gran Torre Santiago, Chile

REGISTERED FIRMS

32
Life

32
P&C

VALUE OF PREMIA

USD 11.587 MILLION

RISK RADAR REPORT | MAY 2025

APPROVAL OF THE REFORM OF THE CHILEAN PENSION SYSTEM

Last March, a law came into force that introduces relevant changes to the Chilean pension system. The main changes are an increase in the mandatory contribution from 10% to 18.5%, to be financed by the employer. The 8.5% increase will be allocated 6% to members' individual capitalisation accounts and the remainder will go to a common fund to finance a contributory "Social Security".

It will also approve a biannual bidding process for members' portfolios, which will include the new members of the period and 10% of the old members, which will be awarded to the Pension Fund Administrator that offers the lowest administration commission.

> **"THIS NEW LAW MAKES THE PENSION SYSTEM VIABLE AND WILL SUBSTANTIALLY IMPROVE PENSIONS. HOWEVER, IT COULD INADVERTENTLY HAVE A CONTRADICTORY EFFECT OF INCREASING UNEMPLOYMENT BY DRIVING UP LABOUR COSTS."**
>
> PATRICIO PRIETO LARRAIN , PARTNER, PRIETO ABOGADOS

EVOLUTION OF THE HEALTH INSURANCE MARKET

The evolution of the Chilean health insurance market has been eventful over the past year: In May 2024, the private health insurance system was made viable thanks to a law passed by Congress which, among other things, established a long-term payment schedule for the debt owed by private insurance entities (ISAPREs) to their affiliates. This debt originates as a consequence of a Supreme Court ruling which ordered ISAPREs to reimburse their affiliates an amount of USD 1.1 billion due to overcharges. This schedule will allow ISAPREs to pay this debt without going bankrupt.

However, another important development in the Chilean health insurance market is that, faced with the risk of bankruptcy of the ISAPREs and the eventual disappearance of the private health insurance system, the main health insurance groups set up life insurance companies to which they could transfer their clients.

> **"CONGRESS AND THE GOVERNMENT HAD TO FACE THE FACT THAT THE BANKRUPTCY OF THE PRIVATE HEALTH SYSTEM WOULD CAUSE THE FAILURE OF THE WHOLE HEALTH SYSTEM, INCLUDING THE PUBLIC ONE, SO COMMON SENSE PREVAILED."**
>
> PATRICIO PRIETO LARRAIN, PARTNER, PRIETO ABOGADOS

UNDERCAPITALISATION OF INSURERS IN CHILE

Some Chilean P&C companies have a tight risk:equity ratio so, while on the one hand, large policyholders are insuring their risks with Chilean subsidiaries of foreign insurance groups who have a greater capacity in the event of a claim; this is causing concerns around the P&C companies' market conduct.

For example, the Commission for Financial Markets (the Chilean Regulator) fined some of these P&C companies for adjusting performance policies prior to payment, despite the fact that they were issued under the express condition of being payable upon presentation, that is to say without a prior claim adjusting process. These P&C companies comply with the minimum capital required by law, but a significant loss event could put them at risk of non-compliance with their indemnity obligations.

> **"UNDERCAPITALISED INSURANCE COMPANIES IN THE P&C MARKET WILL CAUSE A TREND FOR INSURERS TO CONTRACT DIRECT FACULTATIVE REINSURANCE AND IT MIGHT ALSO CREATE AN OPPORTUNITY FOR THE ADOPTION OF ALTERNATIVE RISK TRANSFER MECHANISMS."**
>
> PABLO JUGOVIC MASJUAN, OF COUNSEL PRIETO ABOGADOS

KEY ISSUES:

Regulatory shift tightens life insurance rate caps

ESG compliance pressures reshape insurance practices

Evolution in Cross-Border Data Transfer framework highlighting insurers' risk-averse insurance data strategies

BUREN

CHINA

China's insurance market, though tightly regulated and policy-sensitive, showed strong growth in 2024, with total premiums reaching CNY 5.7 trillion (up 5.7% YoY), driven by life insurance (CNY 4.26 trillion) and property/casualty (P&C) (CNY 1.43 trillion).

Life insurance outperformed expectations as dominance of dividend-based products (over 50%) reshaped portfolios. P&C growth was driven by a strong performance in the auto insurance market, while non-auto lines saw progress in catastrophe insurance frameworks and rising claims ratios. Starting in 2025, mandatory ESG disclosures for listed firms will amplify sustainability-linked insurance demand.

There are three main issues that will affect the Chinese market in 2025:

(1) Regulatory shift tightening life insurance rate caps; (2) ESG compliance pressures reshaping insurance practices; (3) Changes to the Cross-Border Data Transfer (CBDT) framework emphasising risk-averse insurance data strategies.

Other trends include the continuing adoption of AI underwriting by leading insurers to reduce claim processing time; D&O coverage surfing due to high-stakes cases and capital market turbulence; and an expansion in catastrophe coverage as global events spur product upgrades.

REGISTERED FIRMS

242
(2023)

VALUE OF PREMIA

CNY 5.7 TRILLION
(2024)

Shanghai, China

REGULATORY SHIFT TIGHTENS LIFE INSURANCE RATE CAPS

In October 2024, China's National Financial Regulatory Administration imposed a 2.0% cap on new participating insurance products that can be allocated to equity investments, with speculation of a further cut to 1.5% amid ongoing economic pressures. The regulatory framework is also transitioning towards a market-linked, dynamically adjusted interest rate mechanism, with quarterly reference rates to be issued by the industry association. Leading insurers like ICBC-AXA and Ping An have maintained the 2.0% rate for Q1 2025.

However, amid a weakening market, sector-wide reforms, and global uncertainties - including U.S. tariff policies - future returns on participating policies are increasingly unpredictable. The policy sparked a wave of product withdrawals and requires the insurers to be more cautious in designing products, which is leading to short-term panic buying and growing long-term consumer hesitations.

"CHINA'S LIFE INSURANCE PRODUCTS FACE VARIABILITY UNDER THE NEW MARKET-LINKED INTEREST RATE REGIME."

YVETTE JIANG, ADVISOR, BUREN

EVOLUTION IN CROSS-BORDER DATA TRANSFER FRAMEWORK HIGHLIGHTING INSURERS' RISK-AVERSE INSURANCE DATA STRATEGIES

Cross-border insurance data flows are an inherent part of business operations in the insurance sector, yet they are facing heightened scrutiny under China's evolving data protection regulatory regime which demands prioritised compliance strategies.

Recent regulatory updates encompass Provisions on Cross-Border Data Flows and Financial Data Compliance Guidelines, clarifying obligations in localised storage of core insurance data, anonymisation for sensitive datasets, and streamlined processes for cross-border claims. Practically speaking, insurers will align with emerging trends to:

1. Classify data by risk tiers tied to localisation mandates;
2. Observe dynamic adjustments in exemption thresholds during data mapping; and
3. Implement pre-transfer risk assessments and integrated technical safeguards.

Proactive adaptation to multilayered requirements and alignment with all stakeholders is critical for insurers' efficient operation in China amid tightening global data governance.

"DYNAMIC EVOLUTION IN DATA POLICIES EMPHASISES PRUDENT DATA MAPPING AND NAVIGATION IN CROSS-BORDER DATA TRANSFER OF INSURANCE BUSINESS."

YVETTE JIANG, ADVISOR, BUREN

ESG COMPLIANCE PRESSURES RESHAPE INSURANCE PRACTICES

As China strengthens its ESG regulatory framework, insurers face dual pressures: underwriting ESG disclosure risks for listed companies, and improving their own ESG reporting.

Starting in July 2025, new disclosure rules require audit committee involvement throughout the reporting process, expand board liability from "known" to "should have known," and raise non-compliance fines to RMB 100,000—fuelling demand for D&O insurance amid rising claims and premiums.

Meanwhile, insurers' ESG disclosures are becoming more standardised. The Insurance Association's new guidelines outline 23 primary and 49 secondary indicators, covering areas like green investment, inclusive insurance, and board diversity. Leading players are responding: Ping An reported RMB 124.7 billion in green investments and RMB 157.8 billion in green loans in 2024, spurring industry-wide shifts in governance, digital tools, and climate-focused innovation.

"ESG REFORMS WILL REQUIRE INSURERS IN CHINA TO LEAD WITH TRANSPARENCY AND INNOVATION."

YVETTE JIANG, ADVISOR, BUREN

KEY ISSUES:

- No competition within building defects insurance
- Massive premium increases for auto insurance
- Insufficient competition among insurers, according to Competition Authority

ARK LAW

DENMARK

The Danish market is going through a phase of consolidation, especially among the larger insurers. The largest local insurer, Tryg, consolidated its business by buying a smaller insurer, Alka, in 2022. In the same year, the third largest insurer, Alm. Brand, bought the fourth largest insurer, Codan, from RSA, and in 2024 it was announced that the Finnish owned If was taking over the second largest Danish insurer, Topdanmark. Further, Norwegian owned Gjensidige has acquired a number of smaller insurers and portfolios.

Meanwhile, mutual insurers have seen significant growth in recent years within private insurance, where the larger insurers have been slowly losing customers.

Copenhagen, Denmark

REGISTERED FIRMS

47
Local insurers

VALUE OF PREMIA

DKK 80 BILLION
(excluding life and pension)

RISK RADAR REPORT | MAY 2025

NO COMPETITION WITHIN BUILDING DEFECTS INSURANCE

Building-defects insurance has been mandatory in Denmark since 2008. The insurance must be taken out by all builders (private as well as professional) as a condition for obtaining a building permit for all new buildings. The product has been subject to criticism since its introduction, and all local Danish insurers have stopped underwriting the product. At the same time, foreign insurers have also left the market, leaving only one foreign insurer in the market, creating a de facto monopoly.

> "THE LACK OF COMPETITION IN RESPECT OF BUILDING-DEFECTS INSURANCE IS TROUBLING AND MUST BE A WAKE-UP CALL FOR POLITICIANS."
>
> JESPER RAVN, PARTNER, ARK LAW

INSUFFICIENT COMPETITION AMONG INSURERS, ACCORDING TO COMPETITION AUTHORITY

The Danish Competition Authority released a new report on 1 April 2025, stating that competition in the Danish non-life insurance market was insufficient. One of the conclusions was that especially loyal customers paid more, but also that customers have not been sufficiently changing insurer to obtain better prices. Further, the report found that the premiums in the Danish market had risen, significantly above the EU average. The Association of Danish Insurers criticised the report, but there is no doubt that this issue will have political focus in 2025.

> "WITH CONTINUED CONSOLIDATION OF INSURERS HAPPENING IN THE DANISH MARKET, THERE IS A RISK THAT COMPETITION WILL BE SIGNIFICANTLY LOWER."
>
> JESPER RAVN, PARTNER, ARK LAW

MASSIVE PREMIUM INCREASES FOR AUTO INSURANCE

The number of auto insurance claims filed in 2024 had, by the end of October, surpassed the number for all of 2023. This, combined with the fact that almost 50% of all new cars sold are electric vehicles, means higher repair costs and waiting time for spare parts are driving up costs for insurers. As a result, 2025 has seen massive increases in auto insurance premiums, especially from the larger insurers. This in turn has drawn substantial criticism, as some of these same insurers presented impressive earnings for 2024.

> "THE GROWING PROPORTION OF ELECTRIC VEHICLES IN THE AUTO MARKET HAS COME AT A COST, DRIVING A SUBSTANTIAL INCREASE IN CLAIMS AND REPAIR COSTS."
>
> JESPER RAVN, PARTNER, ARK LAW

KEY ISSUES:

- Regulatory developments and ESG integration
- Governance under regulatory scrutiny
- Digitalisation of distribution channels

SOCRATES ATTORNEYS LTD

FINLAND

The Finnish insurance market is characterised by a concentrated structure and a strong focus on statutory insurance lines. The market is dominated by a few major players, in both the non-life and life insurance sectors, where competition remains primarily between key operators.

Statutory insurance products, such as employee pensions, workers' compensation, and motor liability insurance, continue to account for a significant share of the market, while demand for voluntary insurance products has also continued to grow.

Profitability among insurers has remained stable in recent years, and trends such as digitalisation and sustainability considerations are increasingly shaping the development of the sector. Rising consumer expectations for user-friendly digital services, alongside businesses' growing need for comprehensive risk management solutions, have influenced market dynamics.

Overall, the Finnish insurance sector remains in a stable position, and it is expected to continue evolving in response to regulatory changes, technological advancements, and shifts in customer behaviour.

Helsinki Cathedral, Helsinki, Finland

REGISTERED FIRMS

Approx

70

VALUE OF PREMIA

Approx

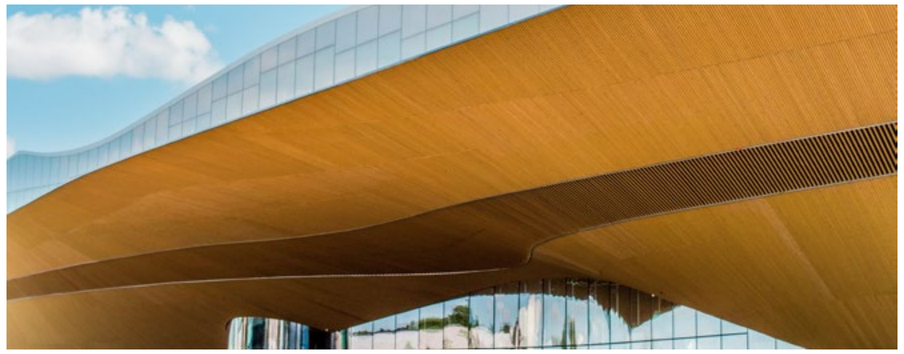
€30 MILLION

REGULATORY DEVELOPMENTS AND ESG INTEGRATION

The regulatory environment for insurers in Finland continues to tighten, largely driven by EU-level initiatives such as the Corporate Sustainability Reporting Directive (CSRD) and other ESG-related frameworks. However, there is growing concern in the industry that an excessive regulatory burden does not necessarily translate to better outcomes for customers.

The current government programme has acknowledged these concerns, stating that overregulation can become a barrier to efficient and customer-friendly financial services. Finnish insurers are therefore balancing between meeting evolving compliance requirements and maintaining a focus on practical, customer-oriented solutions. ESG remains a strategic priority, but companies are also calling for clearer and more proportionate regulation to avoid unnecessary complexity.

> **"THE CURRENT FINNISH GOVERNMENT PROGRAMME RECOGNISES THAT OVERREGULATION CAN BECOME AN OBSTACLE TO EFFICIENT AND CUSTOMER-ORIENTED FINANCIAL SERVICES."**
>
> JUSTUS KÖNKKÖLÄ, PARTNER, SOCRATES ATTORNEYS LTD



GOVERNANCE UNDER REGULATORY SCRUTINY

The Finnish Financial Supervisory Authority (FIN-FSA) has stepped up its focus on insurance company governance, issuing recommendations in 2024 aimed at strengthening board practices and improving the marketing of insurance products, particularly within pension insurance. While these initiatives are intended to enhance oversight, they have also raised concerns about the potential for increasing regulatory pressure. Insurers now face the task of addressing the identified shortcomings, as the FIN-FSA is expected to monitor implementation closely, with administrative sanctions remaining a possibility in cases of non-compliance. At the same time, growing attention is being paid to sustainability disclosures, with expectations of further guidance and enforcement actions. Insurers are therefore balancing regulatory expectations with the need to maintain effective, customer-oriented operations in an evolving compliance landscape.

> **"THE FIN-FSA IS INCREASING SCRUTINY ON GOVERNANCE, WITH INSURERS EXPECTED TO ADDRESS SHORTCOMINGS AND PREPARE FOR TIGHTER SUPERVISION."**
>
> ROBERT BÜTZOW, PARTNER, SOCRATES ATTORNEYS LTD

DIGITALISATION OF DISTRIBUTION CHANNELS

Digitalisation continues to reshape the insurance landscape in Finland, with the online channel emerging as the fastest-growing distribution method in both life and non-life insurance markets. Consumers are increasingly attracted by the convenience of purchasing insurance policies online, as well as the easy access to information about discounts and product options. High levels of internet and smartphone penetration, combined with changing consumer purchasing behaviour, are accelerating this trend. Insurance providers are responding by expanding their digital offerings and improving the user experience on their platforms. The availability of a wide range of products and competitive offers on digital platforms is expected to further boost the growth of online distribution in the years ahead, reflecting the broader move towards more accessible and customer-friendly insurance services.

> **"ONLINE INSURANCE DISTRIBUTION IS ACCELERATING IN FINLAND, DRIVEN BY CONSUMER DEMAND FOR CONVENIENCE, PRODUCT VARIETY, AND DIGITAL CUSTOMER EXPERIENCE."**
>
> JUSTUS KÖNKKÖLÄ, PARTNER, SOCRATES ATTORNEYS LTD

KEY ISSUES:

- Takata airbag recall
- French natural catastrophe claims
- Cybersecurity

REGISTERED FIRMS

Approx

740

VALUE OF PREMIA

Approx

€235 BILLION

BYRD & ASSOCIATES

FRANCE

The French insurance market is healthy and is expected to reach a gross written premium of around 235 billion euros in 2025, with over half of that amount contributed by the life insurance sector.

Insurers have, however, been faced with some major losses since the end of last year and the beginning of 2025, including a major recall of cars fitted with Takata airbags initiated by the French authorities and some major natural catastrophe losses, in particular:

- Cyclone Chido, which hit the Indian Ocean Island of Mayotte on December 14, 2024, causing numerous casualties and extensive damage. At least 39 people were killed and 5,600 injured.
- Brittany was hit by a series of storms qualified as natural catastrophes between January 23 and 29 this year, accompanied by heavy rainfall, causing flooding in several départements, particularly Ille-et-Vilaine. Several rivers burst their banks, causing extensive damage in riverside communities.

There have also been some recent further initiatives in France to strengthen cybersecurity.

Montmartre, Paris, France

RISK RADAR REPORT | MAY 2025

TAKATA AIRBAG RECALL

A substantial number of cars with Takata airbags have been under recall in France for some time because these airbags can reportedly explode when deployed, causing serious injury or even death.

On 9 April 2025, the French Ministry of Transport signed a new decree requiring 30 affected manufacturers to speed up recalls of cars fitted with defective Takata airbags, subject to financial penalties of up to one million euros per day of delay. The risk is heightened in French overseas departments, where increased humidity and heat increase the risk of explosion. In practice, car manufacturers must notify affected owners, asking them to stop driving their car and change their airbag. They must also set up an online information platform enabling the car owners to check instantly whether they are affected by the campaign.

The French Ministry of Transport notes that, despite the campaigns currently underway, airbags have yet to be replaced in 2.3 million cars in mainland France and 80,000 in the French overseas territories. It reminds the public that defective airbags can be replaced free of charge under current recall campaigns.

A reported 29 accidents in France have been linked to these airbags, resulting in 11 deaths in overseas territories and one in mainland France. Injured third parties will be able to make claims against the motor insurers for bodily injury in an accident involving the vehicles fitted with the defective airbags. Other parties suffering economic losses, such as the owner of the vehicle, may bring claims against their facultative insurers or ultimately directly against the car manufacturers.

> **"TIMELY REGULATORY ACTION IS ESSENTIAL TO ENSURE THAT CAR MANUFACTURERS FULFIL RECALL OBLIGATIONS, PARTICULARLY WHERE PROLONGED RISKS TO PUBLIC SAFETY REMAIN UNADDRESSED."**
>
> ROBERT BYRD, PARTNER, BYRD & ASSOCIATES

FRENCH NATURAL CATASTROPHE CLAIMS

The French natural disaster insurance scheme (*Cat Nat – catastrophe naturelle*) is automatically included in property insurance policies covering fire or other damage to property located in France. It is activated by an interministerial decree declaring a state of natural disaster, where damage has resulted from a natural event of exceptional intensity. In late 2024 and early 2025, two such events occurred:

In December 2024, Chido Cyclone hit Mayotte, causing considerable loss of life and material and consequential losses. The French state-backed natural catastrophe reinsurer, Caisse Centrale de Réassurance (CCR), estimates costs to the Cat Nat scheme of between €650 million and €800 million, representing around 10,000 insured homes and business claims. This natural catastrophe triggered the first activation of the newly introduced "State of Exceptional Natural Calamity" (ECNE – *état de calamité naturelle exceptionnelle*), in place since 2022, which is reserved for French overseas territories. This scheme aims to enhance the State's responsiveness in vulnerable territories and to speed up administrative procedures, so that action can be taken more quickly to manage the crisis and rebuild affected areas.

Another natural catastrophe occurred in Brittany, when a series of storms between January 23 and 29 this year brought heavy rainfall, causing extensive damage in riverside communities.

The CCR issued a report noting that the insured losses from these series of storms in Brittany will cost insurers between €130m and €160m.

> **"THE FRENCH NATURAL DISASTER INSURANCE SCHEME (CAT NAT) MUST ADAPT TO REMAIN RESILIENT AND EFFECTIVE."**
>
> ROBERT BYRD, PARTNER, BYRD & ASSOCIATES

CYBERSECURITY

In recent years, France has been facing unprecedented waves of cyberattacks targeting the theft of personal data and the disruption of IT systems across numerous sectors. In April 2025, the French National Cybersecurity Agency (ANSSI – *Agence nationale de la sécurité des systèmes d'information*) published its 2024 activity report. They reported that ANSSI's operational teams dealt with 4,386 security events in 2024, representing a 15% increase on the previous year. In its report, the ANSSI welcomed the tangible success of its operations during the 2024 Paris Olympic Games and stated its ambition for France to remain among the world's leading cybersecurity nations. France is working on a cybersecurity campaign involving government, private sector and international cooperation.

On 12 March 2025, the French Senate passed the first reading of the bill on the resilience of critical infrastructures and the strengthening of cybersecurity. The purpose of this bill is to transpose three European directives: one that aims to strengthen the resilience of critical entities in key sectors across the EU, another (the Network and Information Security (NIS) 2 Directive), which expands the scope of the original NIS Directive and makes cybersecurity obligations mandatory for a broader range of sectors. The final directive accompanies digital operational resilience for the financial sector (DORA), including a more rigorous framework for the use of digital technologies in the financial sector.

The French government has fast-tracked this bill since the deadline for transposing the three directives has already passed. The next step is for the National Assembly to review the bill.

> **"FRANCE MUST TAKE FURTHER STEPS TO ENSURE THE RESILIENCE OF CRITICAL INFRASTRUCTURE AND THE STRENGTHENING OF CYBERSECURITY."**
>
> ROBERT BYRD, PARTNER, BYRD & ASSOCIATES

RISK RADAR REPORT | MAY 2025

KEY ISSUES:

- First insolvency of a (non-life) insurer
- Mandatory property insurance for residential buildings regarding natural catastrophes
- Increase in maritime piracy and robbery in Q1 2025

REGISTERED FIRMS

522

(without smaller mutuals not controlled by BAFIN)

VALUE OF PREMIA

Approx

€250 BILLION

ARNECKE SIBETH DABELSTEIN

GERMANY

As of early 2025, Germany's insurance industry is demonstrating resilience amid economic challenges. In 2024, the sector experienced a 2.8% increase in premium income, with projections for 2025 ranging between 3.1% and 5.5% growth. The property and casualty segment saw a 7.8% increase driven largely by inflation, reaching approximately €92 billion.

Cyber insurance demand intensified due to escalating digital threats, yet coverage gaps persist, particularly among SMEs. The global cyber insurance market totaled USD 15.3 billion in 2024, highlighting significant growth potential.

Discussions on mandatory insurance for natural disasters gained momentum following significant events, such as the California wildfires, which resulted in substantial losses. Once it has been formed, the new government coalition intends to introduce compulsory home insurance, a move that is meeting with resistance.

Premium adjustments, especially in motor and property insurance, were implemented to counteract inflationary pressures. The integration of AI in underwriting and claims processing is enhancing operational efficiency.

Overall, the German insurance sector is navigating challenges through strategic pricing, technological advancements, and a focus on emerging risks.

Speicherstadt District, Hamburg, Germany

FIRST INSOLVENCY OF A (NON-LIFE) INSURER

ELEMENT was the first non-life insurance company to become insolvent, when it went bust in January 2025, affecting around 320,000 policies. ELEMENT operated primarily as a white label insurer with many group insurance contracts.

The reason for the insolvency was that ELEMENT was no longer able to obtain reinsurance cover. As this insolvency was uncharted territory, there were initially many unanswered questions for all parties involved, including the insolvency administrators and BaFin, Germany's Federal Financial Supervisory Authority.

Under German law, an insurer must build up a security fund from which claims can be settled in the event of insolvency. In fact, the ELEMENT insolvency is likely to be relatively smooth for policyholders, as most claims can be covered by ELEMENT's security fund.

> "EVEN THOUGH MOST OF THE LOSSES ARE COVERED HERE, ELEMENT'S INSOLVENCY HAS PRESENTED GROUP INSURANCE POLICYHOLDERS WITH THE CHALLENGE OF FINDING NEW INSURERS WITHIN A VERY SHORT PERIOD OF TIME IN ORDER TO AVOID RUNNING THE RISK OF ENGAGING IN UNAUTHORISED INSURANCE BUSINESS THEMSELVES."
>
> DR. CAROLIN SCHILLING-SCHULZ, PARTNER, ARNECKE SIBETH DABELSTEIN

INCREASE IN MARITIME PIRACY AND ROBBERY IN Q1 2025

The International Chamber of Commerce's International Maritime Bureau (IMB) has revealed a rise in global piracy and armed robbery incidents in the first quarter of 2025, driven by a spike of incidents in the Singapore Straits. A total of 45 cases of piracy and armed robbery against ships were recorded in the first three months of 2025 – an almost 35% increase compared to the same period in 2024.

Financial impact and risk exposure on the German marine insurance market

- Prevalence of attacks: Approximately 20% of German shipowners have experienced pirate attacks, highlighting the substantial risk faced by the German shipping industry.
- Economic costs: During the peak of Somali piracy in 2011, the German Shipowners' Association estimated annual costs—including ransom payments, protective measures, insurance premiums, and route diversions—at around €5.3 billion.

> "STANDARD HULL AND MACHINERY POLICIES MAY NOT ADEQUATELY ADDRESS PIRACY-RELATED RISKS, LEADING TO CALLS FOR MORE FLEXIBLE AND SPECIALISED COVERAGE OPTIONS."
>
> DR JAN DREYER, PARTNER, ARNECKE SIBETH DABELSTEIN

MANDATORY PROPERTY INSURANCE FOR RESIDENTIAL BUILDINGS REGARDING NATURAL CATASTROPHES

The coalition agreement of the new government stipulates that, in new business, residential building insurance will only be offered with natural hazard cover, and that, in existing business, all residential building insurance policies will be extended to include natural hazard insurance on a specific date. As a consequence, insurers are obliged to conclude such contracts.

It will be examined whether this model should include an opt-out solution, whereby owners would only have to prove that they have considered natural hazard coverage but could choose whether to take it out. In order to ensure long-term reinsurability, state reinsurance for natural hazards is to be introduced. Insurance terms and conditions will be largely regulated.

Currently, only about 54% of properties are insured against natural hazards. This is despite the fact that the recent flooding in the Ahr Valley, which killed more than 220 people and destroyed entire villages, has showed that without such insurance, entire livelihoods can be completely destroyed.

Until 1994, it was mandatory in Germany to insure residential buildings against certain risks (such as fire) with monopoly providers. The EU has banned these monopolies, so the corresponding insurance obligation no longer applies. There is also criticism of compulsory insurance, as it is seen as state paternalism.

> "IF NOT EVEN THE AHR VALLEY FLOODS FOUR YEARS AGO WERE ENOUGH TO PROMPT PEOPLE TO TAKE SUFFICIENT PERSONAL RESPONSIBILITY IT IS TO BE WELCOMED THAT THE STATE IS INTERVENING."
>
> DR. CAROLIN SCHILLING-SCHULZ, PARTNER, ARNECKE SIBETH DABELSTEIN

KEY ISSUES:

- Regulatory developments – DORA & NIS2 implementation
- Health and property insurance pricing pressures
- Digital disruption and distribution innovation

REGISTERED FIRMS

35

VALUE OF PREMIA

€5.86 BILLION

KG LAW FRIM

GREECE

In 2024, the Greek insurance market recorded another year of growth and consolidation, with gross written premium increasing by approximately 9.4% in non-life insurance and 7.9% in life insurance. The market remains concentrated, with established players dominating both segments, while recent transactions reflect growing investor confidence.

A key milestone was Piraeus Bank's agreement to acquire a 90% stake in Ethniki Insurance for €600 million—an example of cross-sector integration that raises important regulatory and corporate governance considerations and is expected to transform the market for the coming years.

Meanwhile, foreign groups have reinforced their footprint through earlier acquisitions, contributing to evolving market dynamics. Insurance companies are active in procedures to support their digital transformation. Insurers and intermediaries are also navigating increased compliance obligations under European legislation, including the Digital Operational Resilience Act (DORA) and Network and Information Systems Directive 2 (NIS2), prompting internal reviews of operational resilience and cybersecurity frameworks.

Monastiraki, Athens, Greece

RISK RADAR REPORT | MAY 2025

REGULATORY DEVELOPMENTS – DORA & NIS2 IMPLEMENTATION

In 2025, the implementation of DORA and NIS2 is a key concern for Greek insurers. These EU-wide frameworks introduce robust requirements around ICT risk management, incident response, third-party oversight, and governance.

Insurers operating in Greece must assess and update internal controls, contractual arrangements with service providers, and board-level accountability structures to align with these new standards.

DORA, in particular, establishes a harmonised regime across the financial sector, placing cyber resilience on par with prudential requirements. NIS2 expands the definition of critical entities, bringing more insurers under direct regulatory scrutiny.

Legal teams are at the forefront of navigating these changes, working closely with compliance and IT departments to mitigate operational risks and ensure timely conformity with supervisory expectations.

> "DORA AND NIS2 ELEVATE CYBER RESILIENCY TO A CORE REGULATORY PRIORITY, DEMANDING LEGAL AND OPERATIONAL ALIGNMENT ACROSS THE INSURANCE SECTOR."
>
> KONSTANTINOS ISSAIAS, PARTNER, KG LAW FIRM

HEALTH AND PROPERTY INSURANCE PRICING PRESSURES

Pricing dynamics in health and property insurance are under intense pressure in 2025. In health insurance, insurers face rising medical costs and claims frequencies, while political attention has turned to pricing practices.

A key regulatory shift is the planned replacement of the currently applicable index with a new health cost index compiled by the Hellenic Statistical Authority (ELSTAT) as of 2026, aiming to improve transparency in premium adjustments.

In the property insurance sector, premium growth — estimated at nearly 15% – is driven not only by increased climate-related claims but also by the introduction of mandatory insurance for catastrophic events, as recent wildfires and floods have accelerated legislative action, prompting insurers to reassess underwriting models.

Government incentives, including tax relief for insured properties, add complexity to compliance and product structuring. Insurers must balance affordability with sustainability while responding to evolving legal and consumer expectations.

> "PREMIUM GROWTH REFLECTS NOT JUST RISING PRODUCTION, BUT ALSO NEW MANDATES ON CATASTROPHE COVER – RESHAPING PROPERTY INSURANCE ACROSS LEGAL AND COMMERCIAL LINES."
>
> KONSTANTINOS ISSAIAS, PARTNER, KG LAW FIRM

DIGITAL DISRUPTION AND DISTRIBUTION INNOVATION

Digital transformation continues to reshape the Greek insurance landscape in 2025. Insurers are investing in AI-powered tools—such as virtual assistants, chatbots, and claims automation—to improve efficiency and customer experience.

For example, the introduction of new AI assistants by insurers reflects a broader industry trend toward 24/7 digital engagement. At the same time, alternative distribution models, including embedded insurance and digital-first broker platforms, are gaining traction, especially among younger, more tech-savvy consumers.

These innovations raise important legal considerations around data protection, algorithmic decision-making, and liability for automated processes. Insurers must ensure compliance with GDPR, clarify terms in tech partnerships, and stay aligned with supervisory expectations. As distribution channels evolve, the traditional agent model is being redefined, and legal teams play a key role in enabling compliant digital strategies while managing reputational and operational risks.

> "DIGITAL TOOLS ARE REDEFINING INSURANCE DELIVERY - LEGAL OVERSIGHT IS ESSENTIAL TO MANAGE EMERGING RISKS IN DATA, AI, AND DISTRIBUTION."
>
> KONSTANTINOS ISSAIAS, PARTNER, KG LAW FIRM

KEY ISSUES:

- Cyber Risk
- Risk-Based Capital Solvency Framework
- Climate Change

REGISTERED FIRMS

74

VALUE OF PREMIA

INR 11.19 TRILLION

KHAITAN LEGAL ASSOCIATES

INDIA

The Indian insurance market has grown rapidly in the last 10 years, driven by rising incomes, government initiatives, and digital transformation. As of early 2025, the market is highly competitive, with 74 insurers and reinsurers operating in India.

India's insurance market is one of the fastest-growing globally, and Swiss Re forecasts India will remain the fastest-growing market in the G20 over the next five years. The life insurance market in India registered growth of 6.06% in 2023-24, with the non-life insurance industry growing by 12.76% from the previous year.

Among the issues facing the Indian insurance industry is the consistent trend of digitisation, which both creates a growing threat of cyber risks, and evolving regulation introducing increased penalties for non-compliance with personal data regulation.

Elsewhere, the proposed Risk-Based Solvency regime will alter capital requirements for Indian insurers, a change that will require investment in system upgrades to maintain compliance.

As a developing country with vast socio-economic disparities, the impacts of natural catastrophes on the Indian insurance market can be disastrous. As climate change continues to intensify their effects, risk modellers in India are facing an increasingly difficult job to provide insurers with reliable models for future catastrophic events.

BKC, Mumbai, India

CYBER RISK

India's digital boom has opened new doors for innovation and economic growth, but it has also brought a surge in cyber risks, becoming a growing concern for Indian insurers. The frequency and intensity of cyber incidents like ransomware attacks, phishing scams, and data breaches is rising exponentially. One of the key concerns is India's complex and evolving regulatory environment. With the enactment of the Digital Personal Data Protection Act, 2023, privacy breaches are becoming a serious concern, as the Act prescribes heavy penalties for non-compliance and breach of personal data by business entities.

Cyber insurance has emerged as a vital safeguard, offering financial protection and legal support in the aftermath of a cyberattack. However, the Indian market for such insurance is still developing in the face of several risks, trends, and challenges that demand attention. The inherently complex and ever-changing nature of cyber risks makes them difficult to define clearly. Consequently, both insurers and policyholders have limited clarity and visibility regarding the appropriate scope of coverage. This lack of understanding around potential financial impacts leaves insurers in a vulnerable position from an underwriting standpoint.

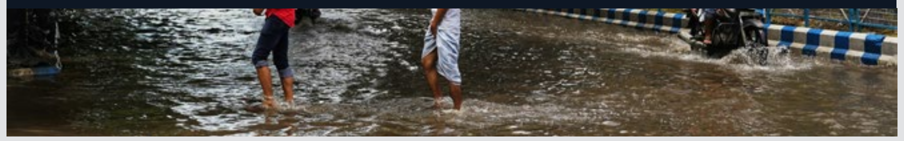
> "CYBER RISK IS NO LONGER JUST A TECHNICAL ISSUE – IT'S A STRATEGIC UNCERTAINTY WHICH REQUIRES A DEEPER ALIGNMENT BETWEEN RISK MANAGEMENT, UNDERWRITING, AND ENTERPRISE STRATEGY."
>
> SAKATE KHAITAN, SENIOR PARTNER, KHAITAN LEGAL ASSOCIATES

CLIMATE CHANGE

Climate change poses a systemic and escalating threat to the Indian insurance sector. The increasing frequency and severity of extreme weather events – such as floods, earthquakes, and cyclones – are driving up claims, particularly in property, across the world. The emerging reality is that existing models and products may no longer accurately capture climate-related risk in India.

Insurers have traditionally relied on catastrophe models that use historical loss data to price future risks. However, unprecedented climate conditions have made it more difficult to model future losses. Insurers must recognise that climate risk is not limited to isolated catastrophic events but extends to long term disruptions in economic and human systems. As a developing country with vast geographic diversity and significant socio-economic disparities, India is highly vulnerable to the impacts of climate change.

> "CLIMATE CHANGE IS NO LONGER A PERIPHERAL RISK BUT A CENTRAL, SYSTEMIC FORCE CHALLENGING THE VERY FOUNDATIONS OF RISK ASSESSMENT, UNDERWRITING, AND SOLVENCY. FOR A DEVELOPING COUNTRY LIKE INDIA, CLIMATE-DRIVEN DISASTERS CAN ERASE YEARS OF PROGRESS, MAKING IT IMPERATIVE FOR INSURERS TO LEAD WITH INNOVATION, RESILIENCE, AND FORESIGHT."
>
> SAKATE KHAITAN, SENIOR PARTNER, KHAITAN LEGAL ASSOCIATES



RISK-BASED CAPITAL SOLVENCY FRAMEWORK

The proposed Risk-Based Solvency (RBS) regime represents a significant shift from the current fixed solvency margin approach. Under the existing system, insurers must maintain a fixed percentage of their liabilities as capital, regardless of the associated risk. In contrast, the RBS regime adjusts capital requirements based on specific risks faced by insurers, such as underwriting, market, and operational risks.

To adopt RBS, insurers will be required to invest considerably in systems and process upgrades. Potential impacts include higher regulatory compliance costs, automation of reporting processes, allowance for additional resources, time and cost of implementation, continuous maintenance, and focus on data quality. Possible effects on business strategy could include adjustments to internal capital triggers and risk appetite, and a review of the investment plan focused on more effective use of capital.

> "RISK-BASED SOLVENCY IS POISED TO REDEFINE HOW INSURERS OPERATE, INVEST, AND GROW – ALIGNING CAPITAL WITH ACTUAL EXPOSURE AND PUSHING THE INDUSTRY TOWARD GREATER TRANSPARENCY, DISCIPLINE, AND LONG-TERM SUSTAINABILITY."
>
> SAKATE KHAITAN, SENIOR PARTNER, KHAITAN LEGAL ASSOCIATES

KEY ISSUES:

- Cyber incidents and systemic IT vulnerabilities
- Natural catastrophes and climate risk
- Business interruption (including supply chain disruption)

REGISTERED FIRMS

Approx.
250

VALUE OF PREMIA

€110 BILLION
Life

€40 BILLION
Non-life

BTG LEGAL

ITALY

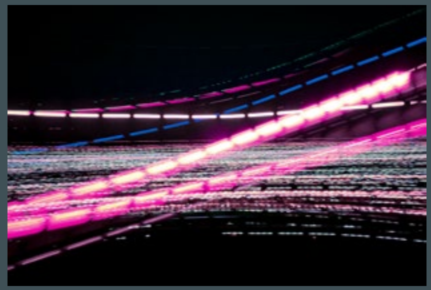
In 2025, the Italian insurance market stands at a critical juncture, shaped by evolving risks and mounting regulatory pressures. While the sector remains resilient, it faces growing challenges from climate-related events, the accelerating use of AI and digital technologies, and shifting customer expectations.

Italian insurers are increasingly required to adapt to EU-wide regulatory changes - such as the Digital Operational Resilience Act (DORA) - while also addressing domestic economic uncertainty and demographic shifts, including an ageing population. At the same time, geopolitical instability and inflationary pressures continue to weigh on investment strategies and claims inflation. The Italian market's traditionally conservative approach is being tested as innovation becomes essential for future-proofing operations.

Challenges persist, including elevated life insurance surrenders and catastrophe risks. However, Italy's strong Solvency II ratios and emphasis on sustainability provide resilience. The market's evolution reflects broader trends in risk perception and technology adoption, setting the stage for further innovation and growth.

Recent legislation reform has introduced a compulsory natural catastrophe insurance scheme (covering earthquake, floods and landslides) for enterprises registered in the Italian Businesses Register. The State will consider the fulfillment of such obligation when granting contributions and subsidies to the enterprises, including those contributions following a Nat Cat event.

The Duomo, Milan, Italy



CYBER INCIDENTS AND SYSTEMIC IT VULNERABILITIES

In 2025, cyber incidents and systemic IT vulnerabilities remain a top concern for the Italian insurance sector. Businesses across Italy face increasing threats from ransomware, phishing, and data breaches, driven by the rapid digitisation of operations and growing use of AI tools. Small and mid-sized enterprises are especially vulnerable, often lacking adequate cyber defences.

The interconnected nature of digital supply chains further amplifies systemic risk, as third-party breaches can cascade across industries. New EU regulations like DORA and NIS2 are raising the bar for cyber resilience, pushing insurers and clients to strengthen their IT governance and reporting.

Meanwhile, the cyber insurance market is expanding but becoming more selective, with rising premiums and tighter underwriting. For insurers, managing cyber risk has become both a strategic challenge and a key area for innovation and growth in Italy.

> **"NEW EU REGULATIONS LIKE DORA AND NIS2 ARE RAISING THE BAR FOR CYBER RESILIENCE, PUSHING INSURERS AND CLIENTS TO STRENGTHEN THEIR IT GOVERNANCE AND REPORTING. MEANWHILE, THE CYBER INSURANCE MARKET IS EXPANDING BUT BECOMING MORE SELECTIVE."**
>
> GIORGIO GRASSO, SENIOR PARTNER, BTG LEGAL

NATURAL CATASTROPHES AND CLIMATE RISK

In 2025, natural catastrophes and climate risk are escalating challenges for the Italian insurance market. The country is experiencing more frequent and severe weather events, including floods in Northern Italy, wildfires in central and southern regions, and landslides in mountainous areas. These events are straining underwriting models, increasing claims volatility, and highlighting gaps in insurance coverage—particularly in underinsured rural zones.

The impact of climate change is also triggering regulatory and investor pressure to embed ESG principles into underwriting and asset management. Italian insurers are responding by enhancing catastrophe modelling, adjusting pricing strategies, and promoting prevention through risk mitigation incentives. However, growing losses and the unpredictability of events are prompting a reassessment of risk appetite. With public-private cooperation still limited, insurers are urging stronger national resilience measures and climate adaptation policies to protect both assets and communities.

> **"NAT CATS ARE STRAINING UNDERWRITING MODELS, INCREASING CLAIMS VOLATILITY, AND HIGHLIGHTING GAPS IN INSURANCE COVERAGE, PARTICULARLY IN UNDERINSURED RURAL ZONES."**
>
> OTTAVIA PIZZO, PARTNER, SENIOR PARTNER, BTG LEGAL

BUSINESS INTERRUPTION (INCLUDING SUPPLY CHAIN DISRUPTION)

In 2025, business interruption (BI) – including supply chain disruption – continues to pose a major risk for Italian businesses and insurers. Persistent geopolitical tensions, especially in Eastern Europe and the Middle East, are disrupting global trade routes and delaying imports critical to Italy's manufacturing and automotive sectors.

Domestically, extreme weather events and infrastructure vulnerabilities have added to operational risks. These disruptions result in prolonged downtime, increased operational costs, and complex claims scenarios. Insurers are seeing a rise in BI-related claims, often tied to contingent risks outside the insured's direct control. Meanwhile, inflation is driving up the cost of losses, stretching claims reserves. In response, insurers are refining policy wordings, improving risk assessment tools, and promoting business continuity planning among clients. Demand for tailored BI coverage is growing, particularly among SMEs seeking greater resilience in a volatile economic environment.

> **"DEMAND FOR TAILORED BI COVERAGE IS GROWING, PARTICULARLY AMONG SMES SEEKING GREATER RESILIENCE IN A VOLATILE ECONOMIC ENVIRONMENT."**
>
> ALBERTO BATINI, SENIOR PARTNER, BTG LEGAL

KEY ISSUES:

- Economic uncertainty & geopolitical factors
- Climate change & natural catastrophe impact
- Cybersecurity risks & digital transformation

OCAMPO 1890

MEXICO

The Mexican insurance market demonstrated resilience through 2024, showing significant premium growth driven primarily by the life and motor segments. Total direct written premiums reached over MXN 652 billion by Q3 2024.

Sector growth has been supported by increasing foreign investment, enhancing financial strength and competition. Digitalisation is accelerating, with e-commerce platforms expanding access and improving efficiency. However, challenges persist.

Insurance penetration remains relatively low compared to other Latin American countries and mature markets. The market faces headwinds from global economic uncertainty, potential geopolitical shifts impacting trade, increasing severity of climate-related events, and evolving cyber threats.

Navigating these complexities while fostering sustainable growth and closing protection gaps will define the industry's trajectory in 2025.

Zapotitlan Salinas Botanical Garden, Mexico

REGISTERED FIRMS

Approx

110

VALUE OF PREMIA

MXN 652.634 MILLION

Total direct written premiums as of September 2024

ECONOMIC UNCERTAINTY & GEOPOLITICAL FACTORS

Mexico's insurance sector faces significant headwinds from economic volatility in 2025. Forecasts suggest a potential economic slowdown, which could dampen premium growth after a strong 2024.

Inflation, though moderating, continues to pressure claims costs, particularly in motor and health lines. Furthermore, geopolitical factors, especially potential shifts in US trade policy and regulatory stances, introduce uncertainty for key sectors like manufacturing and transportation, impacting insurance demand and risk profiles.

Changes in investment returns due to fluctuating interest rates add another layer of complexity to insurers' financial stability. Proactive risk management and strategic adaptation are crucial for navigating these interconnected economic and political risks.

"NAVIGATING 2025 REQUIRES VIGILANCE AGAINST ECONOMIC HEADWINDS AND GEOPOLITICAL SHIFTS IMPACTING TRADE, DEMANDING ADAPTABLE RISK STRATEGIES FOR SUSTAINED CLIENT PROTECTION."

ALDO OCAMPO, MANAGING PARTNER, OCAMPO 1890

CLIMATE CHANGE & NATURAL CATASTROPHE IMPACT

The escalating frequency and severity of climate-related events poses a critical risk for Mexico's insurance market. Increased occurrences of hurricanes, floods, droughts, and extreme heat events challenge traditional risk models and will impact P&C lines significantly.

Recent events like Hurricane Otis underscore the vulnerability and potential for massive losses. This trend strains reinsurance capacity, potentially leading to higher premiums and stricter underwriting, particularly for catastrophe-exposed properties. It will be crucial for insurers to address potential underinsurance due to outdated valuations.

Going forward, insurers must invest in enhanced climate risk modelling, promote resilient infrastructure, and explore innovative solutions like parametric insurance to manage volatility and ensure adequate protection against nat cat perils.

"CLIMATE CHANGE IS INTENSIFYING NAT CAT RISKS IN MEXICO: ENHANCED MODELLING AND RESILIENCE STRATEGIES ARE VITAL FOR INSURERS TO MANAGE INCREASING VOLATILITY."

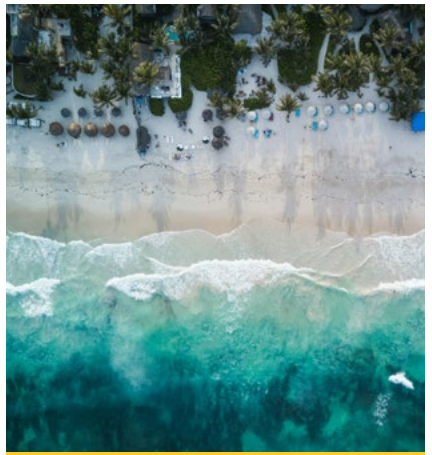
ALDO OCAMPO, MANAGING PARTNER, OCAMPO 1890

CYBERSECURITY RISKS & DIGITAL TRANSFORMATION

As the Mexican insurance sector embraces digital transformation, cybersecurity risks become paramount. The increasing reliance on digital platforms for sales, operations, and client interaction expands the potential attack surface.

Cyberattacks are growing in sophistication, posing threats to sensitive data and operational continuity. The CNSF, Mexico's insurance regulator, is urging insurers to bolster cybersecurity measures and develop specific cyber risk products.

Concurrently, the integration of AI and automation, while offering efficiency gains, introduces new challenges related to ethics, data privacy, and algorithmic bias that require careful management and potential regulatory guidance. Balancing innovation with robust security protocols is essential for maintaining trust and resilience in the digital era.



"DIGITALISATION DEMANDS ROBUST CYBERSECURITY: INSURERS MUST MITIGATE EVOLVING THREATS WHILE HARNESSING TECHNOLOGY RESPONSIBLY TO MAINTAIN CLIENT TRUST AND OPERATIONAL INTEGRITY."

ALDO OCAMPO, MANAGING PARTNER, OCAMPO 1890

KEY ISSUES:

- Climate resilience
- Focus on data analysis to inform and shape the insurance sector
- Market consolidation

REGISTERED FIRMS

127

2025

VALUE OF PREMIA

€91.1 BILLION

2023 per latest financial insurance market report

WIJ ADVOCATEN

NETHERLANDS

The Dutch insurance market in 2025 is characterised by digital transformation, market consolidation, and regulatory challenges. Price competition remains a dominant factor, especially in the saturated non-life insurance market.

Digitalisation continues to impact the sector, forcing insurers to invest in innovation. Technologies like AI and big data are beneficial in the risk assessment process, but pose challenges when it comes to data privacy and solidarity. AI, big data, and mobile technologies are especially leveraged by new entrants to allow them to operate more efficiently than insurers burdened by legacy systems.

Market consolidation, internationalisation and increased compliance demands are placing increased pressure on smaller players.

Insurers continue to face increasing compliance demands due to national and EU legislation, including the Digital Operational Resilience Act (DORA), Corporate Sustainability Reporting Directive (CSRD), Sustainable Finance Disclosure Regulation (SFDR), and Taxonomy Regulation. These regulations require significant investments and add to insurers' reporting and administrative burden.

Deventer, Netherlands

CLIMATE RESILIENCE

The Dutch trade association of non-life and life insurers (Het Verbond van Verzekeraars), representing more than 95 percent of all insurers in the Netherlands, has set out as one of its main goals over the next three years, to have insurers contribute to a future-proof Netherlands, aligning with the Paris climate goals.

Various projects are being rolled out to achieve this goal, including one concerning the role of insurers in cases of flooding caused by the failure of primary water defences. The trade association is also continuing to advocate for public-private and other insurance solutions in this case. Insurers will need to focus on solutions to prevent flooding or to keep risks insurable that otherwise could become uninsurable due to climate change.

> "THE NETHERLANDS HAS A LONG HISTORY OF BATTLING WATER. BUT THE ROLE OF INSURERS IN BATTLING FLOODING RISKS IS FAIRLY NEW AND LIKELY TO GROW."
>
> MARIJKE LOHMAN, PARTNER, WIJ ADVOCATEN

FOCUS ON DATA ANALYSIS TO INFORM AND SHAPE THE INSURANCE SECTOR

For a long time, the insurance sector has been aware that good data is essential to understand its business, operations and developments, as well as its use when participating in political and societal discussions.

The Dutch Data Analytics Centre (DAC) provides participating insurers with relevant and independent figures on a wide range of topics, such as damage caused by extreme weather, the energy transition and insurability. In 2025 and beyond, it is expected that DAC, as well as the insurance sector, will focus more on using data analysis to enhance the societal role of insurers. The insurance sector is looking into the use of its vast amount of data in combination with external data, as well as enhancing the analytical expertise of the sector, which will open the door to experiments with AI, but also pose challenges related to data privacy and solidarity.

> "WE WILL CLOSELY FOLLOW HOW INSURERS UNLOCK THE POTENTIAL OF THEIR DATA IN THE COMING YEARS."
>
> SUZANNE BORDEWIJK, PARTNER, WIJ ADVOCATEN

MARKET CONSOLIDATION

In 2025, the Dutch insurance distribution market is expected to continue its strong trend of consolidation, with no indications of, or reasons for, a slowdown.

In fact, this trend is being driven by several present market factors: there continues to be a strong interest from foreign and private equity parties in acquiring small to medium sized intermediaries; at the same time, there are several incentives at play to make it more difficult for smaller intermediaries to maintain their market position; and it is considered challenging for these businesses to meet the requirements that come from ever-evolving laws, regulations and higher standards from insurers.

These developments will require substantial investments in IT, education, personnel and result in overall higher costs of doing business, making scale an important factor for success.

> "AT THE MOMENT, CONSOLIDATION REMAINS THE NAME OF THE GAME IN THE INSURANCE DISTRIBUTION MARKET WITH NO SIGNS OF A SLOWDOWN."
>
> HARRIËT DELHAAS, PARTNER, WIJ ADVOCATEN

KEY ISSUES:

Legislation update – a new Contracts of Insurance Act and conduct of financial institutions legislation

Directors' liability for breaches of statutes

Natural hazards – insurer innovation and a new statutory insurer

REGISTERED FIRMS

83

VALUE OF PREMIA

$9.502 MILLION

(year end 2023)

DUNCAN COTTERILL NEW ZEALAND

The local insurance market is in a state of review at the moment, as changes to legislation require insurers to re-license in 2025 while also reviewing the wording of insurance policies and the processes followed for entering into insurance contracts and resolving claims.

The market is also continuing to see strong demand for Directors and Officers' Insurance, with increased numbers of prosecutions of directors for breaches of various statutes. Health and safety in particular is experiencing more proceedings targeting multiple entities, including the main business, a key director or officer, and other businesses that have contractual involvement.

New Zealand is located on a belt of volcanic and earthquake activity which has been responsible for many of the country's larger insurance events, including the Canterbury Earthquake sequence in 2010/11 and the Whakaari (White Island) volcanic eruption in 2019. New legislation has updated the scheme providing a primary layer of insurance, while at the same time insurers have been developing new products designed to create faster and more certain payments for insureds.

Lake Tekapo, New Zealand

RISK RADAR REPORT I MAY 2025

LEGISLATION UPDATE – A NEW CONTRACTS OF INSURANCE ACT AND CONDUCT OF FINANCIAL INSTITUTIONS LEGISLATION

Insurance legislation has had a significant update with the enactment of the Contracts of Insurance Act 2024, which consolidates and modernises the rules that had been scattered across a number of pieces of legislation and case law.

Key changes include:

- A consumer insured's duty of disclosure changing from disclosing all material information to taking reasonable care not to make a misrepresentation;
- Updating provisions for third parties to claim directly against the insurer where the insurer is insolvent or dead; and
- The prohibition of unfair contract terms in standard form consumer insurance contracts.

The Financial Markets (Conduct of Institutions) Amendment Act 2022 (known as the CoFI Act) will come into force on 29 June 2025. It applies to certain financial institutions (including insurers) and their intermediaries (including brokers), and introduces a new regulatory regime to enforce a fair conduct principle when providing relevant services to consumers. Most insurers are currently in the process of re-licensing to comply with these requirements.

> **"FAIRNESS TO CONSUMERS WILL BE AT THE FOREFRONT OF ALL INTERACTIONS BETWEEN INSURERS AND CONSUMERS UNDER THE NEW LEGISLATION, HOPEFULLY ENSURING A CLEAR AND COLLABORATIVE APPROACH WHEN CLAIMS ARE MADE."**
>
> AARON SHERRIFF, PARTNER, DUNCAN COTTERILL

DIRECTORS' LIABILITY FOR BREACHES OF STATUTES

Prosecutions of directors or other officers of businesses, under separate charges to those of the companies they represent, has been increasing in recent years in New Zealand. In a recent example, the former CEO of Port of Auckland Ltd (POAL, New Zealand's largest port operator) was found to have failed to exercise due diligence to ensure that POAL complied with its duties and obligations under the Health and Safety at Work Act 2015). The charges followed the tragic death in August 2020 of a stevedore who was struck by a shipping container that fell from a crane.

That decision confirmed that a failure of the company does not automatically equate to a failure of a director or officer. It also said that directors and officers need to be aware of how work is done (rather than how it should be done) and that it is not enough to put policies and procedures in place; there must be effective monitoring to ensure that the procedures are complied with and that they achieve their purposes.

> **"DIRECTORS AND OFFICERS' INSURANCE REMAINS A CRITICAL REQUIREMENT FOR ALL DIRECTORS, AND IT IS VITAL FOR DIRECTORS AND OFFICERS TO MAINTAIN AN ACTIVE ROLE WITHIN THE BUSINESS RATHER THAN RELYING ON OTHERS."**
>
> EDWIN BOSHIER, PARTNER, DUNCAN COTTERILL

NATURAL HAZARDS – INSURER INNOVATION AND A NEW STATUTORY INSURER

The New Zealand Parliament has long recognised the natural hazard risk presented to the country. Following the Canterbury Earthquake sequence in 2010-11, a public enquiry concluded that the existing structure, being that of primary layer cover by the Earthquake Commission (EQC) up to its cap, with private insurance covering losses above the cap, created difficulties where there were multiple claims.

As a result of the Inquiry, the Natural Hazards Insurance Act 2023 was passed. The EQC became the Natural Hazards Commission. The name change reflected that cover was extended beyond earthquakes to landslips, volcanoes, tsunamis, and hydrothermal activity, but not to weather events such as floods and storms. It also raised the amount of primary cover to $300,000 per residential dwelling.

The insurance sector continues to innovate with parametric insurance products to aid earthquake recovery. Parametric earthquake relief insurance pays to an insured a pre-set sum upon the occurrence of a pre-determined level of ground movement. The benefit is that parametric products deliver a speedy payment based on the objectively measurable trigger event, and without the need for the appointment of assessors and loss adjusters (which are in high demand for a large-scale event).

> **"THE CREATION OF THE NATURAL HAZARDS COMMISSION, THE NEW PROTOCOLS FOR EQC/NHC CLAIMS, AND THE INTRODUCTION OF PARAMETRIC PRODUCTS ALL MARK STEPS FORWARD IN HOW NEW ZEALAND MANAGES AND MITIGATES THE IMPACT OF NATURAL HAZARDS."**
>
> ROB COLTMAN, PARTNER, DUNCAN COTTERILL

KEY ISSUES:

- Increase in insurance fraud
- The standardised measurement of occupational injuries is being challenged
- Definition of sudden injury

RIISA & CO

NORWAY

Claims against insurance companies increase in tough times, and in recent years the Norwegian economy has been characterised by high interest rates, high inflation and increased living costs. This has probably given rise to an ever-increasing number of policyholders attempting to defraud insurance companies. An increase in claims has also led to a significant number of insurance cases before the courts and in particular the Supreme Court, which last year handed down no less than 11 decisions relating to various insurance law issues. Among other things, the Supreme Court ruled on what constitutes a sudden injury, which is the entry condition for most insurance cover.

The standardised calculation of occupational injury insurance has been put to the test a number of times, as changes in the capitalisation interest rate have meant that the level of compensation has failed to keep pace with general tort law.

The Norwegian insurance market has otherwise been characterised by increasing competition and higher insurance premiums.

Bergen, Norway

REGISTERED FIRMS

29

VALUE OF PREMIA

NOK 84 BILLION

INCREASE IN INSURANCE FRAUD

Despite extensive efforts from insurance companies in Norway to prevent and reveal fraud, the level of attempted insurance fraud still seems to be continuing to increase. The total cost of insurance fraud in Norway was revealed as almost half a billion NOK in 2024 (approximately €50 million). This number represents only part of the picture, with the number of unrecorded cases of fraud likely to be significant.

It's unclear whether the recent economic challenges in Norway may have contributed to an increase in fraud attempts, but experiencing financial difficulties may have driven some individuals to commit insurance fraud.

> "IN ADDITION TO THE ONGOING WORK TO CHANGE ATTITUDES AMONG CONSUMERS AND ENSURING THAT POLICYHOLDERS PROVIDE CORRECT INFORMATION WHEN TAKING OUT POLICIES, IT IS IMPORTANT THAT THE INSURANCE COMPANIES ENSURE SUFFICIENT THOROUGHNESS IN THE CLAIMS HANDLING PROCESS IN ORDER TO REVEAL ATTEMPTS OF FRAUD."
>
> YNGVE SKOGRAND, PARTNER, ADVOKATFIRMAET RIISA

THE STANDARDISED MEASUREMENT OF OCCUPATIONAL INJURIES IS BEING CHALLENGED

When standardised occupational injury insurance was introduced in 1991, a capitalisation interest rate of 6% was applied. The scheme was based on the insurance industry's safety insurance policies developed in the 1980s.

In the area of general tort law, the capitalisation interest rate is now stipulated in regulations and is currently 2.5%. This means that the level of compensation for occupational injuries lags significantly behind general tort law, and the regulation is now being challenged as it is regarded as outdated.

Over the past 20 years, there have been a number of public inquiries to consider changes, but so far none have been made. An ongoing hearing is expected to be finalised by the end of the year. Meanwhile, the market awaits the Supreme Court's decision on whether or not to set aside the regulation.

The predictability and efficiency that standardisation has brought about is therefore being put to the test, and may involve a dramatic change in the costs of occupational injury insurance.

Of particular note is the fact that insurance companies in Norway, in addition to paying compensation to the injured party, must pay a fee of 120% of the compensation amount to the National Insurance Scheme.

> "CHANGES IN THE CALCULATION OF COMPENSATION FOR OCCUPATIONAL INJURY MAY HAVE SIGNIFICANT IMPACTS ON THE COSTS FOR INSURERS."
>
> YNGVE SKOGRAND, PARTNER, ADVOKATFIRMAET RIISA

DEFINITION OF SUDDEN INJURY

In its decision HR-2024-2040-A, the Supreme Court ruled on what is meant by the concept that an injury must be sudden and unforeseen.

An impeller chamber in a turbine at a power plant collapsed, causing damage totalling NOK 77 million. The power station had an energy insurance policy that covers "sudden and unforeseen physical damage that occurs during the insurance period". The collapse was due to the chamber having become loose and/or rusted over a long period of time as a result of gradual damage. It was not possible to discover this until shortly before the collapse, and it was agreed that the damage was "unforeseen".

Although the collapse itself was sudden and unexpected, the Supreme Court concluded that the injury did not fulfil the condition of sudden physical injury. The collapse was a further development of the gradual injury development that had occurred over many years. It is therefore not correct to single out the final – and short-lived – phase in the course of events as a separate injury event to be judged separately from the earlier injury development.

> "IN ITS DECISION IN THIS CASE, THE SUPREME COURT CONFIRMED THE STRICT REQUIREMENT THAT AN INSURANCE CLAIM MUST OCCUR SUDDENLY."
>
> JOACHIM MIKKELBORG SKJELSBÆK, PARTNER, ADVOKATFIRMAET RIISA

KEY ISSUES:

- New recommendations of the PFSA regarding insurance distribution
- Self-regulation of the bancassurance market
- Firm action by the PFSA against one foreign insurer

WKB LAWYERS

POLAND

The Polish insurance market appears stable. There is a strengthening of the role of the Polish Financial Supervision Authority, which does not hesitate to push solutions in Poland which are pioneering even on an EU scale.

Invariably, one of the key legal challenges for insurers and insurance distributors in Poland is the activity of consumer protection authorities.

One of the key problems is, unfortunately, lengthy court proceedings, often with an uncertain outcome.

Despite these challenges, the Polish market seems to be attracting foreign investors, as we have seen in recent years, in particular with the acquisition of large insurance intermediaries. There is also clear potential for bancassurance cooperation, as evidenced by recent transactions in the market.

We are also seeing activity from start-ups in the insurance market offering cooperation to insurers on new, hitherto niche products, as well as ways to distribute them.

Warsaw, Poland

REGISTERED FIRMS

50

VALUE OF PREMIA

PLN 85.700 MILLION

8% growth year to year

NEW RECOMMENDATIONS OF THE PFSA REGARDING INSURANCE DISTRIBUTION

The PFSA has published draft recommendations for insurers on distribution and has launched a consultation to increase the protection of customers' interests. It sets out to ensure uniform application of the law on distribution by insurers and to eliminate irregularities identified by the PFSA, and also to ensure that insurers are providing products that offer value for money. The draft recommendation sets out the most important issues, from the point of view of the PFSA, related to the conduct of insurance distribution. It also sets out clear rules around offering adequate value for money, in line with recent European regulatory trends that have been promoting its importance.

The project proposes 43 recommendations, divided into 12 themes, some of which are controversial. In particular, the PFSA has stipulated a "30% loss ratio" requirement for all products, in order to confirm that they provide value for money. This requirement had already been set out in Recommendation U for CPI (credit protection insurance) products distributed in the bancassurance channel, but in the draft recommendations it has been extended to other distribution channels and other products, both life and non-life.

> **"THE DRAFT NEW DISTRIBUTION RECOMMENDATIONS DEVELOPED BY THE PFAS WILL HAVE A SIGNIFICANT IMPACT ON THE ACTIVITIES OF INSURANCE COMPANIES IN POLAND, INCLUDING THOSE ESTABLISHED ON A FREEDOM OF SERVICES (FOS) OR FREEDOM OF ESTABLISHMENT (FOE) BASIS."**
>
> JAKUB POKRZYWNIAK, PARTNER, WKB LAWYERS

SELF-REGULATION OF THE BANCASSURANCE MARKET

The insurance and banking self-government bodies (Polish Insurance Association and Polish Bank Association) have developed 2024 Good Practices for Credit or Loan Repayment Insurance (CPI). The good practices are the result of cooperation between the banking and insurance self-regulatory bodies and PFSA, representing the industry's response to the October 2022 EIOPA report, the Thematic Review on Credit Protection Insurance (CPI) sold via banks and the European Supervisory Authority's warning of 30 September 2022. They also complement the revised recommendation on bancassurance adopted by PFSA in June 2023. The good practices consider the areas of CPI product manufacturing and its value for customers, ways to reach customers, quality of distribution, acting in the interest of customers, supervision and monitoring of the CPI product distributor.

The production of this document is seen as evidence of the insurance and banking market's capacity for self-regulation. In its absence, arguably the issues covered by the good practices would have been regulated by the supervisory authority. Perhaps this is the start of a new, positive trend for market participants.

> **"THE DEVELOPING BANCASSURANCE MARKET IN POLAND HAS RESPONDED TO THESE CHALLENGES BY SELF-REGULATING, AVOIDING INTERVENTION FROM SUPERVISORY AUTHORITIES. THERE IS NOT A LONG HISTORY OF DEALING WITH REGULATORY CHALLENGES IN THIS WAY IN POLAND, BUT IT MAY BE A GOOD OMEN FOR THE FUTURE."**
>
> JAKUB POKRZYWNIAK, PARTNER, WKB LAWYERS

FIRM ACTION BY THE PFSA AGAINST ONE FOREIGN INSURER

PFSA issued a decision on 16 April 2025 prohibiting Insurance JSC "DallBogg: Life and Health", with its registered office in Sofia, from conducting insurance activity in group 10 non-life insurance in Poland - with respect to the conclusion of motor third party liability insurance.

The official reason for the decision was the mismatch between the organisational structure of DallBogg and the scale of its operations in Poland. As a result of the maladjustment, there were numerous irregularities alleged by this insurer in the process of settling claims from motor third party liability insurance contracts.

The decision was given the order of immediate enforceability, but DallBogg may yet file an appeal complaint with the administrative court. Regardless of any appeals and the outcome of the court proceedings, the insurer has already effectively been eliminated from the Polish market.

This is the first such decision issued by a Polish supervisory authority. It may herald a tightening of supervisory practice towards foreign insurers whose resources in Poland do not allow them to conduct insurance business in accordance with Polish law, supervisory expectations, and consumer protection standards.

> **"THE DECISION TO BAN DALLBOGG FROM CONDUCTING INSURANCE BUSINESS IN POLAND MAY HERALD A TIGHTENING OF SUPERVISORY PRACTICE AGAINST FOREIGN INSURERS ACCUSED OF FAILING TO COMPLY WITH POLISH STANDARDS."**
>
> MAREK PRĘTKI, MANAGING ASSOCIATE, WKB LAWYERS

KEY ISSUES:

- Procedural efficiency law
- Claims for natural disasters
- Cyber

B&A BLANCO Y ASOCIADOS ABOGADOS

SPAIN

The insurance market in Spain in 2025 continues to show consistent growth, growing by 1.5% since 2023, a trend driven mainly by increased demand for multi-risk, health and vehicle insurance. Digitalisation, AI and the adoption of advanced technologies are transforming the sector, enhancing operational efficiency and personalising offers to better meet customer needs. Additionally, growing awareness of the importance of financial and health protection has contributed to market expansion.

However, the industry faces challenges from economic uncertainty, increasing policy costs, and heightened competition. Insurers are under pressure to balance profitability with affordability, adapting their strategies to appeal to a broader customer base while retaining existing clients. Regulatory changes and the shift towards more sustainable and socially responsible practices are also influencing the market. In this evolving context, innovation, flexibility, and a strong digital presence are essential for maintaining relevance and ensuring continued growth.

Bilbao, Spain

REGISTERED FIRMS

269

VALUE OF PREMIA

€75.161 MILLION

PROCEDURAL EFFICIENCY LAW

In April 2025, a new law on the efficiency of the Public Justice Service came into force in Spain. This law aims to subject any legal dispute headed for judicial proceedings to a prior negotiation process through any of the legally permitted methods (mediation, conciliation, etc.).

While it is true that the law seeks to unclog the courts and tribunals (more than 91,000 cases are managed in Spain each year), we do not believe it will have much impact on insurance litigation, since if an insurance company rejects a claim based on the contractual wording of the policy, negotiation is impossible. Nor do we expect it to affect the procedure regulated in Article 38 of the Insurance Contract Law regarding expert valuation, since the mechanism established by law in the event of a discrepancy between the valuation of the insurer's expert and that of the insured is the appointment of a third expert, leaving negotiation as a marginal aspect.

> **"THE PROCEDURAL EFFICIENCY LAW WILL HAVE A VERY LIMITED IMPACT ON INSURANCE LITIGATION."**
>
> FERNANDO BLANCO GAMELLA, PARTNER, BLANCO Y ASOCIADOS

CLAIMS FOR NATURAL DISASTERS

In 2025, natural catastrophe claims remain a major concern for insurers in Spain. With climate change increasing the frequency of extreme events such as floods, severe storms and intense heatwaves, insurers face rising costs and complexities in managing these claims. For example, DANA (Depresión Aislada en Niveles Altos - Isolated High-Level Depression) storms in recent years have caused widespread flooding resulting in massive property damage and an increase in claims. The Insurance Compensation Consortium, which manages claims for catastrophic events, has played a decisive role in covering these losses, compensating policyholders for damage caused by events such as DANA storms.

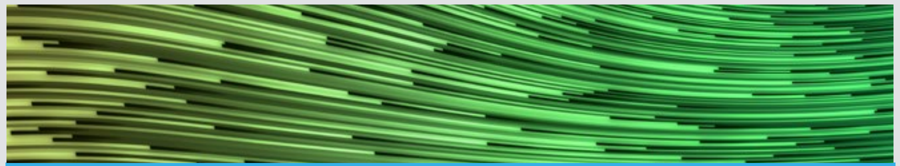
However, these events place significant pressure on insurers, as the volume of claims often exceeds expectations. Insurers must adjust their policies to cover these growing risks (the Consortium's coverage is subsidiary to that of the insurers and only for specific cases), while balancing affordability and profitability. The need for fast and efficient claims management becomes even more crucial as the devastation caused by these catastrophes demands rapid assistance to affected individuals and businesses.

> **"THE INSURANCE COMPENSATION CONSORTIUM HAS BEEN PLAYING A LEADING ROLE IN RECENT YEARS IN THE COVERING OF LOSSES FROM NATURAL CATASTROPHE CLAIMS."**
>
> FERNANDO BLANCO GIRALDO, MANAGING PARTNER, BLANCO Y ASOCIADOS

CYBER

Cybersecurity has become one of the main concerns of the insurance sector in Spain. With the rise of cyberattacks such as ransomware and data breaches, insurers are facing an increase in claims related to these risks. As companies realise the importance of protecting sensitive data, demand for specialised cyber insurance policies has grown. These policies typically cover the costs of data breaches, legal fees and data recovery.

However, the rapid evolution of cyber threats poses challenges for insurers. As new attack methods emerge, policies must be continually updated, making underwriting more complex. In addition, insurers must ensure that premiums remain affordable despite the growing number of cyber incidents. The increasing frequency and severity of these attacks is also forcing insurers to invest in more stringent cybersecurity measures to protect their own data and systems from potential breaches. This ongoing challenge will require a balance between risk management and cost-effective solutions.



> **"CYBERSECURITY IS NO LONGER OPTIONAL: IT'S ESSENTIAL FOR SAFEGUARDING BUSINESSES AND PROTECTING SENSITIVE DATA FROM INCREASING THREATS."**
>
> ADRIAN MARTÍNEZ DE VELASCO, PARTNER, BLANCO Y ASOCIADOS

KEY ISSUES:

- PFAS
- Technological disruption and cyber risks
- Tighter regulation and compliance requirements

GBF ATTORNEYS-AT-LAW LTD

SWITZERLAND

The Swiss insurance market remains one of the most mature and stable globally, supported by a robust regulatory framework and a highly developed financial sector. With key players such as Zurich Insurance, Swiss Re, and Swiss Life, the market is characterised by strong capitalisation, advanced risk management practices, and high levels of consumer trust.

In 2025, the industry is navigating a period of accelerated transformation and heightened regulatory scrutiny. Environmental liability exposures, particularly related to PFAS chemicals, are prompting insurers to reassess underwriting practices and legacy policies. At the same time, digital disruption is reshaping the competitive landscape, with insurtech entrants challenging established models and cyber resilience becoming a board-level priority.

Meanwhile, the Swiss Financial Market Supervisory Authority (FINMA) is implementing new regulatory measures, including stricter liquidity standards and enhanced ESG disclosure obligations. These developments are driving insurers to adapt swiftly, balancing innovation, compliance, and financial resilience in a dynamic operating environment.

Basel, Switzerland

REGISTERED FIRMS

196

VALUE OF PREMIA

CHF140 BILLION

PFAS

The Swiss insurance market faces significant risks from PFAS ("forever chemicals"), driven by tightening regulations and rising liability exposures. New Swiss regulations, aligned with EU standards, will impose stricter limits on PFAS in drinking water (by 2026) and require remediation of contaminated sites such as firefighting foam training areas.

Insurers may face escalating claims for environmental clean-up costs, third-party liabilities and litigation, particularly in sectors such as manufacturing, chemicals and firefighting. Legacy policies without PFAS-specific exclusions could expose insurers to long-tail liabilities as historical contamination claims emerge.

In addition, the EU's proposed general PFAS restriction could disrupt supply chains, increasing business interruption risks. With over 10,000 high-risk PFAS sites identified in Europe, Swiss insurers will need to recalibrate their risk models and reserves to reflect this ongoing threat.

> **"INSURERS SHOULD MONITOR PFAS RISKS DUE TO RISING LITIGATION, REGULATORY TIGHTENING, AND INCREASING EXCLUSIONS, WHICH COULD SIGNIFICANTLY IMPACT LIABILITY EXPOSURES."**
>
> DOMINIK SKROBALA, PARTNER, GBF ATTORNEYS-AT-LAW

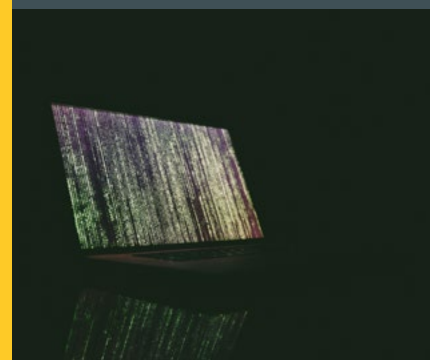
TECHNOLOGICAL DISRUPTION AND CYBER RISKS

The Swiss insurance industry is undergoing rapid digital transformation. Insurtech startups are entering the market with innovative, AI-driven pricing models and fully digital customer platforms, challenging traditional players. In response, established insurers such as Zurich and Swiss Life are accelerating the modernisation of their IT infrastructure to remain competitive and improve operational efficiency.

At the same time, cybersecurity has become a critical focus. Swiss insurers are projected to invest around CHF 1.2 billion by 2025 in AI-powered defence mechanisms and blockchain-based solutions to protect sensitive data and ensure regulatory compliance.

However, the threat of cyberattacks – particularly on critical infrastructure – is rising. Such incidents could lead to severe financial losses and long-term reputational damage. The evolving landscape requires insurers to balance innovation with robust cyber resilience strategies to safeguard trust and business continuity.

> **"INSURERS MUST CLOSELY MONITOR DIGITAL TRANSFORMATION, AS AI-DRIVEN ENTRANTS AND RISING CYBER THREATS DEMAND ROBUST INNOVATION AND CYBER RESILIENCE STRATEGIES."**
>
> DOMINIK SKROBALA, PARTNER, GBF ATTORNEYS-AT-LAW



TIGHTER REGULATION AND COMPLIANCE REQUIREMENTS

In 2025, FINMA is introducing stricter liquidity management standards through Circular 2025/03 "Liquidity – Insurers". Insurers must maintain detailed liquidity reserves, enhance risk control systems, and submit annual reports, with the first due by April 2026.

These measures aim to strengthen financial resilience across the sector. Simultaneously, reporting requirements on climate-related risks, aligned with the Taskforce on Climate-Related Financial Disclosures (TCFD) framework, and on cyber resilience are becoming more demanding. Smaller insurers may face challenges in meeting these expectations due to limited resources. In parallel, adjustments to Solvency II and the adoption of International Association of Insurance Supervisors (IAIS) guidelines reflect broader efforts toward international regulatory alignment. These developments are designed to support market stability and preserve access to the EU insurance market.

As regulation becomes more complex, insurers must adapt rapidly to remain compliant and competitive in an evolving supervisory environment.

> **"INSURERS MUST CLOSELY OBSERVE FINMA'S NEW LIQUIDITY AND CLIMATE RULES, AS STRICTER STANDARDS WILL REQUIRE RAPID ADAPTATION TO ENSURE COMPLIANCE AND COMPETITIVENESS."**
>
> DOMINIK SKROBALA, PARTNER, GBF ATTORNEYS-AT-LAW

KEY ISSUES:

- War risks insurance
- Adaptation to new regulations
- Artificial intelligence

SAYENKO KHARENKO

UKRAINE

2024 marked a turning point for Ukraine's insurance market. After years of anticipation, the new Law of Ukraine "On Insurance" finally came into force, setting a new regulatory framework and testing the adaptability of market players. Despite this tighter oversight, continued wartime uncertainty, and rising inflation, the sector proved resilient. Gross insurance premiums surpassed €1,2 billion (the highest figure in the last five years in hryvnia equivalent). Nevertheless, taking inflation into account, this is still €317 million below the pre-war level.

Alongside regulatory reform, 2024 marked a clear shift towards greater market concentration. The total number of insurers fell by 36 companies to 66, with the five largest non-life insurers increasing their market share from 39% to 42%. The top 10 now control 71% of the total premium volume, a trend that looks set to continue.

In 2025, insurers are navigating a new reality shaped by economic instability, the rapid development of information technology, and the need to align with an evolving regulatory environment.

REGISTERED FIRMS

66

VALUE OF PREMIA

€1.078 BILLION
Non-life

€130.2 MILLION
Life

Pecherskyi District, Kyiv, Ukraine

WAR RISKS INSURANCE

War risk insurance has been a critical yet underdeveloped segment of Ukraine's insurance market since the onset of Russian aggression in 2014. Despite ongoing hostilities, the market offered only limited domestic solutions, while international reinsurers remained largely excluded.

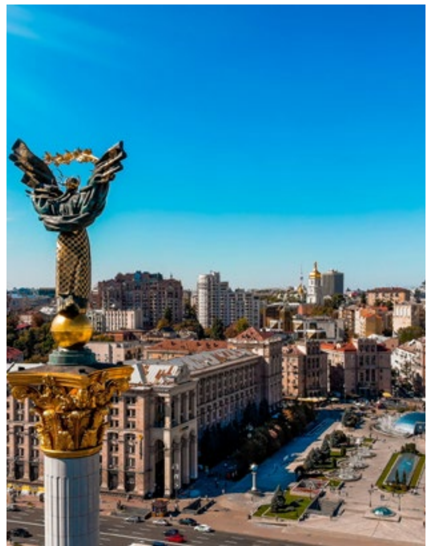
By late 2024, the landscape began to shift. The Ukrainian Parliament registered a draft law to establish a national war risk insurance system, aiming to unify existing efforts and facilitate the future engagement of international reinsurers. Furthermore, the European Bank for Reconstruction and Development and Aon launched the €110 million Ukraine Recovery Guarantee Facility, providing reinsurance support to both international reinsurers and Ukrainian insurance companies. Soon after, McGill and Partners, in collaboration with ARX, introduced the Ukraine War Risk Insurance Facility offering up to $50 million in coverage per risk.

> "GIVEN RECENT INITIATIVES, 2025 IS EXPECTED TO BRING AT LEAST SOME IMPROVEMENTS TO THE WAR RISKS INSURANCE MARKET LOCALLY. THE ESTABLISHMENT OF A CONSOLIDATED SYSTEM SHALL DEFINITELY HELP."
>
> OLGA VOROZHBYT, PARTNER, SAYENKO KHARENKO

ADAPTATION TO NEW REGULATIONS

Although the main wave of reforms took place in 2024, 2025 marks a phase of adaptation and the trend towards tighter regulatory oversight is expected to continue. An entirely new legislation has established stricter requirements for transparency, solvency and capital assessment of insurers. 2025 will continue to bring new rules governing corporate management, risk assessment and motor vehicle insurance.

Insurers are expected to adapt to this new regulatory environment, develop internal models for solvency evaluation, and reassess their growth strategies. Some market players have already exited voluntarily or were removed by the regulator. Those unable to comply with the new standards will likely follow suit - either leaving the market or consolidating with other players.



> "ALONGSIDE THE CONTINUED WAR, NEW LEGISLATION POSES ANOTHER MAJOR CHALLENGE FOR INSURERS. STRICTER REGULATIONS ARE LIKELY TO ACCELERATE MARKET CONCENTRATION RESHAPING THE INDUSTRY LANDSCAPE."
>
> OLGA VOROZHBYT, PARTNER, SAYENKO KHARENKO

ARTIFICIAL INTELLIGENCE

In 2025, the insurance industry is undergoing a significant transformation driven by artificial intelligence (AI) and other digital innovations. According to McKinsey, advanced AI technologies could reach $1.1 trillion in annual value for the global insurance industry.

A Roots survey of insurance executives revealed that nearly 90% view AI as a key strategic priority by 2025. Of those, 82% consider it a corporate initiative aimed at boosting both financial performance and operational efficiency. Ukraine's insurance market is actively joining this shift.

By leveraging big data, insurers can uncover valuable patterns and emerging trends within massive datasets. This enables more accurate risk evaluation, improves pricing strategies and enhances customer interaction.

> "TODAY, AI IS THE LEADING TREND IN THE SERVICES MARKET. NEVERTHELESS, ITS IMPLEMENTATION MUST INCLUDE CLEAR PROTOCOLS FOR MITIGATING BIAS AND PREVENTING DATA LEAKS."
>
> OLGA VOROZHBYT, PARTNER, SAYENKO KHARENKO

KEY ISSUES:

- Political and economic issues
- Increased regulation
- The growing role of Managing General Agents (MGAs)

BEALE & CO

UNITED KINGDOM

The UK insurance market is one of the largest internationally with London remaining a key hub for international insurance and reinsurance. Over the last eight years, the market has grown 65.4%.

2024 saw a significant softening of the market in most classes of insurance despite the perception that claims are increasing in size. There is concern that it could be returning to unsustainable loss-making days that led to the capacity restrictions in 2018. New start-up MGAs are also driving down prices, with some now bigger than established insurers, and traditional capacity providers are reducing their appetite in non-performing classes. Nevertheless, certain classes of business such as cyber, W&I and D&O continue to grow at pace.

The Labour Government has identified the insurance industry as one of five "priority growth opportunities" for the government, including supporting a captive insurance consultation to explore a new approach to regulation in order to bring insurance captives back onshore. The UK's new Consumer Duty and threats from the FCA to take appropriate action against insurance companies and key senior individuals are also putting a heavier burden on the insurance market to ensure better outcomes for clients.

Manchester, England

REGISTERED FIRMS

402

VALUE OF PREMIA

€366 BILLION

POLITICAL AND ECONOMIC ISSUES

With heightened geopolitical volatility and an economic downturn, there is a risk that businesses suffer losses and operational disruption during this period of uncertainty. This is exacerbated by the recent push in the USA towards deglobalisation and protectionism. This may give the UK an opportunity to rebuild bridges with Europe and elsewhere, and the Labour government is openly prioritising support for the insurance industry.

Stagnant growth and higher than planned inflation continue to stoke fears of recession, and are contributing towards insolvency rates in England and Wales at the second highest level since 2009 (at 23,872 insolvencies). Insolvency has always been a driver of professional indemnity & directors' and officers' (D&O) insurance claims, and these are now on the rise. Insolvency related D&O claims are being fuelled by the examination of director conduct and the adequacy of corporate governance and risk management in the leadup to the insolvency. Recent corporate scandals following high-profile insolvencies (such as BHS and Carillion) have led to well publicised UK Parliamentary committee inquiries.

> "POLITICAL AND ECONOMIC UNCERTAINTY IS USUALLY THE BACKDROP TO A HARD MARKET, BUT CLAIMS RATIOS IN THE COVID YEARS WERE FAR MORE FAVOURABLE TO INSURERS THAN ORIGINALLY PREDICTED. THIS HAS CONTRIBUTED TO AN UNUSUALLY SOFT MARKET, DESPITE THE FREQUENCY AND SEVERITY OF CLAIMS NOW INCREASING."
>
> ROSS BAKER, FINANCIAL & SPECIALTY RISKS PARTNER, BEALE & CO

INCREASED REGULATION

There is an increasing emphasis on holding corporations and their directors responsible for a multitude of factors and failures – a pervasive theme in recent times and becoming more so in an environment of increasing regulation in the UK. This is especially the case where there has been consent, connivance or neglect by those responsible.

The Economic Crime and Corporate Transparency Act 2023 is the Government's latest effort to legislatively combat economic crime in the UK. The Act introduces, among other things, a new strict-liability corporate criminal offence of "failure to prevent fraud", which seeks to hold organisations to account when they profit from fraud offences committed by their "associates". This Act has extra-jurisdictional reach with a low threshold required for a UK nexus.

The insurance market generally is feeling the pressure from the Financial Conduct Authority (FCA) requiring adherence to the Consumer Duty, with the FCA noting that many insurers and brokers are not consistently ensuring "good outcomes" for their clients and continues to warn of regulatory action where appropriate. Technology, and particularly the use of AI, is being increasingly regulated, with the introduction of the EU's AI Act and Digital Operational Resilience Act (DORA). Although this is EU legislation, DORA applies to UK-based entities which undertake any of the broad range of financial market activities captured by the Act within the EU. The good news is there is much overlap with the UK regulatory system. In addition, the UK is using DORA as an example to manage cyber risk and regulation with a new Cyber Security and Resilience Bill being proposed to Parliament.

> "UK REGULATORS ARE MAKING IT MUCH HARDER FOR INDIVIDUALS TO HIDE BEHIND THE CORPORATE VEIL. UTILISING THE SPECTRE OF UNLIMITED FINES AND DEFERRED PROSECUTION AGREEMENTS TO SCARE CORPORATIONS INTO ROOTING OUT RECKLESS OR FRAUDULENT INDIVIDUALS."
>
> ROSS BAKER, FINANCIAL & SPECIALTY RISKS PARTNER, BEALE & CO

THE GROWING ROLE OF MANAGING GENERAL AGENTS (MGAS)

New start-up MGAs are driving down prices to buy market share, but the more traditional capacity providers have largely stood firm on pricing or reduced their appetite across non-performing classes, preferring to wait for the current instability to pass. Some insurers prefer to provide capacity to the more profitable MGAs.

Insurers are now clearly auditing the performance of the MGAs to whom they have provided capacity and are finding many instances where the MGA has bound the insurer to risks that fall outside of their delegated underwriting authority. Inevitably, if an insurer receives a claim for a risk the MGA has bound it to beyond the MGA's authority, there will be a dispute.

> "MGAS HAVE ENJOYED A RENAISSANCE IN THE POST-COVID MARKET GIVEN THEIR LOWER COST-BASE AND ABILITY TO LEVERAGE NICHE EXPERTISE TO OFFER INNOVATIVE PRODUCTS AND PRICING. UK INSURERS CONTINUE TO OFFER CAPACITY TO MGAS, CREATING INTERNAL COMPETITION."
>
> ROSS BAKER, FINANCIAL & SPECIALTY RISKS PARTNER, BEALE & CO

KEY ISSUES:

- Climate change
- Rising costs and regulatory concern in the healthcare industry
- Cybersecurity

FORAN GLENNON

UNITED STATES

In 2025, the U.S. market faces several pressing challenges that demand close attention from industry stakeholders.

Chief among them is the impact of climate change, which continues to drive up the frequency and severity of natural disasters, straining property and casualty insurers and prompting reevaluation of risk models and coverage availability in high-risk areas.

Rising medical costs and ongoing regulatory shifts pose persistent challenges in the health insurance sector, especially amid uncertainty around government programs and pricing transparency mandates.

Cybersecurity threats are also escalating, not only as a coverage area but as a direct operational risk, exposing insurers to data breaches and compliance liabilities.

As the industry continues to adapt to shifting economic conditions and evolving regulatory frameworks, inflation and volatile interest rates are pressuring investment returns and loss reserves, particularly for long-tail and legacy lines. Insurance-centric tech innovation is introducing novel policy structures and digital claims processes, raising questions around contract interpretation, liability, and consumer protection. Regulatory scrutiny continues at state and federal levels, particularly with data privacy and fair claims handling.

Washington, United States

REGISTERED FIRMS

5,978

VALUE OF PREMIA

$1.54 TRILLION

RISK RADAR REPORT | MAY 2025

CYBERSECURITY

Cybersecurity threats pose a significant challenge to the U.S. insurance market, affecting both insurers' internal operations and the coverage they provide. Insurers and their stakeholders are increasingly targeted by cyberattacks due to the sensitive personal and financial data they manage, leading to potential data breaches, regulatory fines, and reputational harm.

These risks require significant investment in cybersecurity infrastructure and incident response planning. Additionally, the demand for cyber insurance products is rising across all industries, pushing insurers to develop more sophisticated underwriting models in a rapidly evolving threat landscape.

Pricing cyber risk remains difficult due to limited historical data and the unpredictable nature of large-scale events. Regulatory involvement surrounding policy standardization and cybersecurity accountability continues to escalate, adding to complexity of the cyber market.

> **"CYBERSECURITY RISKS WARRANT CONTINUED CONCERN IN THE U.S. MARKET AS THE TARGETS AND SCOPE OF CYBERATTACKS EVOLVE. WHILE THERE IS INCREASED RISK, WITH THE DEMAND FOR NEW PRODUCTS RISING ACROSS THE INDUSTRY, THERE IS ALSO INCREASED OPPORTUNITY."**
>
> SEAN RAVENEL, SHAREHOLDER AT FORAN GLENNON

CLIMATE CHANGE

Climate change continues to be a challenge due to greater frequency and severity of natural disasters. These events have led to increased losses resulting in reduced availability and affordability of coverage in high-risk regions.

Insurers are being forced to reassess underwriting practices, raise premiums, or withdraw from certain markets entirely. Traditional risk models are becoming less reliable as historical data no longer accurately predicts future losses.

Moreover, insurers face growing regulatory and investor pressure to assess and disclose climate-related financial risks. As litigation related to climate change and environmental liability expands, legal exposure is also increasing.

> **"CLIMATE CHANGE CONTINUES TO RESHAPE THE U.S. INSURANCE MARKET, FORCING A FUNDAMENTAL RETHINKING OF COVERAGE, PRICING, AND LEGAL RISK."**
>
> HELEN FRANZESE, SHAREHOLDER AND PRESIDENT AT FORAN GLENNON

RISING COSTS AND REGULATORY CONCERN IN THE HEALTHCARE INDUSTRY

Escalating expenses for hospital services, pharmaceuticals, and advanced treatments continue to outpace inflation, putting pressure on insurers to raise premiums, adjust benefits, and exit unprofitable markets. At the same time, regulatory changes at both federal and state levels—such as price transparency mandates, expanded mental health parity requirements, and shifting Medicaid policies—require constant legal and administrative evolution. Insurers must navigate complex compliance burdens while maintaining competitive offerings and controlling medical loss ratios.

Unfortunately, increased scrutiny over network adequacy and claims denials has led to heightened legal exposure and reputational risks. These dynamics are demanding more sophisticated data management, legal oversight, and risk-adjusted pricing strategies to ensure long-term viability and consumer trust.

> **"RISING HEALTHCARE COSTS AND EVOLVING REGULATIONS ARE FORCING INSURERS TO BALANCE COMPLEX COMPLIANCE, PRICING, AND LEGAL RISK TO REMAIN COMPETITIVES."**
>
> MATTHEW REDDY, SHAREHOLDER AT FORAN GLENNON

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