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Emerging Risks and trends in insurance

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Risks landscape for insurers

Structural risks

Across all business areas	Declining consumer trust in institutions, including insurers
Excess mortality variance: uncertainty for L&H claims and reserves	
Digital technology: mostly a liability insurance story	
Social inflation risks could expand liability claims	
Aging populations: mortality protection products at risk	

Emerging risks (short-term)

Extreme heat: the insurance fallout	
How deepfakes, disinformation and AI amplify insurance fraud	
How hot temperatures fuel fungi growth and insurance losses	
New technology in health services: EHRs and AI	
New risks from drone technology	

Emerging risks (long-term)

Plastics: a new wave of litigation?	
Emerging workforce and skill set shortages challenge insurers	
Ultra-processed foods – health and liability risks	

High risk Medium risk Low risk



Property lines



Specialty lines



Automotive



Life & Health



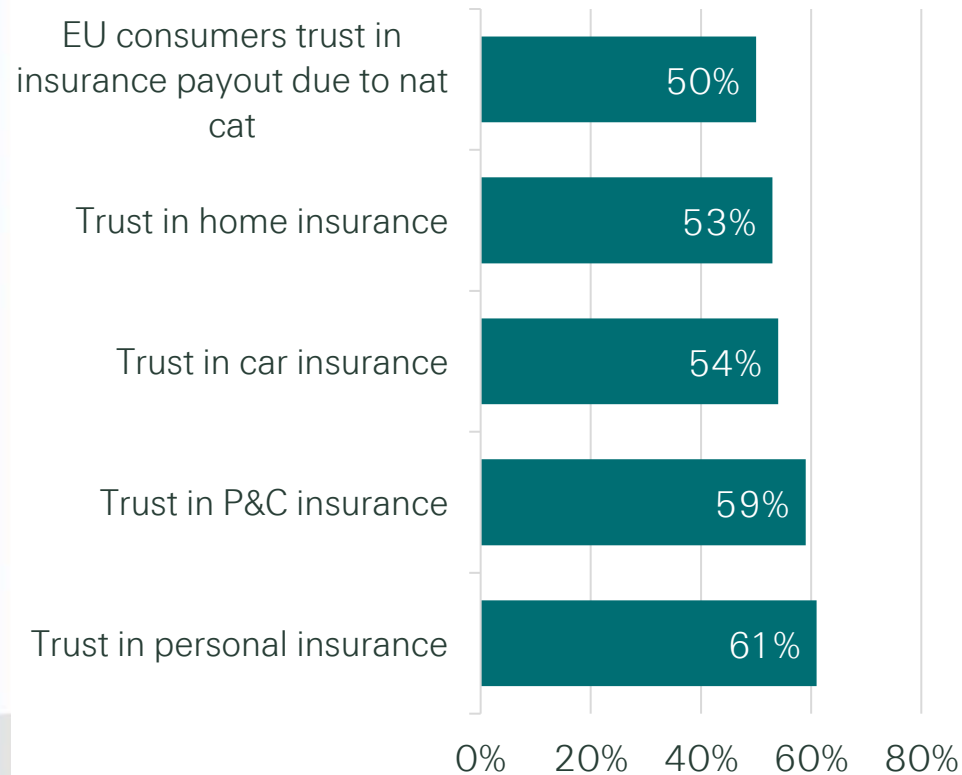
Financial markets incl. insurers' assets



Operations incl. regulatory changes

Declining consumer trust

Low levels of trust in institutions



- Lack of consumer trust weakens the value proposition of the insurance product at its core.
- Clients may seek to **change providers or not buy insurance at all** for certain risks.
- The insurance sector has not been immune from grievance-driven trust deficit.
- Survey by the European Insurance and Occupational Pensions Authority (EIOPA) last year found that only **50%** of consumers trust that insurers would pay out on claims for losses resulting from natural catastrophes.
- Erosion of trust can **reduce resilience against reputational risks**

Source: Swiss Re Institute, based on data from [Edelman Trust Barometer](#), [EIOPA](#), [Insurity AI in Insurance](#), [Fairer Finance Trust in Insurance Index](#).

Take a guess

What % of increase in liability claims in the US cannot be attributed to economic inflation?

- 10-20%
- 30-40%
- 50-60%
- 89-90%



Social inflation risks

Future drivers of social inflation across select countries

	US	Australia	UK	Canada	Netherlands	France	Germany	Japan
Claims penetration	H	M	H	M	L	M	M	L
Income inequality	H	M	M	M	L	M	M	M
Third-party litigation funding	H	H	H	M	H	M	M	L
Contingency fees	H	M	M	H	L	L	L	L
Collective redress	H	H	H	H	H	M	M	L
Case law	H	H	H	H	L	L	L	L
Jury based	H	L	L	L	L	L	L	L

High risk

Medium risk

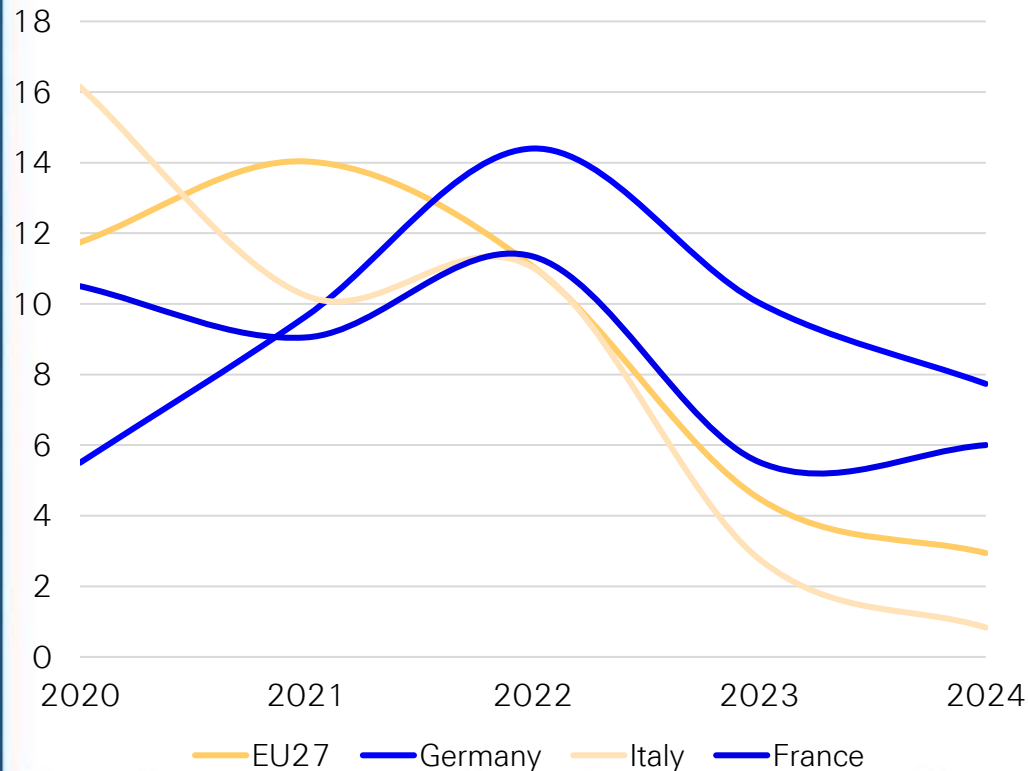
Low risk

Source: Swiss Re Institute.

- Social inflation in the US is here to stay, as **all driving factors are expected to continue unabated.**
- **Rising trend in nuclear verdicts:** Since 2020, the median verdict value has more than doubled (from USD 21.5 to 51 million).
- **Product liability cases will likely be in the spotlight:** Health and wellness products and "forever chemicals" or PFAS are growing areas of litigation.
- We see **potential for rising social inflation pressures in Europe** due to expansion of liability via legislation.

Excess mortality claims

Tracking excess mortality in Europe over the years



Dispersion of factors driving excess mortality across countries, age-standardized death rates (per 100 K population, 2022)

Country	Road accidents	Cardio-vascular disease	Drug overuse	Violence	Suicide
Australia	4.0	69.2	5.0	0.9	11.9
France	2.7	61.4	1.1	0.7	11.5
Germany	2.6	118.5	1.5	0.4	8.4
Italy	3.3	94.6	0.6	0.3	4.3
Japan	1.6	65.1	0.2	0.2	14.4
U.K.	1.7	90.8	7.4	0.3	8.1
U.S.	11.7	133.0	25.3	8.0	13.6
Median, all countries	4.6	121.7	0.5	1.1	8.3
High mortality risk Medium mortality risk Low mortality risk					

Source: [Eurostat \(left\)](#), WHO Mortality Database Portal, WHO Global Health Observatory, Swiss Re Institute (right).
 Note: Table on the right shows age-standardized death rates (per 100 000 population) for various causes; reference year 2022.

Take a guess

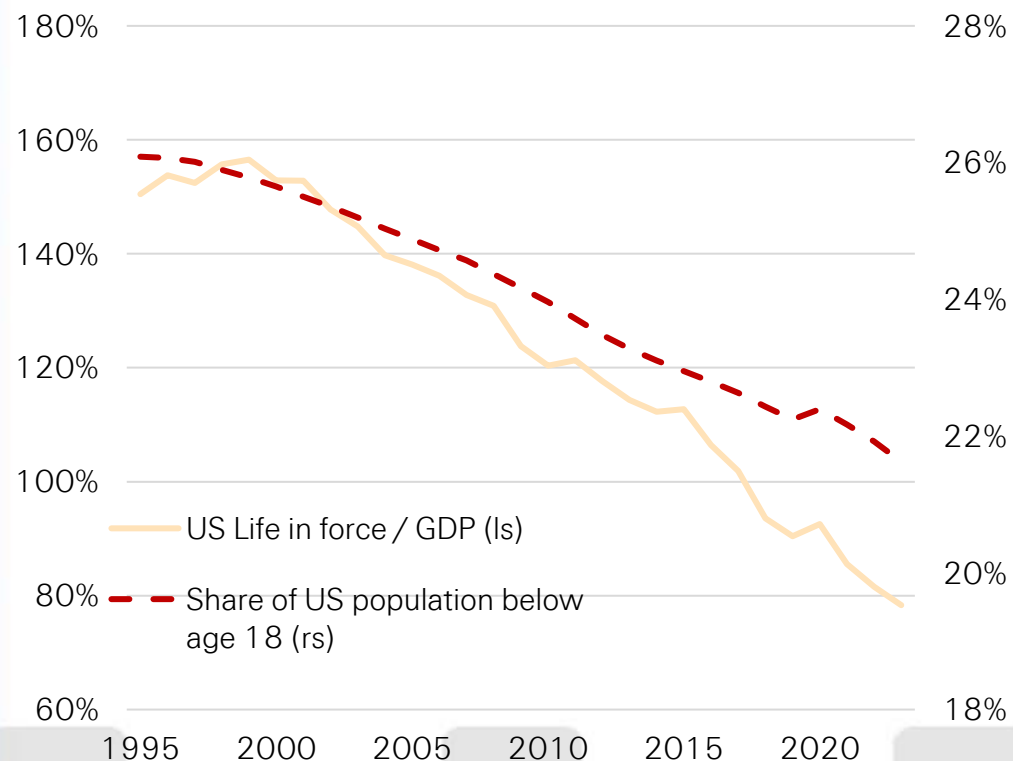
What % of the US population will be above the age of 65 by 2050?

- 10-15%
- 15-20%
- 20-25%
- 25-30%

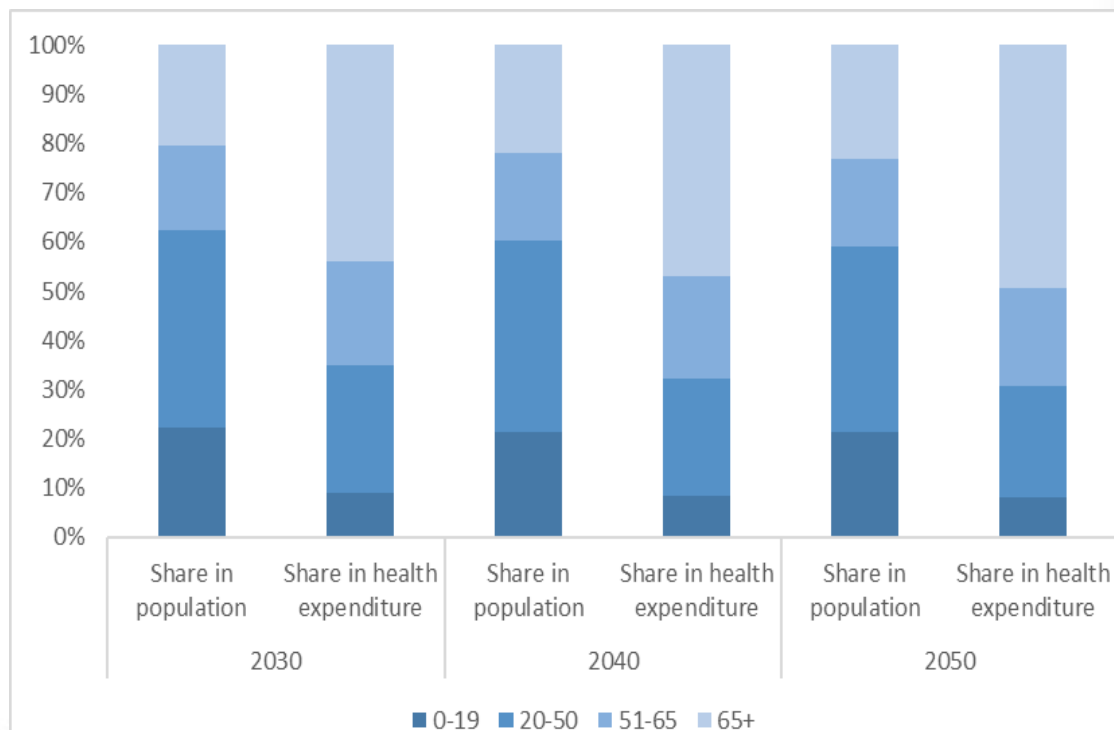


Ageing populations

US demand for mortality protection follows demographics



Growing burden of health exp in the US due to demographic shifts



Source: UN Department of Economic and Social Affairs, Peter G. Peterson Foundation, Swiss Re Institute.

Take a guess

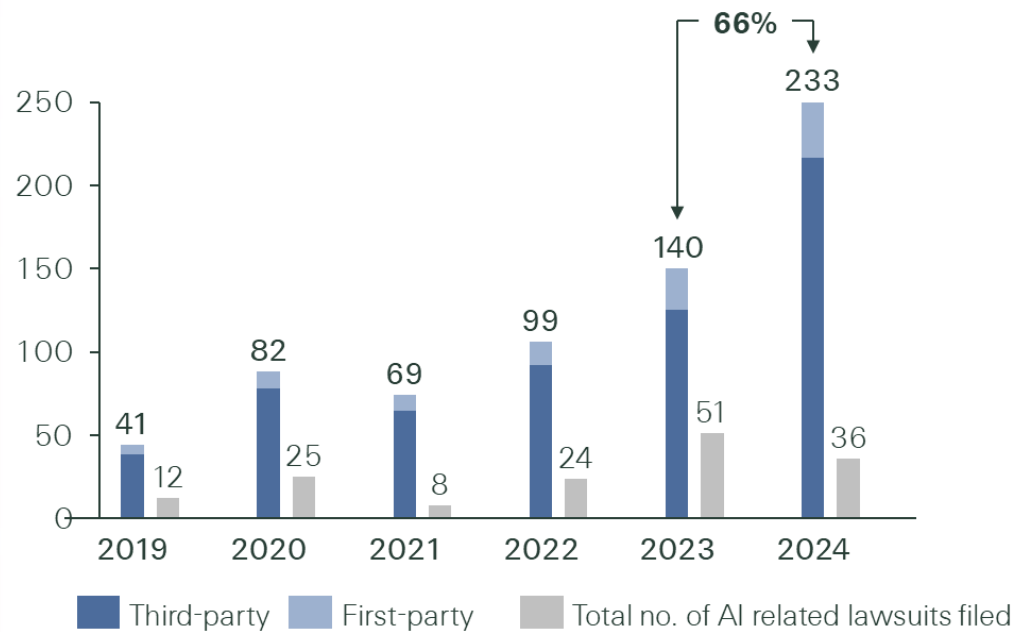
What is the % increase in the # of AI incidents between 2023 and 2024?

- 15%
- 33%
- 47%
- 66%

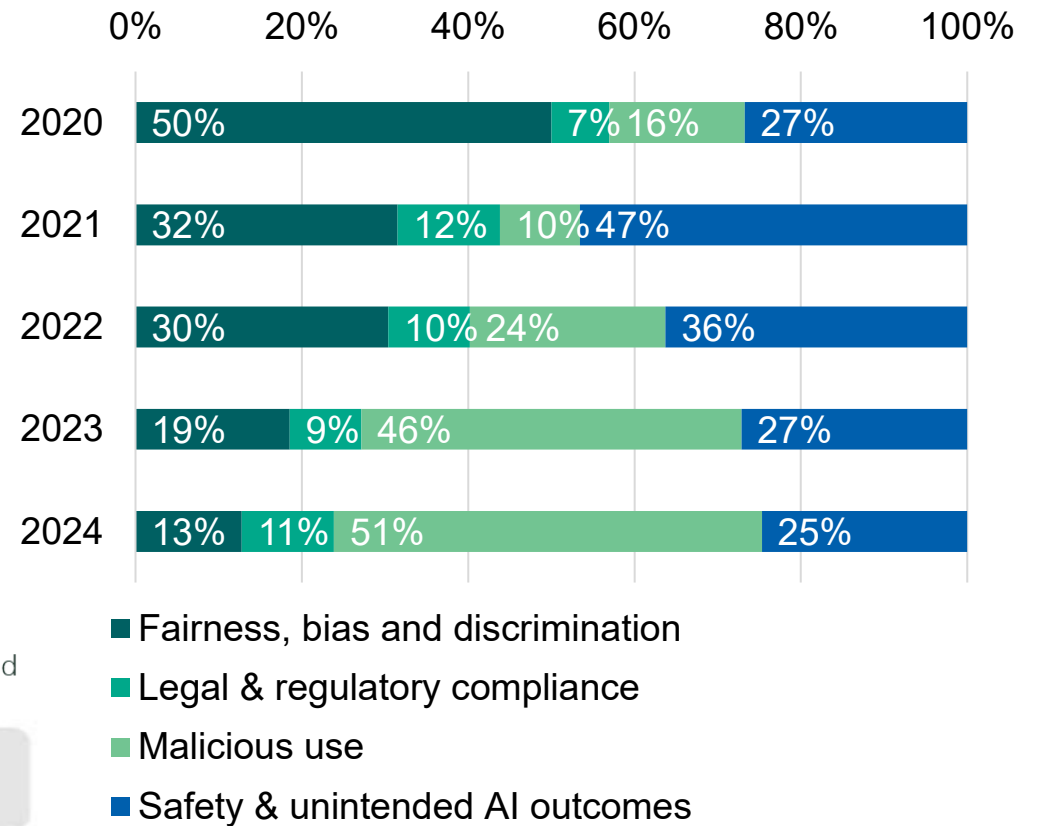


Digital risks

No. of AI incidents



Loss categories' share of total claims



Sources: AI Incident Database, AI Litigation Database, Swiss Re Institute.

Take a guess

What is the projected global production/ use of plastics by 2040, according to OECD?

- ~400 Mn tons
- ~500 Mn tons
- ~600 Mn tons
- ~700 Mn tons



Plastics: a new wave of litigation



(Micro) Plastics are becoming more ubiquitous. Together with the potential harm they cause, scientific advances and evolving legal landscapes are driving litigation esp. in the US.



Specialty: Projects to diminish plastic pollution, boost recycling and plastic alternatives may provide insurance opportunities, with rising demand for coverage for pollution-related claims.



Casualty: Litigation costs from public nuisance and false labelling claims. Claims costs around product and environmental liability could rise. Higher claims in bodily injury, workers' compensation and product liability if casual relationships established.



Life and Health (L&H): If casual links between plastics and increased mortality and morbidity are established, the claims impact could be significant. Possibility of increased propensity of heart attacks, strokes, neurotoxic effects on the brain.

Specialty

1

Casualty

3

Life & health

1

Assets & financial markets

1

Operations

Impact rating (0=no impact, 4= high impact)

Deepfakes and disinformation

Deepfakes can facilitate **insurance and underwriting** fraud as well as cyber attacks (e.g. vishing). Disinformation influences health related behaviors, trust in institutions incl. insurance and reliability of public information.



Specialty: Deepfakes may increasingly be used in sophisticated cyberattacks and drive cyber insurance losses.



Casualty: Deepfakes may be employed to pose as legitimate professional or executive communications, triggering professional indemnity liabilities.



Life and Health (L&H): Deepfakes could manipulate medical records or misrepresent health conditions, leading to fraudulent life and medical insurance claims.



Assets & financial markets: Reputation risks from false narratives about an insurer, leading to loss of customer trust, or its market valuation.



Insurance operations: Investments in anti-fraud technology and processes can increase the cost of providing covers.

Specialty

2

Casualty

2

Life & health

1

Assets & financial markets

1

Operations

2

Impact rating (0=no impact, 4=high impact)

Take a guess

What % of the global population experienced extreme heat in 2024?

- 45-50%
- 55-60%
- 65-70%
- 75-80%



Extreme heat risks

Extreme heat events are becoming longer, more frequent, widespread, and pronounced. This is affecting more people and infrastructure with insurance impacts across many lines of business.



Property: Heat impacts on infrastructure and damage to physical structures could lead to business disruption and property claims. Trigger for wildfires. Claims also in engineering due to inadequate heat tolerant design.



Specialty: Crop and livestock losses could result in rising claims. Agro losses from wildfires. There are also exposures to energy production and infrastructure.



Casualty: More heat stress accidents in the workplace, workers' compensation claims and rise in employer liability claims.



Life and Health (L&H): An uptick in morbidity and mortality, leading to higher medical and life claims.

Property

3

Specialty

2

Casualty

1

Life & health

2

Assets & financial markets

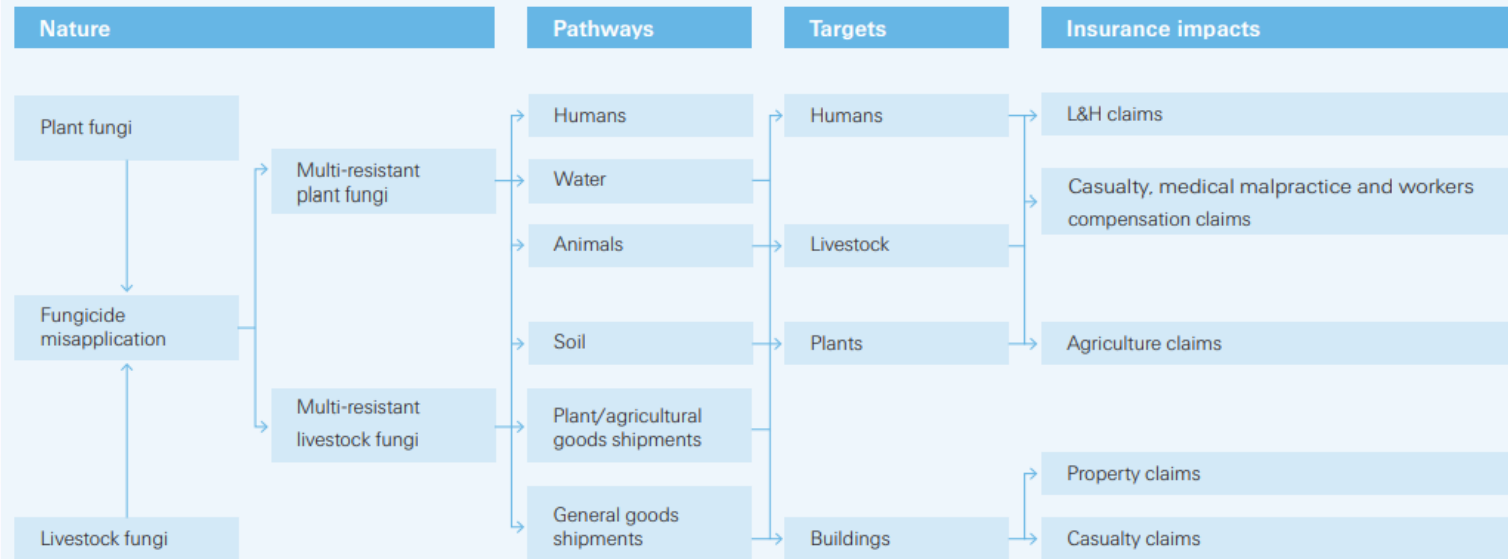
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Impact rating (0=no impact, 4= high impact)

Fungi-related loss potential

Fungicide overuse leads to multi-drug-resistant fungal pathogens combined with fungi thriving in warmer temperatures; Result- an expanding risk landscape due to **product recall, environmental liability and professional indemnity claims**

From fungi to insurance claims



Property

1

Specialty

2

Casualty

2

Life & health

1

Assets & financial markets

1

Operations

Impact rating (0=no impact, 4= high impact)

UPFs health and liability risks

Consumption of ultra-processed foods (UPFs) is rising globally. Rising public awareness and litigiousness could lead to new lawsuits around inadequate warnings and deceptive advertisement/labelling.



Casualty: Litigation and liability claims against food manufacturers and distributors for food contamination and mislabelling, leading to adverse health outcomes, including bodily injury. D&O claims owing to inadequate warnings on labels



Life and Health (L&H): If UPF consumption is linked to poor metabolic health with the ultimate effect of higher morbidity and mortality rates, claims in both health and lifelines of business could rise.



Assets & financial markets: If a firm is found to have overpromised in public filings, there could be related securities fraud suits.

Casualty

3

Life & health

1

Assets & financial markets

Impact rating (0=no impact, 4= high impact)

Workforce/ skillset shortages

Ageing workforces exacerbate skill shortages. AI and digitalization also require new skills needs, heightening uncertainties and transformative pressures to existing profiles.



Property & Specialty: Errors and omissions can lead to property damage and engineering project failures.



Casualty: Claims for medical malpractice due to sub-qualified/ overworked staff. Workers' compensation claims for accidents. Skill shortages leading to errors and omissions and recall claims of faulty products in manufacturing.



Life and Health (L&H): Delays in medical treatment, under-diagnosis and sub-standard levels of care due to labour and skillset shortages could lead to an increase in morbidity/mortality, and associated claims.



Assets & financial markets: Economic instability arising from labour market pressures and social inequality triggered by workers being unable to transition to new jobs, could affect insurers' investment portfolios.



Insurance operations: Insurers may face challenges in talent acquisition and retention, impacting service delivery and administrative efficiency.

Property

1

Specialty

1

Casualty

1

Life & health

2

Assets & financial markets

1

Operations

1

Impact rating (0=no impact, 4= high impact)

Take a guess

What is the common factor connecting all the ships below

- Morning Midas
- Felicity Ace
- Freemantle Highway
- MS Pearl of Scandinavia

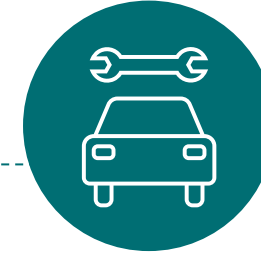


Electric vehicles ecosystem risks



EV manufacturing and transportation risks

- Fire and explosion risks during mfg. and transport
- New tech- higher recall and liability risks
- Breakdown of production chains- BI losses



EV usage risks

- Noise reduction- AVAS not mandatory
- Greater weight- more impact on collisions
- High fire risks in charging stations and enclosed spaces

Let's discuss



Thank you!

Contact me



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