



X⁺ Insurance

An overview of issues facing the Casualty market

Robert Beesley , General Liability Insurance Conference, Robinson College, Cambridge,
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Today's agenda

■ **The current Casualty environment**

- Legal developments and case law affecting liability insurance
- 2022 General damages inflation
- Geopolitical environment - supply chains and sanctions
- Emerging risks

■ **Changes to regulation and funding**

- Litigation funding
- AI regulation

■ **Risk and pricing models**

■ **Training and the importance of talent in the market**

This presentation does not constitute legal advice, and any views expressed are those of the speaker

Legal developments and case law during the last 12 months

- Manchester Ship Canal Ltd (Appellant) v United Utilities Water Ltd (Respondent) No 2
- University of Exeter v. Allianz Insurance Plc (2023) (causation case – unexploded WWII bomb)
- Brian Leighton (Garages) Ltd (appellant) v. Allianz Insurance Plc (respondent) (another causation case) A property Material Damage case but with potential considerations on proximate cause and pollution cover.
- Scotbeef Ltd v. D&S Storage & Lonham Group Ltd (2024) (in relation to the supply of defective meat – an Insurance Act 2015 case)

2022 General damages inflation

- 2022 General damages inflation according to the Judicial College Guidelines 6.45%
- The Discount Rate and it's likely effect on claims
- Lord Chancellor Shabana Mahmood has commenced review
- Last review took place in July 2019

Geopolitical environment

- Risks can be interconnected such as geopolitical tensions which can cause supply chain issues and increase the risk of cyberattacks or economic and political risks fueling social tensions
- We are seeing a rise in geopolitical tensions globally
- Impact of these tensions on global supply chains and sanctions

Emerging Risks

- Emerging Risks are risks which may newly develop or which already exist and are continuously evolving. They are characterised by a high degree of uncertainty in terms of impacts and likelihood and have a substantial potential impact on Insurance business lines, investment or operations
- Emerging risks may arise and evolve quickly but they may never happen at all which is why it's important to try and anticipate risks early in their emergence and prepare for them
- We will be reviewing some of these risks in more detail during the conference. Some examples of emerging risks include E-Cigarettes and AI

Changes to regulation and funding

Litigation Funding

- A bill has been introduced to parliament – we are unclear what this will be yet but the regulators will be reviewing the practices which at the moment are unregulated.
- Why is this topic relevant?
- The Civil Justice Council is currently reviewing and views are very mixed
- The reservations: the level of costs and share of awards received by litigation funding and how this might impact claims inflation

Changes to regulation and funding

EU AI Act

- EU AI Act: first regulation on artificial intelligence came into force on 1 August 2024, with enforcement of the majority of its provisions coming in August 2026
- Many USA states are giving consumers the option to opt out of underwriting decisions using AI
- What are the advantages?
- And the reservations?
- Q: What do we want from AI - we have a choice?

Risk and pricing models

- Risk and pricing modelling – how does this work?
- Desire to continue to invest in pricing to further enhance the underwriting process
- Well established in epidemiology but what are the challenges of using it for Casualty Insurance?

Training and the importance of talent in the market

- Online or in-person? Where is the balance?
- The University Model
- Liability Underwriters' Group and how we support upcoming talent



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