

Innovation



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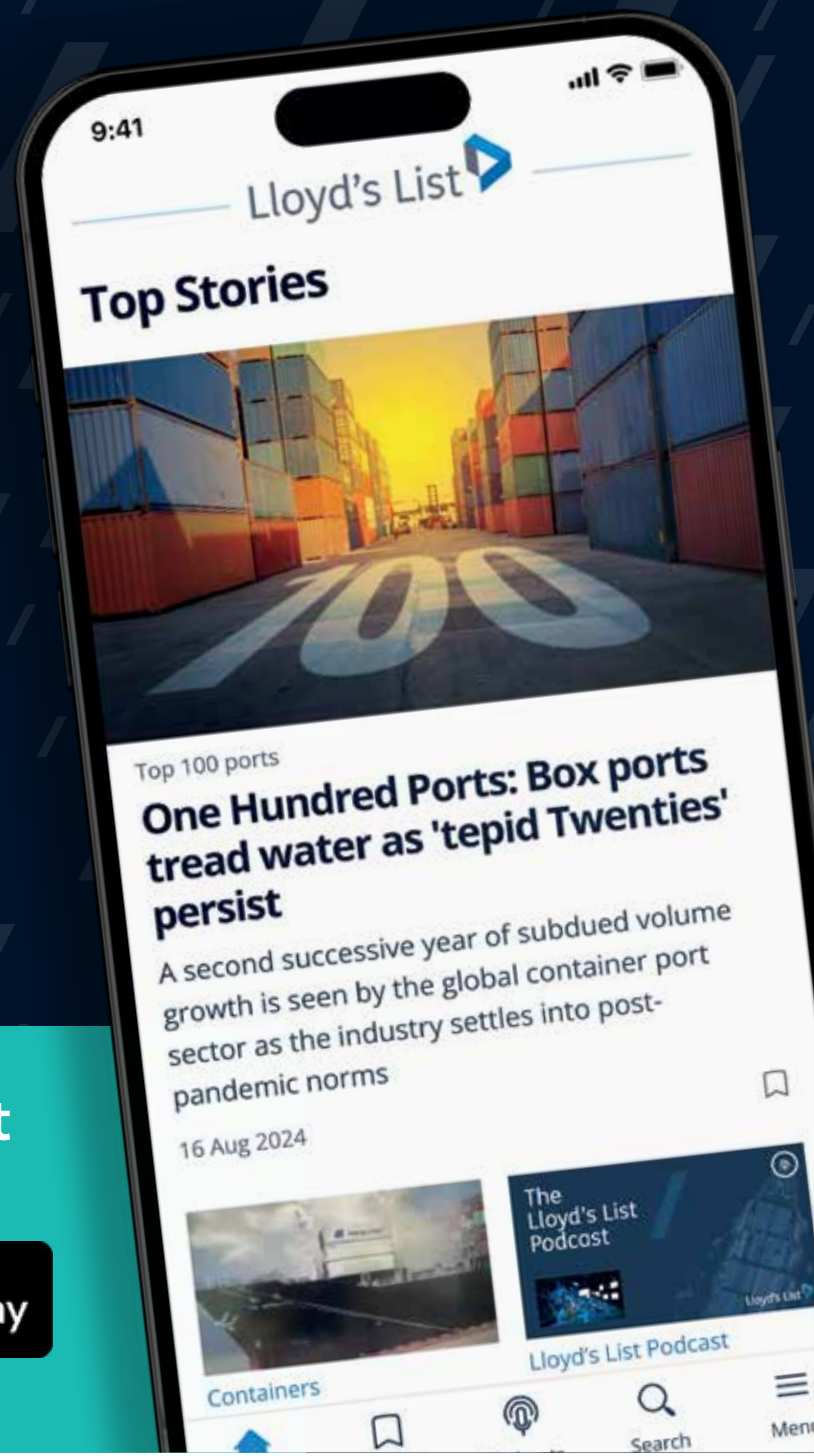
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Innovation

If necessity is the mother of invention, then insurance is the trusted babysitter. This report explores the new responsibility re/insurers are taking on to help nurture young technologies, markets and products. Namely, to arrive early.



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Insurers are innovating, but there is still much to do

Innovation is challenging, but the right culture, supported by technology, can help drive the creation of new products and services



insuranceday Analysis

Innovation is a crucial issue for the re/insurance industry and senior executives will frequently opine on the importance of innovation in maintaining the industry's relevance in a changing world, writes **Michael Faulkner**.

Innovation can help businesses meet customer expectations, sharpen competitiveness and boost revenues and profits. In a tough market, moreover, no insurer can afford to pass up on the competitive advantage of being able to respond creatively to changing market demands, or benefit from the cost and service improvements enabled by technological advances.

As the market softens, the pressure to innovate is likely to grow as companies search for new ideas to drive profitable growth. Lloyd's chief executive Patrick Tiernan has called for more innovation, saying the market had "lost our entrepreneurial zeal". Pointing to opportunities presented by emerging lines of business includ-

ing data centres, defence and renewable energy, Tiernan called on the delegates at the Marsh Young Professionals Forum in June to take action. "If in doubt, go for it," he urged. "Own the outcome, feel responsible and actually make things happen."

While there is undoubtedly more to be done, there are areas where the industry can point to successful innovation, executives say. "I think there are quite a lot of new ideas, but we [as an industry] just don't necessarily talk about them," Andrew McMellin, president of Markel International, tells *Insurance Day*.

Cyber insurance is frequently highlighted as an area where the industry has been successful at innovating. The net zero transition is also creating opportunities for innovation in areas such as a carbon credit insurance and windfarm revenue protection products.

Swiss Re's chief executive for P&C

reinsurance in the UK and Ireland, Jason Richards, highlights parametric structures as another area of innovation. These structures, where the payout is determined by a defined trigger, have been used to develop new products covering a wide range of perils and industry sectors, from rainfall solutions in agriculture, through to earthquake disaster relief. "This is an area of growth," Richards says in an interview with *Insurance Day*.

More generally, the insurance industry has benefitted from innovative data and analytics tools to improve the service it provides commercial lines customers, Richards says. "The industry is using data and technology to provide better insights and improve the service it offers. For instance, after major loss events we can make rapid damage assessments and settle claims quickly," Richards explains, adding: "There's a lot of potential."

Within an insurance business, inno-

vation can take place in many functional areas. A survey by Accenture in 2024 found that product development was the focus of most innovation activity, followed by claims management. There has, for instance, been a lot of innovation in how to identify and reduce the potential for fraud in the claims process.

Overcoming the pitfalls

But innovation is not easy, with many pitfalls along the way to the full deployment of a new product or service. The fact that the insurance industry is heavily regulated is a major hurdle, senior executives say. Insurers must navigate a complex web of regulations that may restrict innovative practices or require significant adaptation. This may mean it is easier to focus on the existing book of business.

“It takes time when a new product needs to be approved internally and externally,” comments one executive, who spoke on condition of anonymity, given the sensitivity around regulation. “There are quite a lot of steps to go through, particularly when you are starting from scratch,” he adds.

An organisation’s culture is seen as a key factor in encouraging innovation. “Innovation has to be driven from the top of the company,” Swiss Re’s Richards says. “If it’s seen as a priority, and people are recognised for driving innovation or recognised for doing something new, then that will get traction.” He adds: “So, you need that senior leadership support, you need to invest in resources, and you need to highlight success.”

McMellin agrees: “We want to have a culture where people feel that they can try stuff and sometimes it’s not going to work. All we say is: if it fails, let’s fail fast, and let’s learn from that and apply that to everything else.” He continues: “We’re in the risk business. We’re going to take risks, and as long as we do that in a controlled and understanding fashion, then that’s fine.”

Understanding the client

A key element to successful innovation is knowing what the clients’ needs are and responding to that, McMellin says. “That’s much more powerful and will typically get executed more easily as well,” he says.

McMellin gives the example of Markel’s cyber war product which was developed after the firm’s underwriters recognised there was a gap in the market.

Launched last year, the product provides cyber cover for collateral damage caused by acts of war. Cover for this peril is typically excluded in cyber insurance policies. “We’re constantly challenging the underwriters to come up with ideas,” McMellin says.

Distribution is also vital if a new product is to be rolled out successfully, Richards adds. “You need your distribution partners on board. They need to understand the product — why this product is different to other products that already exist.”

Meghan Anzelc, global leader of transformation solutions within Aon’s strategy and technology group, works with insurers and other business to support early-stage transformation and innovation. In addition to highlighting the importance of creating a “test and learn” culture of innovation, she also points to the importance of reducing corporate bureaucracy to ensure a smooth path to production for successful innovations.

Anzelc says innovation has been particularly successful in underwriting and claims, but it faces stiffer challenges in relation to support functions, such as back-office operations. “I think it’s always a little bit easier to successfully argue for innovation within the parts of the business that are seen as directly driving both top line and bottom line,” Anzelc tells *Insurance Day*.

She continues: “When you’re talking about some of the other areas or functions, oftentimes those get put

to the back burner, which I think is actually a missed opportunity.”

Technology boost

The rapid development of artificial intelligence (AI) technology could provide a boost to the industry’s efforts to innovate. Anzelc argues the technology is an enabler of innovation. The fast growth in the technology, she argues, has “democratised” AI, making its capabilities now widely available to organisations.

“Machine learning techniques, predictive models, those have been used in the insurance industry for 30-plus years. What’s new is that the barrier to entry to be able to use some of these capabilities is much lower than it was a few years ago,” Anzelc says.

This democratisation has also happened at an individual level, moving the technology beyond just the remit of specialist teams. “Now most organisations have deployed some level of generative AI capability through something like providing an enterprise ChatGPT licence to every person in the organisation,” she says.

This means that everyone in an organisation has the opportunity to be innovative, Anzelc continues. “They now have a mechanism to be able to use these capabilities to think about how they could improve their work, deliver better outcomes – that doesn’t mean everybody will, but the opportunity is much more democratised than it used to be a few years ago.”

AI also means more organisations can consider building their own systems rather than buying them from third-party vendors, Anzelc says. “What has changed considerably, even over the last six months or so, is the ability to build production grade tools – again, that barrier to entry has dropped considerably and pretty quickly.” This is enabling organisations to build proprietary systems with very low levels of investment, Anzelc says. “That opens up more opportunities to use these capabilities for real innovation.” ■

The human side of scaling AI

Artificial intelligence is no longer just an interesting experiment – it's a core driver of business value



As a historian by training, I still have a keen interest in artifacts left behind by past societies. They help us understand our roots and offer clues about where we're headed. I see strong parallels in insurance, where the contracts and claims documents in our vast archives help tell the story of risk, **writes Pravina Ladva.**

Until recently, our industry's institutional memory has remained difficult to access and apply at scale, for much the same reason historians struggle to piece together the past: the data exists, but often in unstructured formats and disparate places – not in dusty libraries, but fragmented IT systems.

Artificial intelligence changes this. With AI, Swiss Re can tap more deeply into our repository of risk information. The historian in me can't help but to think of AI as a powerful research engine to unearth hidden

data connections, expanding our understanding of risk and our capacity to manage it effectively.

Even so, my experience as a tech and business leader also reinforces another lesson: technological transformation is inseparable from people. That's why I'm convinced that the organisations destined to get the most from AI will also be the ones that work hardest to prepare their employees to adopt it, use it and innovate with it.

Managing change

Nearly a decade ago, Swiss Re began working to reduce data fragmentation, unify our systems and build strong data and tech foundations, investments that now allow us to apply AI at scale across our business. In short, we've established the conditions for AI to be a game changer.

Yet even game-changing technologies can create friction or uncertain-

ty if employees don't trust them or aren't equipped to use them with confidence. At Swiss Re, we've taken this to heart: we believe we must be proactive in creating a workplace environment where change isn't just possible but embraced.

We have been investing heavily in the human side of AI, fostering a learning culture that equips our colleagues with AI literacy and mastery.

This started early, with our decision to give everyone across Swiss Re access to AI tools. I'm convinced this focus on early access has been a powerful differentiator, with more than 70% of my colleagues now saying they're using AI tools, up from a 40% adoption rate at the end of 2025.

This produces not only curiosity and confidence, but also a can-do spirit: at Swiss Re, we now have more



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than 30 business-focused AI use cases with clear ROI targets and are concentrating this technology on initiatives to transform our everyday business processes end to end. As such, AI is no longer just an interesting experiment – it’s a core driver of business value.

We’re convinced employees who feel empowered to incorporate AI into their daily workstreams will be better able to respond to client needs, understand emerging risks and make the data-driven judgments necessary for Swiss Re to remain competitive.

To amplify, not to replace

Together with our AI literacy- and mastery-building initiatives, we also see governance frameworks that keep humans at the centre of decision-making as integral to building buy-in. People appreciate technology that helps them work better but that leaves human intelligence in charge of defining its uses and its limits.

At our Swiss Re Corporate Solutions business, for instance, our teams built an AI underwriting assistant to streamline the handling of more than 10,000 submissions we get yearly to insure engineering and



“The ones that make history in this remarkable era of change will be those that succeed in transforming critical business processes while bringing their people along on the journey”

Pravina Ladva
Chief digital & technology officer,
Swiss Re

construction projects. By accelerating time-consuming processes like

data entry or triage, we can free our underwriters to focus on making expert judgements.

With AI augmentation, our underwriters remain essential, making final decisions while gaining precious time to spend on strengthening relationships with brokers and clients. The principle is simple: the machine saves us time and money, but our people still call the shots.

If I think back to projects I’ve been involved with to integrate new technology into business workflows, I’d estimate only 30% of the challenge had to do with technology or process. The rest comes down to helping people embrace new ways of doing their jobs.

With this in mind, I believe the companies that are most likely to lead the next phase of AI won’t simply be those with the most advanced tools or boldest applications. The ones that make history in this remarkable era of change will be those that succeed in transforming critical business processes while bringing their people along on the journey.

Pravina Ladva is group chief digital & technology officer at Swiss Re ■

Cyber reinsurance is ripe for innovation

Growing demand for tailored solutions is driving the development of new cyber products, Guy Carpenter's Anthony Cordonnier tells the Insurance Day Podcast

Growing demand for tailored re/insurance solutions is driving the creation of innovative products in the cyber market, according to Antony Cordonnier, co-head of cyber at Guy Carpenter, writes Francis Churchill.

Speaking to the *Insurance Day* podcast, Cordonnier says he is seeing increased demand for customised aggregation solutions built around specific insurer concerns, such as earnings volatility capital relief or balance sheet protection.

“Optionality has definitely come back into the market,” Cordonnier says, adding the market is seeing more flexibility around attachment points, pricing and premium structures.

Recently the market has seen the return of excess-of-loss structures, but also more novel programmes such as Guy Carpenter's Cyber XXL product which blends excess of loss and quota share treaty programmes.

Guy Carpenter has also worked to combine cyber with other products, such as its recent combined cyber and property product, which started out as a tail risk capital relief product for a client where a standalone cyber solution was not economical, Cordonnier explains.

“Overall, the innovation is a lot less about inventing entirely new products, it's really more about adapting existing tools to where cyber portfolios are today and meeting clients where they are,” he says. “Innovation is really a sign that both cedants and reinsurers are comfortable to move beyond standard templates and solve specific problems.”



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What has changed is that insurers now have a clear idea of what they want to achieve using reinsurance tools, be it volatility, earnings or tail risk, and where standard products do not fit, they are open to “thoughtful targeted innovation”.

The softening market is making insurers more conscious of their profit margins, but other factors are also enabling more sophistication in reinsurance products.

Cedants now have more experience with cyber losses, while reinsurers enjoy a much clearer view of cyber accumulation and portfolio behaviour than they did just a few years ago, Cordonnier says.

There is a much better understanding in the market of cyber catastrophe and how reinsurers can diversify their portfolios to avoid accumulation. “We're now seeing accumulation not as a single uniform concept. It can look very different on a portfolio-by-portfolio basis,” says Cordonnier.

“An SME portfolio would include risks that have got a worse cyber hygiene profile... that might lead to greater accumulation potential. Also, the premium levels would generally be lower, whereas a large corporate book would present a much better hygiene profile but would be a lot more exposed to severity losses.”

Going forward, Cordonnier says innovation is likely to remain client driven. “It's about solving specific problems,” he says. A lot of innovation is also coming from the primary side, with new products such as customer contingent business interruption, cyber property damage and affirmative war cover already entering the market.

“Those are meaningful developments, but they'll only work well if there's a shared understanding across the value chain of the triggers, the wording, the accumulation and how the exposure is managed across that value chain,” Cordonnier says.

[Listen to the full podcast here.](#) ■

Digitally enhancing the fundamentals



Arch Insurance International

Re/insurers must use digital capabilities in ways that keep their business 'unified, but with a local twist', Arch Insurance International's head of digital argues

Digitalisation should serve to enhance and not replace the longstanding features of broking and underwriting, according to Ed Short, head of digital at Arch Insurance International, **writes Louise Isted.**

This includes, for example, making lead and follow roles even clearer in the London market and beyond, Short says in an interview with *Insurance Day*. "The main evolution of how risks are placed in London started a few years back with a clear bifurcation of lead and follow functions — whether you're providing expertise or capacity — but new technology has created another way of placing business where you're getting capacity automatically," Short says.

Digitisation makes it more likely, not less, that lead and follow roles be-

come "more pronounced", Short says, but in a different way to the current "bifurcation". "It will become like a virtuous thing where leaders know there are different pools of capacity behind them that react in particular ways, and then followers build models to be able to support and make decisions and deploy," he says.

Digital science "creates space" in the market to do more. For example, algorithmic underwriting is making it easier to engage with the London market's expertise and capacity "meaningfully and quickly", Short says. "As algorithmic and other smart-follow pieces become more prevalent, the London market's ability to corral capacity and attract large, complicated risks, from domestic markets at an earlier stage will grow and its participants will win more business," he adds.

Neutral impact

New technology should have a "neutral effect" on the quality of underwriting, Short stresses. "More data and digitisation will allow you to apply more augmented techniques, but algorithmic follow should be a reflection of the quality of underwriting within the market," he says.

More data-led processes from brokers means reactions are quicker and the cost per quote will decrease, creating more options for capacity placement. "There are manual mechanisms, but actually you can be more dynamic with digital technology, giving brokers more optionality about how they stack capacity and structure towers. That's much quicker, less onerous, and can lead to better client outcomes, because they can get the right programmes for their particular risk transfer needs and the

cost of coming up with those options is going to reduce,” Short says.

On how the digital evolution of the London market is facilitating its distribution of specialty products into regional markets, Short stresses that a large range of product offerings has “always been the case”. What is new is easier access to risk transfer through insurance that has traditionally only been available via the London market.

“That has meant the only way you can access specialty underwriters is by having a London market broker and then going to a London market underwriter, and so the cost of what you need to be willing to pay may be much higher,” Short says. “Where digital is allowing that to change is you’re able to miniaturise some of those products and provide them in a way that the cost of underwriting it is low enough for you to provide risk solutions of a much smaller size,” he adds.

For example, Arch Insurance International’s digital quote-and-bind platform — Arch IQ — is primarily designed for brokers to instantly secure specialist insurance solutions such as event cancellation and liability coverage. It simplifies complex underwriting into a 60-second digital process, allowing brokers to instantly bind policies without needing underwriter referrals. “Better data analytics, better automation, better delivery mechanisms, mean you can start to use digital placement to give brokers access to quotes against those exposures and those products,” Short says.

“A slightly arbitrary obstacle sometimes exists where brokers are unable to access certain products for their clients unless the premium is going to be above a certain minimum. But digital placement of risk means that hurdle can be eliminated, so that it becomes more of a region-relevance question.

“The quicker a broker can obtain quotes for a client who is buying a policy or coverage for the first time, the longer they have to discuss

whether their perception of the exposure justifies the additional cost on top of their broader risk management budget. Smoother placement journeys make those discussions easier to have,” he adds.

Market reach

Arch Insurance International’s footprint includes the London companies market, Lloyd’s, the UK regional market, European domestic markets (mainly Spain, France and Italy), Australia and Bermuda.

“We’re actively looking for opportunities to deploy our specialty underwriting into those retail distribution offices that we have,” Short says.

Brokers and carriers are adapting their digital strategies to reflect a more global, interconnected placement ecosystem by “looking for areas of commonality”, Short says, and by “pursuing much larger transformation projects”.

“We’re seeing much more willingness to collaborate by engaging early to define clear strategies because that dissolves any nervousness about going to market. There’s more of an appreciation of where everyone sits in the value chain and the fact they need to move together,” he says. This includes more “unification” around data standards, expectations of response times, and how digital technologies are adopted.

“You need to work together to move business that hasn’t been digitised into being digitised,” Short says.

“Without that communication across the ecosystem, the technology itself has limited value,” he adds.

Arch Insurance International “puts a lot of stock” into making sure it is easy to understand and navigate.

“My role as head of digital for the international business creates a very easy way for people to engage with us and know what we’re doing, as it can mean a single point of entry,” Short says. “And then we can work with our various local markets so

that we’re easy to navigate, and actually we’re quite vocal with our strategic brokers at a global level,” he adds.

Local nuances

For Arch, being a “first choice digital partner” in the specialty insurance market is more than being open to engagement, Short says. It also means being a “critical friend” who is honest about the challenges the market faces.

On how Arch adapts its digital strategy across different international markets to manage local nuances while maintaining a consistent group-wide approach, Short stresses it has “technology preferences, not red lines”. This means it uses its digital capabilities to keep its business “unified, but with a local twist for each market”.

A classic mistake, he adds, is when the London market sees Europe as one market. “Some organisations may establish a single office in Europe from which to trade across different countries, without recognising that each country has quite different trading environments and insurance partners, and competitors with different offerings.”

He continues: “More important than the digital element then, is your right to succeed in those environments. Are you offering something the incumbent markets don’t already have? How are you generating and managing relationships with your brokers?”

Arch Insurance International is still “relatively small” in Continental Europe but is investing “heavily” in underwriting expertise before “layering that up” with digital technology.

Short explains: “We’re not going to go digital first, because in the countries we’re trading in, it’s seen as a very positive thing to have people there who understand the local market. From a digital perspective, we’re backfilling that, so our capabilities should be the same.”

Arch is “further along that journey” in Australia, which is a “digital forward place”, he says, but in the UK retail market, there are only a few major technology providers that brokers generally want to engage in their markets digitally, while European markets are more “portal-based”.

“We’re looking to build API-first products that can connect to those marketplaces to make sure that we can participate wherever brokers are placing business,” he explains. “We try and build generic models that aren’t country-specific, that we can deploy and tailor to meet the regulatory needs, but also the market needs,” he adds.

Cultural and national preferences can be based on what the regulators in a given market require, but generally “it’s almost an accident of history”, Short says, “where a particular supplier saw an opportunity, built something and it got widely adopted, which is certainly true in the UK”.

There is always a “race to unification” in any market, he stresses, because the goal is the same – the ability to trade. That is why Arch’s digital strategy is to build capabilities that are “agnostic” about how different markets trade.

This includes investing in the right talent and technologies to build operating models that can support the company’s trading ambitions across all of its markets. “Expertise is people, and technology makes them flexible, so we can connect and deploy,” Short says.

The right humans

Finding the right talent is a challenge, but “not insurmountable”.

“When I joined the industry, you were given a data scientist role because you were good at Excel,” he joked, “whereas now it’s a genuine discipline for people who are very tenured in insurance.”

Striking the right balance between digital capabilities and human un-

derwriting expertise in the placement process means always taking a “customer-first view”, Short says.

He explains: “Delivering our service how our brokers want to receive it, is the overriding principle. You must have a ‘human-in-the-loop’, but you’ve got to have the right humans and the right technology in the right loops. Having a human or digital in the placement process does not mean one is inherently better than the other; it just depends where they are in that process.”

He continues: “A complicated placement in the London market needs a discussion with an underwriter who is a leader in their class of business, but sometimes, when you’re on a follow placement and further down the slip, then they just want capacity.

“There are infinite shades between those things but putting humans in the process in a way that makes sure they’re adding value really depends on what the service expectations are and meeting your brokers where they want to be.”

That’s why Arch does not build digital products “in isolation”, but as a “manifestation” of what’s needed.

“The underwriters define the products, and we work with them to make sure it’s co-created, so it’s a digital manifestation of a product. And then from the service and support side, when things don’t fit into an automatable thing, we want to make sure to put underwriters with valuable expertise there,” Short says.

“It’s quite easy for someone with ‘digital’ in their job title to assume that digital is always better, but that really isn’t the case, and actually we want to make sure we blend those things,” he adds.

He describes two extremes of “going too human”, simply to make underwriting a personal experience, and “over-automating”, without fully understanding the underwriter’s risk appetite.

Collaboration is everything

Something that digitisation, including artificial intelligence, can’t solve is inherently bad data.

“Bad data leads to bad insight,” Short stresses, “because data is a descriptor of something, and if that description is incorrect, whatever conclusions you draw from that are going to be incorrect.”

To avoid this, collaboration requires every human in the value chain to “negotiate the terms” of their relationship with data.

Short explains: “When we make decisions about data, we need to define how a decision is made by being sensitive to the ability to capture it accurately, consistently and with high fidelity. Collaboration is even more important because the person responsible for using the data, the carrier, is different from the person responsible for generating the data, the broker.”

The London market is already in the next major shift in the evolution of digital placement, Short says. He explains: “There used to be a ‘whether’ conversation around digital distribution, but now it’s much more of a ‘when’ conversation, and that’s cross-class and cross-market.

“That shift fundamentally changes how you view what you do with digital and how you resource against digital, and the strategy you need to make as an organisation. The continued evolution of portfolio solutions using algorithmic underwriting, and the new ways of deploying capital, are creating a new paradigm how we place business.”

He concludes that innovation in insurance means enhancing existing practices. “How to deploy capital against exposures, how brokers bring risk to market and then how carriers bring capital back to risk. With innovation, we’re doing the same things; we’re just changing the mechanisms and that’s what’s exciting.” ■

Harnessing AI across claims

Artificial intelligence is changing the model that claims organisations have historically relied on



Artificial intelligence is rapidly becoming a significant enabling technology in the claims' ecosystem. From first notice of loss through to settlement, recovery and even litigation management, AI is helping insurers, brokers and claims service providers progress claims more efficiently, with the potential for improved accuracy and consistency, **writes Wayne Brand.**

Yet despite growing AI sophistication, the future of claims is not about replacing human expertise, but augmenting the capabilities, enabling adjusters to get ahead of claims earlier, make better-informed decisions and deliver improved outcomes for customers across the claim's lifecycle.

Customer experience

The claims process begins with customer interaction, and this is one area where AI is having an immediate impact.

Traditionally, industry relied on surveys, complaint data and limited quality assurance reviews to understand customer experiences.

AI enables analysis of interactions across the claims process, providing a more comprehensive understanding of customer experience than traditional sampling methods and allowing organisations to intervene before dissatisfaction escalates into complaints.

At Crawford, AI is being embedded at the front end of the claims process to assess customer sentiment, preferred outcomes and service expectations. This enables more personalised interactions and helps customers receive the level of support most appropriate to their circumstances.

Intelligent triage

A key strength of AI is its ability to analyse large datasets almost in-

stantly. At first notification of loss, AI can evaluate multiple factors simultaneously, including: claim severity, potential fraud indicators, likely claim value, relevant policy provisions, coverage considerations and customer vulnerability indicators.

This intelligent triage helps route claims to the correct handler or workflow. Straightforward claims can move through streamlined processes, while complex or high-risk matters can be escalated immediately to specialist teams.

Analysis of policy wording is another area where AI is providing support. Modern systems can quickly identify relevant policy wording, endorsements and exclusions, highlighting information handlers may need to validate coverage.

Importantly, AI is not making coverage decisions. Instead, it acts as a sophisticated research assistant,

helping handlers understand what questions need to be asked and what information may be missing before a decision is reached.

This creates greater consistency across teams while ensuring customers receive decisions based on complete and accurate information.

Damage assessment

Property and motor claims are among the most visible examples of AI transformation.

Image recognition technology can help to analyse photographs submitted by customers, assess visible damage, compare this damage against historical repair data, industry benchmarks and previous claims to generate preliminary repair estimates within minutes, using the latest in anti-fraud technology to ensure legitimacy

This offers advantages that include: faster claim progression, more consistent estimates, reduced administrative effort, improved indemnity control and earlier identification of outlier costs.

For adjusters, AI acts as an important validation tool. Rather than spending significant time gathering baseline information, they can begin with a data-driven assessment and focus their expertise on exceptions, complexities and customer-specific considerations.

Strengthening controls

Claims organisations have historically relied on manual audits and quality assurance reviews that examine only a small sample of completed files. AI is changing this model.

Instead of reviewing a handful of claims, AI can support monitoring across large portfolios, analysing thousands of files simultaneously.

It can identify trends in repair costs, settlement values, process adherence and operational

performance that would otherwise remain hidden.

This creates clear opportunities for indemnity control. Claims leaders can identify cost variations, emerging leakage risks and opportunities for process improvement in near real time.

Insights can also be shared with repair networks, suppliers and contractor partners to improve performance across the wider claims ecosystem.

Detecting fraud

As digital technologies evolve, fraudsters are becoming more sophisticated. Manipulated documents, altered photographs and AI-generated imagery are creating new challenges for insurers. AI is becoming an essential defensive tool.

Advanced algorithms can identify anomalies within submitted evidence, detect inconsistencies across documents and flag suspicious patterns that may warrant further investigation for potentially fraudulent activity.

AI can also compare claims against historical datasets to identify behaviours that deviate from expected norms.

However, a suspicious image or unusual document does not automatically indicate fraud.

Instead, AI highlights claims that require additional scrutiny, allowing experienced investigators and adjusters to determine whether concerns are legitimate.

This human oversight is essential to maintaining fairness, accuracy and customer trust.

Getting ahead of the loss

Traditionally, many claims management activities have been reactive.

Issues are identified after delays occur, costs escalate or complaints

arise. AI helps put adjusters on the front foot earlier, enabling a more proactive approach.

By analysing historical outcomes and live data, AI can identify early warning signs that a claim may deviate from expected pathways.

Handlers can receive alerts highlighting missing information, potential bottlenecks or actions required to keep a claim progressing efficiently.

Rather than reviewing performance after the event, AI can provide real-time guidance during claim handling.

This allows adjusters to intervene earlier, reduce delays and improve outcomes before problems develop.

AI can also support predictive claims management. Claims organisations such as Crawford possess vast repositories of historical claims data spanning industries, geographies and claim types.

AI is increasingly capable of unlocking value from these datasets.

By identifying patterns across similar claims, AI can help identify patterns that may indicate: likely settlement values, expected claim duration, potential escalation points and litigation risk.

Litigation prediction is also a promising area. If AI identifies characteristics associated with claims that historically progressed to dispute or litigation, handlers can intervene proactively.

Early indications show additional communication, specialist review or early settlement discussions will reduce the likelihood of disputes escalating, helping lower indemnity costs, shorten claim lifecycles, reduce legal expenses and deliver better customer experiences.

AI as a learning tool

While some worry AI could remove valuable learning experiences, it can also accelerate training and development.

Claims expertise remains fundamental, and new entrants still need to master customer communication, policy interpretation and investigation techniques.

AI can accelerate learning by providing guidance, context and explanations that help trainees understand not only the decisions being made across the claim journey, but why.

Furthermore, it can identify common errors, knowledge gaps and emerging training needs across entire organisations.

Instead of relying on limited QA samples, organisations can analyse thousands of claims to determine where learning interventions will have the greatest impact.

Crawford continues to invest heavily in apprenticeships and early-career development, reflecting the belief that technology and expertise must evolve together.

Human-in-the-loop

Despite rapid advances in automation, the future of claims remains fundamentally human.

Coverage disputes, vulnerable customers, major losses and complex liability questions often require contextual judgement that extends beyond data analysis.

Customers also want reassurance that their circumstances have been properly understood and considered. Empathy, trust and professional judgement remain key.

This is why Crawford's AI strategy is firmly grounded in a human-in-the-loop model.

AI supports decision-making by improving speed, consistency and



ARAMVANI / stock.adobe.com

access to information, but accountability remains with experienced claims professionals.

The most successful organisations will be those that combine technological capability with human expertise rather than treating them as competing forces.

Looking ahead

The next phase of AI adoption is likely to extend beyond operational efficiency.

Customer communications will become increasingly proactive, with AI anticipating questions and providing timely updates before customers need to ask.

Digital self-service portals will offer more intuitive and personalised claims experiences.

Crawford is developing an interactive claims portal that combines self-service functionality with AI-powered support, helping customers access information and navigate the claims process more confidently, putting it into the customers' hands and making them feel more involved in their own claim.

Predictive analytics will continue moving the industry from reactive claims handling towards prevention and foresight.

AI is starting to identify early indicators associated with major developing losses before they fully develop, recommend early interventions and support more effective catastrophe response planning using weather, satellite and geospatial data.

For large-scale weather events, AI could help insurers and claims organisations support forecasting of resource requirements and planning for contractor mobilisation, managing surge capacity before claims volumes peak.

Ultimately, AI's greatest contribution may be helping claims professionals anticipate risks and outcomes earlier, creating a more proactive and insight-driven claims process.

Our ethos has never been more prevalent than it is today: technology where we can, but people where it matters.

Wayne Brand is head of Crawford TPA, UK & Ireland ■

New ways to price emerging risks

Lloyd's Lab's 16th cohort shows how innovation is moving beyond efficiency gains, with insurtechs seeking to give underwriters a clearer view of emerging exposures across cyber, artificial intelligence and battery assets



IRStone/Adobe Stock

The insurance market is not short of new technology. The harder task is turning it into a clearer view of risk, **writes Queenie Shaikh.**

As new technologies, business models and forms of exposure emerge, insurers are increasingly grappling with risks that are difficult to observe, quantify and price using traditional methods.

That challenge is helping shape the 16th cohort of Lloyd's Lab, where participants are tackling issues ranging from personal cyber security and artificial intelligence (AI) to battery performance and degradation.

Rosie Denée, director of innovation and commercial education at Lloyd's, said one of the most notable changes in recent years has been the

growing emphasis on adoption and practical application.

"The companies selected are tackling very specific pressure points," she tells *Insurance Day*.

"That tells us the market is looking for innovation that can be adopted in practice — solutions that improve how it operates today, whilst supporting how it responds more confidently to new risks."

Established in 2018, Lloyd's Lab acts as the market's innovation accelerator, bringing together startups, scaleups, insurers, brokers and managing general agents to test new technologies and products in a live market environment.

More than a showcase for emerging technology, the programme

has become a route through which solutions are refined, challenged and ultimately adopted across the Lloyd's market.

The themes selected for Cohort 16 — operational efficiency, resilience and emerging risks — reflect a market increasingly focused on practical outcomes rather than experimentation alone.

Denée says around half of this year's applications centred on operational efficiency, particularly within underwriting, claims and delegated authority, which reflect the industry's focus on improving productivity while responding to a rapidly evolving risk landscape.

Cyber risk and CEOs

For insurers, the smarter cyber question is how to treat senior

executives as a source of enterprise exposure. The individual with authority to approve payments, access sensitive information or influence market confidence may sit outside many corporate security controls yet still create losses that fall back into commercial insurance programmes.

For example, a social engineering attack through an executive's personal account may lead to a company breach. A convincing impersonation of a chief executive could trigger financial loss, reputational damage or directors' and officers' liability concerns.

A personal device or home network may become a point of failure in a risk framework designed around enterprise systems.

Selected for the current Lloyd's Lab cohort, Defenza is a cybersecurity company providing personal cyber protection for executives and high net worth individuals, monitoring devices, home networks, digital identities, dark web activity and threat intelligence to identify vulnerabilities before they develop into incidents.

Rob Smith, chief executive at Defenza, says attackers are increasingly targeting individuals as a route into larger organisations.

"If an attacker can't get through the front door of a bank or a private equity firm, they look for a less protected route through their personal digital life, for example the CEO's home router," he says.

The insurance implication extends beyond standalone cyber. Smith says personal cyber risks increasingly overlap with corporate and directors' and officers' exposures, particularly where an incident involving an individual can lead to a data breach, share price movement or wider corporate loss.

AI-powered scams, deepfakes and voice cloning are intensifying that

concern. Attacks that once required meaningful resources can now be produced at greater speed and lower cost.

"AI-assisted impersonation is likely to become one of the defining personal cyber risks of the coming years," Smith says.

"Insurers are starting to ask the same question the health insurance market asked decades ago — why wait for the claim when you can prevent it?"

For carriers, the appeal lies not only in reducing loss frequency, but in attaching a service layer to cyber products that can improve client relationships and support retention.

Silent AI

The insurance risk surrounding AI is not limited to whether a company uses the technology.

The larger concern is whether insurers know where AI is being used, how dependent an insured has become on it, and which policies may respond if something goes wrong.

That uncertainty is creating what the market increasingly describes as silent AI risk. Like silent cyber before it, the exposure may already sit inside existing books of business without being clearly identified, priced or excluded.

Also selected for the current Lloyd's Lab cohort, insurtech Exona Lab provides AI risk analytics for insurers, helping underwriters identify, assess and quantify AI-related exposures across insured businesses and existing portfolios.

Luca Ambrose, co-founder at Exona Lab, says the problem begins with a visibility gap between corporate AI adoption and the information available to insurers.

"Companies are adopting AI across their operations at really high speed, but insurers often have very little visibility into where it's being used

or how it changes the risk profile of an insured," he says.

The underwriting challenge is heightened by the way AI cuts across policy lines. A model failure could lead to a cyber claim, a technology errors and omissions claim or a professional liability claim, depending on the facts of the loss and the wording of the policy.

Accumulation is another concern. A relatively small group of model providers supports large numbers of deployments across different sectors, raising the possibility of losses emerging across multiple insureds at the same time.

"Model providers also limit their own liability, which pushes the risk downstream into the insurance tower," Ambrose says.

The lack of meaningful claims history adds another layer of difficulty.

Traditional actuarial techniques rely heavily on past loss experience, but AI adoption is evolving faster than those datasets can develop.

Ambrose says Exona Lab wants to help underwriters move from this uncertain exposure to measurable risk before AI-related losses become more visible through claims experience.

Battery asset performance

For insurers, the rise of electric vehicles (EVs) and battery energy storage systems is creating a performance risk problem as much as a property or liability issue.

Battery assets are becoming central to transport, energy generation and critical infrastructure, yet underwriting them remains difficult while the loss picture is still developing.

Degradation, underperformance, warranty disputes, downtime and thermal events can all carry financial consequences, but they are not always easy to attribute or quantify.



Jason Wells / Adobe Stock

Kevin Kelly, chief strategy officer at Elysia, another business selected for the current Lloyd's Lab cohort, said the underwriting challenge is being shaped by the speed of technological change.

“The biggest uncertainty is that battery risk is long tail, fast changing and highly dependent on chemistry, usage, environment, software, charging behaviour and system integration,” he says.

Elysia provides battery intelligence for EVs and battery energy storage systems, using telemetry data and predictive analytics to assess battery health, forecast degradation and identify abnormal performance patterns.

It currently monitors more than 50,000 EVs and several grid-scale battery storage projects.

The aim is to give insurers asset-level insight that can support pricing, claims validation, risk selection and

loss prevention rather than relying solely on broad assumptions or limited historic claims data.

Attribution is another important issue for insurers.

A loss may involve questions over whether the cause was natural degradation, manufacturing defect, misuse, accident damage or integration failure. That distinction affects pricing, exclusions, warranty recovery and claims handling.

Kelly says predictive analytics could be a game changer for battery-related risk.

“Predictive analytics is central because it changes the role of insurance from simply paying claims after an event to helping avoid claims in the first place,” he said.

The ability to identify early warning signs of degradation or failure could support earlier intervention, improve claims validation and

reduce uncertainty around warranty disputes.

In EV fleets, that may mean more targeted service action. In battery energy storage systems, it could help isolate problems before they lead to wider downtime, revenue loss or safety concerns.

For insurers, the common thread across these three risks is not the novelty of the technology, but the pressure it places on underwriting discipline. That changes what the market needs from innovation.

Efficiency will remain important, but the more valuable tools will be those that help underwriters identify exposures earlier, separate one risk from another and make better decisions on pricing, coverage and claims.

As emerging risks become more complex, innovation will matter most where it gives insurers a firmer view of what they are being asked to cover. ■

Growth engine or gimmick? The sandbox debate

Regulators are embracing sandboxes to encourage innovation, but how many insurers want to play?



Financial services regulators and experts talk about sandboxes more than most other people long departed from primary school, writes **Ben Margulies**.

What they mean is a sort of testbed for novel financial products. The Organisation for Economic Cooperation and Development defines sandboxes as “controlled environments where new financial products, services, or business models can be tested with real consumers under relaxed regulatory conditions, but with regulatory oversight”.

Generally, policy experts and financial sector firms see sandboxes as fintech incubators, but many sandboxes are open to the insurance sector.

However, relatively few insurers have actually participated in a sandbox programme, and so far they have probably had scant impact on the insurance industry. They also carry risks for the regulators, who must relax oversight and face pressure not to restore it, while running the risk of letting a risky product into the market.

Though regulators will continue to open and promote sandboxes, they will likely remain only one part — perhaps a small part — of the infrastructure supporting innovation in the insurance sector.

Playdates with the regulator

In a 2019 article in the *George Washington Law Review*, law professor Hilary Allen of American University compared sandboxes to regulatory

waivers, but with “ongoing regulatory engagement” between the agency and the firms receiving these temporary permissions. She added that sandboxes send the message to the entrepreneurial community that a jurisdiction is open to innovative.

Allen tells *Insurance Day* that sandboxes can take several forms, but typically regulators choose participants and work with them on a new product or service while suspending certain rules. “After the end of that fixed period, firms are expected to ‘graduate’ into full regulatory compliance,” she says.

For regulators, a sandbox allows experimentation and innovation without the risk of harm to consumers or the wider market. “Regulators and insurers

increasingly view sandboxes as a supervised way to test innovations faster and boost sector competition without weakening governance and accountability,” says Alisa Dolgova, insurance prudential regulation lead at KPMG UK.

Sandboxes are a controlled environment — “it is not a free for all,” says Najai Mukhta, governance a regulatory lead in global insurance services at FTI Consulting. “The regulator is heavily involved to ensure that customers are adequately protected through the process.”

In 2023, the UK imposed a secondary mandate on financial regulators to support the competitiveness of the country’s financial services sector. The UK’s sandbox, managed by the Financial Conduct Authority (FCA), predates this mandate, but Dolgova sees it as part of the wider competitiveness agenda.

Ben Rose, co-founder and president of Supercede, argues that regulators and innovators can successfully work together if participating firms can demonstrate how they make business decisions and assess risk, something many firms fail to do.

If sandboxes make these dynamics visible from the start, they will boost growth, Rose continues. “Otherwise, they risk accelerating complexity without improving trust.”

Where can we play?

Many financial and insurance regulators in major jurisdictions operate some form of sandbox programme, with more likely to emerge in the EU in the near future under the AI Act.

The FCA began Project Innovate in 2014, and a regulatory sandbox opened in 2016. The FCA added a permanent “digital sandbox” in 2023, following an earlier temporary facility. Participants can “test their business models in the live market with real consumers”, while the FCA assigns each a “dedicated case manager”.

The European Insurance and Occupational Pensions Authority (Eiopa) tells *Insurance Day* there are 14 regulatory sandboxes in place across 12 countries in the European Economic Area, as well as 41 innovation hubs in 30 countries, or all EEA member states.

The EEA comprises the EU’s 27 member-states and Norway, Iceland and Liechtenstein — all of which fall under Eiopa. “These include both insurance-specific initiatives and cross-sectoral financial innovation frameworks that also cover insurance activities,” Eiopa says.

Article 57 of the EU AI Act requires all member-states to establish at least one AI sandbox facility by this August, though most are not yet in compliance. Smaller, more specialised financial hubs — or places that wish to become hubs — also have sandboxes.

The Bermuda Monetary Authority has an insurance regulatory sandbox for insurers, and an insurance innovation hub for companies which operate in the insurance sector but do not hold insurance licences.

In the Asia Pacific region, both Singapore and Hong Kong operate sandboxes. The Monetary Authority of Singapore, which is both the central bank and financial services regulator, has hosted a sandbox since 2016, with a special Sandbox Express for lower-risk projects from 2019.

The Hong Kong Insurance Authority established an insurtech sandbox in 2017. In March 2026, it joined with other local regulators to co-sponsor the GenAI++ sandbox, which will continue accepting applications to the end of June.

In the US, most insurance regulation is handled at the state level, and a number of US states have sandboxes, some specifically geared to insurance.

A report prepared for Virginia legislators counted sandboxes in 13 states, some of which focus specifically on insurance.

For example, Nevada passed a law in 2025 to create an insurance sandbox.

A spokesperson for the state division of insurance said the programme especially seeks applications from insurers with “creative solutions to the growing challenges associated with wildfire risk” — a major stress in many property insurance markets.

Crowded in there?

The FCA sandbox has seen considerable activity over its relatively long lifespan. So far, close to 190 projects have passed through the regulatory sandbox since it opened in 2016, including 17 insurance-sector firms.

Among the latter is FloodFlash, a parametric insurance provider and Etherisc, which offers travel insurance contracts on blockchain.

The FCA recorded 194 applications last year for both its regulatory sandbox and innovation pathways, of which 49% were for the sandbox.

Of the 194 across both services, only 4% were from general insurance enterprises, compared to 35% from payments and digital assets operators. The FCA said it would work to get more general insurers to apply to its innovation programmes.

Other sandboxes have seen much less traffic. The Monetary Authority of Singapore told the Singaporean parliament last year that its sandboxes had, as of 2025, admitted 19 firms, including at least one insurer, of which 15 have completed the programme. The Hong Kong IA sandbox has accepted 43 applications, an IA spokesperson tells *Insurance Day*.

In the US, a number of state insurance sandboxes have been even more quiet — the Arizona sandbox has had 14 participants since 2019, but none was an insurer.

Utah’s sandbox has had two companies complete the programme and two more are currently participating, only one of which was in insurance.

Kentucky established an insurance regulatory sandbox in 2019, but a spokesperson for its parent agency says that no insurer has completed an application to enter it, though seven have begun the process.

For its part, Eiopa cites reports from 2019 and 2023 showing there has been market interest in sandboxes in Europe, but to varying degrees depending on the market and the location. “Some jurisdictions, particularly smaller markets, reported relatively low levels of participation or limited demand for sandbox testing,” Eiopa said.

Just a playground?

Although sandboxes are clearly a popular policy endeavour, their effectiveness is a bit less clear, perhaps partly because these facilities do not have a long track record.

Mukhta, at FTL, says sandboxes have most benefitted “new entrants and insurtechs” that are working on new digital technologies. “For incumbent insurers, the contribution is more indirect: sandboxes can create tested use cases, partnership opportunities and supervisory learning that incumbents may later adopt.”

In purely numerical terms, not many firms have actually passed through sandboxes — even relatively successful and long-established ones like the UK’s. But Suchitra Nair, partner and head of Deloitte’s EMEA Centre for Regulatory Strategy, suggests those numbers could understate the impact of sandboxes.

“The real value for the industry comes when the lessons learned and best practices from these sandboxes are shared more widely, so everyone can benefit — not just the firms involved,” Nair points out.

Allen directly refutes this point, arguing there is little evidence “the fintech innovation generated by sandboxes is beneficial to anyone beyond the innovating firms themselves”. “I have become increasingly sceptical of the sandbox model over time,” Allen says,

arguing they undermine regulators and ultimately produce little competitive advantage as more regulators adopt the model.

As for the regulators, Allen argues sandboxes can undermine them in many ways. Because regulators must choose sandbox entrants, they face charges that they are “picking winners’ and creating an unequal regulatory field”, Allen explains.

If the fintech cannot survive under normal rules and procedures, this problem of favouritism becomes compounded, because now the regulator faces pressure to make its exceptions permanent, Allen continues. The close relationship between sandbox participants and regulators also raises risks of regulatory capture.

Ultimately, sandboxes cannot guarantee that the innovations they foster actually meet some economic or social need.

Allen instead calls for the use of innovation hubs, which can steer fintechs through appropriate “guidance” without requiring regulators to suspend potentially important oversight activities. The FCA does have something along these lines, which it calls its “innovation pathways”. These offer new firms regulatory advice from case managers within the agency.

Nair, Mukhta and Eiopa do not share Allen’s pessimism, but they do argue that sandboxes should only be part of an innovation ecosystem. Mukhta describes the sandbox as “a targeted enabler rather than a complete solution”. Eiopa and its sister regulators “do not see sandboxes as a standalone solution” for innovation. They may spur experimentation and keep regulators in the loop, but they will not alone “drive large-scale digital transformation in the insurance sector”.

“Ultimately, sandboxes cannot exclusively make a major contribution to deployment of new technologies,” Nair concurs. “It will require a collaborative effort by the ecosystem — regulators, regulated firms and

infrastructure providers — to manage new risks and opportunities posed by these technologies.”

Safe testing

The International Underwriting Association’s director of public policy, Nafisah Hussain, tells *Insurance Day* that regulators generally view sandboxes as a mechanism for enabling the “safe testing” of innovative products and services, improving data, modelling and underwriting approaches, and supporting the responsible adoption of emerging technologies.

“They also value the early visibility these initiatives provide into emerging risks and business models,” Hussain adds, “especially in areas where traditional regulatory pathways may not offer sufficient clarity for novel propositions.”

Hussain continues that insurers recognise that sandboxes offer a “controlled environment” in which to test new ideas, engage earlier and more constructively with supervisors, and refine products, models and controls before scaling.

At the same time, she adds, firms are mindful that participation can be “resource intensive”, and they acknowledge that not every sandbox use case will ultimately translate into a commercially viable solution.

“Sandboxes can support the adoption of digital technologies, including AI, by allowing firms to test governance frameworks, explore issues such as explainability and accountability, and ensure alignment with evolving regulatory expectations,” Hussain says.

“In fact, the FCA have been doing some great work in this space, she notes, pointing to its [AI Lab](#), which supports innovators as they develop new AI models and solutions.

“However, they represent only on part of the broader ecosystem influencing the pace of adoption,” Hussain says, “which also depends on factors such as data availability, internal capability and wider regularity clarity.” ■

Re/insurance could be the tipping point for carbon capture

Howden, WTW and the Global CCS Institute urge re/insurers to help manage the carbon capture and storage value chain



Global CCS Institute

Carbon capture for enhanced oil recovery has existed since the 1970s and involves injecting ‘captured’ CO₂ into mature oil fields to increase production while simultaneously burying it, writes **Louise Isted**.

Carbon capture and storage (CCS) on the other hand is seen as one of the solutions to climate change, by capturing CO₂ from industrial exhaust or the atmosphere, transporting it via pipelines or ships and then permanently sealing it off in underground geological formations.

Capturing CO₂ and placing it out of harm’s way may not be a new idea therefore, but applying the practice across multiple stakeholders in a modern-day CCS project does require insurers to be innovative.

For them, the goal should be to manage the CCS value chain as a collective entity, according to Tony Rooke, who co-leads climate change risk advisory at broker Howden.

“If there’s a break anywhere in the value chain, everybody’s at risk, and so you need to ensure they can all get back up and running,” he said in an interview with *Insurance Day*.

According to a recent [white paper Howden co-authored with Energex CCS](#), the CCS value chain — including emitters, transportation and storage — presents a unique set of technical, commercial and regulatory risks that are amplified by the complexity of ownership structures, cross-border operations and the nascent nature of the industry at the required scale.

At face value, insuring a CCS project appears to be like any big infrastructure project, with property and business interruption being the main elements, but the key risk lies in ensuring every stakeholder knows who will next inherit the asset — CO₂ molecules — along with its liabilities.

Even more complex is the cross-jurisdictional structure of large CCS projects. For example, CO₂ is shipped from one jurisdiction, enters international waters and is then brought to another jurisdiction for storage.

Governments have bilateral agreements on handling and burying CO₂, and these will be part of their respective nationally determined contributions — the climate action

plans under the Paris Agreement. They will also interface with the CCS project developers, from both the regulatory and subsidy perspectives.

These value chains also become more complicated as new CO₂ emitters emerge because of the demand this places on transport and storage operators.

Rooke explained: “The participants need to treat these projects like joint ventures between all of them, rather than as transactions between each of them and their immediate contractor.”

He continued: “And that should be at the early stage of a project so that an equitable share of the risk and reward can be evaluated, which is where insurance can be the tipping point in making a project bankable.”

In that vein, Howden has been designing a “linkage product” for CCS projects, whereby every party is signed into the same cover for when there is a failure, such as CO₂ leakage.

“The alternative, of being purely contractual, entails companies chasing each other so they can recover costs if an incident disrupts the value chain, whereas what we’re working on means insurance can sit across all of them to make the process as efficient as possible, with everyone able to claim the appropriate and fair amount and to support restarting the CCS chain as quickly as possible,” Rooke said.

Unfamiliar asset

This sense of collective responsibility is especially important, given that not all the stakeholders will be used to handling CO₂, neither in gas nor liquid form.

“There are experts from the oil and gas industry coming into CCS who are handling familiar assets but may be unfamiliar with it as a fluid: liquid CO₂ is very different from liquid natural gas,” Rooke said.

“A key risk for them is that they are potentially handling that chemical for the first time,” he added.

CO₂ also has peculiarities, such as the potential for dry ice to accumulate if there is depressurisation in the equipment and it is heavier than air. It is also an asphyxiant. “When CO₂ leaks, it sinks to the ground and stays there, taking time to disperse and thus posing a risk to people and livestock health,” Rooke said.

Nevertheless, there is sufficient knowledge available about cryogenic handling, which involves storing and transporting CO₂ below its condensation point.

The main issue, Rooke insisted, is the handover of those risks, which also requires factoring in carbon



“There are experts from the oil and gas industry coming into CCS who are handling familiar assets but may be unfamiliar with it as a fluid: liquid CO₂ is very different from liquid natural gas”

Tony Rooke,
Co-head of climate change risk
advisory at broker Howden

credits and other support mechanisms that make a CCS project viable financially. “That’s really where we get into the characterisation of the risk profile,” he said.

He explained: “It isn’t like-for-like to an oil and gas industry stakeholder but is being built from the standards used by the oil and gas industry for the handling of natural gas. You’ve got shipping potentially involved, you’ve got other transport too: pipelines, road, rail, and cement and steel production sites all connecting into this. How they all transfer risk when some of them aren’t used to working together is a real part of this profile.”

Scaling CCS is an obvious challenge, given there are both established and novel technologies being developed for it.

For example, the use of amines to strip impurities out of CO₂ gas is well-known, Rooke noted, but there are newer technologies that could potentially reduce a CCS project’s operational costs significantly, though they have a “less understood risk history”.

“Do you use a more novel technology and take on the risk that it won’t perform, or do you stick with an existing one with higher operational costs,” Rooke said.

Another matter that contrasts the familiar and the new is how most enhanced oil recovery involves relieving pressure in the reservoir over time — pushing CO₂ in, to push out more of the oil and gas products, and the pressure drops.

The problem here for CCS, Rooke said, is that forcing more and more CO₂ into the reservoir increases pressure ever higher.

Another consideration is the potentially huge value of CCS projects — into billion-dollar territory — and, in some geographies, for how much longer government support will be there. Their importance to a coun-

try's climate goals, however, cannot be overstated. For example, Longship is Europe's first complete value chain for the capture, transport and storage of industrial CO₂ emissions, and the largest climate initiative in Norwegian industrial history.

According to the Global CCS Institute's [Global Status of CCS 2025 report](#), as of late 2025, there were 77 commercial CCS projects around the world (a 54% increase on the 50 operational projects reported in 2024) that capture and store over 64 million tonnes of CO₂ per annum.

This is set to increase by 70% in the next few years with over 200 projects in Europe and the UK in development or construction, Rooke noted.

"It's not one or two a year in Europe anymore, but 10-plus that are trying to get to a final investment decision, and I expect we'll see a lot of CCS projects come online by 2030," he added.

Unlocking investment

Howden's approach to de-risking finance and unlocking investment in CCS projects is to provide advice at an early stage so that insurance is "designed into the system", Rooke said, adding that this is "an innovation in and of itself".

Investors will gain comfort from the right protection being in place, including the appropriate form of technology performance indemnity for the equipment manufacturer who manages the capture and purification of the CO₂ that comes off the flue gases, especially those selling prototypical technologies.

Howden is also having discussions with the small- and mid-sized original equipment manufacturers to ensure the guarantee they provide is long term which, without insurance, their balance sheet might not otherwise be able to cover.

The broker is focused on designing an overarching insurance product



"The rapid growth of the CCS industry, rising regulatory certainty and the increase in industrial adoption creates a structurally expanding demand base for risk transfer solutions in the carbon capture space"

Marie Reiter,
Head of global broking strategy,
natural resources at Willis

that can "help everybody in the chain", so that investors know from the outset of a project what the eventualities of the various scenarios that play out would be.

Sureties could work for financing CCS, he said, and Howden is working with some insurers on how to understand the credit risk involved.

All this work is a cross-collaboration between Howden's capital markets, climate risk and resilience, natural resources, specialty and marine teams, he added.

In January 2024, Howden launched a first-of-its-kind insurance facility

covering the leakage of CO₂ from commercial-scale CCS facilities, which it said would unlock investment to support the global transition to net zero.

The insurance facility, designed by Howden and led by Scor's syndicate at Lloyd's, provides cover for environmental damage and loss of revenue arising from the sudden or gradual leakage of CO₂ from CCS projects into the air, land and water.

"We found clients were asking for help with the business case," Rooke said, "by having the insurance in place to make their CCS project much more bankable."

As with any new technology, project developers need to cross the "innovation valley of death".

Rooke explained: "To get out of the demonstration phase and into the commercial-at-scale stage is where governments are leaning in at the moment."

For example, the UK government has committed £21.7bn over 25 years to support the country's first five CCS projects.

There are also bilateral agreements between countries because some CCS projects are transnational.

For example, the UK government recently completed a consultation on 'non-pipeline transport', which examines the risks of moving CO₂ by road, rail and ship.

Rooke noted that this includes the proposal of the government charging a fee to insure against these risks.

He continued: "Getting the risk off government and developer balance sheets is where insurance comes in because we can help underwrite these risks. As well as the equity markets providing the capital, we can provide a method for risk transfer."

“And as CCS projects mature, this will become more business-as-usual for commercial operation.”

Howden is also talking to regulators about how insurance “can be part of the solution” for CCS projects.

“I never say any part of the capital stack is the silver bullet, but we can certainly facilitate some of that risk coming off the government balance sheet, which is something they’re very interested in exploring as well,” Rooke said.

This is particularly relevant for “off-spec” CO₂, meaning the risk of CO₂ going through a CCS system containing elevated levels of water — which turns to acid — or other impurities that can prematurely degrade the equipment.

In its joint publication with Energex CCS on [How insurance can address the financing challenges of Carbon Capture and Storage](#), Howden describes the “complex risk profile” of CCS as including carbon market fluctuations, environmental liability, regulatory/tax policy risk, technology readiness, counterparty credit worthiness, construction/development risk, and operational risk. “What we’re trying to do is take that complexity, understand what can be done now to handle the value chain and the technology risk, so that CCS becomes more bankable,” Rooke said.

Five years from now, Rooke hopes CCS will be “on a par” with where wind and solar energy are currently from an insurance standpoint.

He concluded: “I would certainly like to see CCS as part of a regular bunch of projects that insurers are taking on their books because we need it as one of the solutions to the transition towards meeting our climate goals.”

CCS prospects

Unveiling Willis’s latest [Energy Market Review](#) in April, Marie Reiter,

head of global broking strategy, natural resources at Willis, noted that CCS had been an up-and-coming technology for several years already, especially for the hard-to-abate industries such as oil and gas, cement, steel and chemicals, where it is providing a viable way for emissions reduction in heavy industry.

By 2030, the Global CCS Institute expects CCS to have increased over fivefold to 337 million tonnes per annum, which Reiter noted, however, was still only about 40% of what is required to achieve net-zero pathways.

“The rapid growth of the CCS industry, rising regulatory certainty and the increase in industrial adoption



“Industry reports and discussions indicate that insurers are poised to provide solutions to critical insurance gaps and support the large-scale deployment of CCS globally”

Bernardene Smith,
Head of policy,
regulation and commercial,
Global CCS Institute

creates a structurally expanding demand base for risk transfer solutions in the carbon capture space,” she said.

However, CCS growth is heavily dependent on government incentives and support, from ‘carrots’ like the 45Q tax credit in the US and ‘sticks’ like the ‘cap-and-trade’ carbon market in the EU.

Without such policy and regulatory commitment, CCS projects “still struggle to stack up commercially”, Reiter said, and a sustained shift in any government policy could sharply undermine this fledgling sector. “Those government support packages will not last forever, so projects need to build sustainable business models that are capable of operating in a post-support environment,” she added.

Insurers need to be aware that, in many jurisdictions, the CCS value chain is deliberately “disintegrated”, meaning different parties are responsible for each of the key stages of a project’s development.

Whilst construction and operational exposures are “business-as-usual”, Reiter noted, there are some more specific CCS risks that are “worthy of consideration”. For CCS operators, these involve the performance of technology capture, the quantity and quality of CO₂ they expect and how they protect the incentives that are essential to their project.

Issues for transport companies include the need to know where responsibility and liability lie with off-spec CO₂, the risk from carrying a natural asphyxiant, and the potential financial loss from downtime following a leak or pipeline rupture.

Storage operators are responsible for the geological leakage risk and any unexpected plume movement once the CO₂ is in a reservoir, as well as for the long-term sequestration of the CO₂, which could be a decades-long responsibility, meaning a long tail of liability.

There are also strict regulatory requirements for the measuring, monitoring and verification of stored CO₂.

The biggest challenge for CCS, however, lies in the interdependency across that disintegrated value chain, Reiter said, and so insurers must look at the risks holistically.

Reiter described the three key interdependence risks.

In construction, this is how a delay with one part of the project can cause financial loss to the entire value chain through the delayed commencement of operations, and thus the ability to earn carbon credits being deferred.

Secondly, there is the CO₂ ‘handoff’ risk, where it is crucial to have contractual arrangements that make clear who has responsibility for the CO₂ at each stage of the process, so that each party can put appropriate insurance protections in place.

And finally, a loss downstream of the emitter in the value chain could jeopardise the emitter’s ability to continue to capture CO₂ and therefore earn carbon credits. If the emitter can’t protect these credits via insurance, the whole project will likely “struggle to stand up” financially, Reiter said.

Innovative insurance solutions are needed to support CCS project viability and bankability, she stressed, and this can only be achieved through collaboration by all the counterparties in the value chain, including insurance providers.

“If we all work together,” she said, “we can ensure that CCS moves forward from growth opportunity to financial long-term strategy.”

State of the market

Bernardene Smith, head of policy, regulation and commercial at the Global CCS Institute, stresses that a key consideration for scaling up CCS

project deployment, to the levels required to meet the Paris climate goals, is access to project finance.

In a paper she wrote last year — [Insurance for Carbon Capture and Storage: State of the Market](#) — Smith noted that the risks around long-term containment of stored CO₂, project data availability to appropriately assess risks, and the bankability of projects are amongst the many considerations for financiers.

In recent years, various ideas have been developed to assess the risks and insurability conditions of climate technologies, such as the Geneva Association’s [Insurability Readiness Framework](#), which Smith said could play a significant role in accelerating insurance conversations between project developers and insurers, which may ultimately lead to greater project bankability.

The International Energy Agency Greenhouse Gas R&D Programme in 2024 published [a list of insurance firms](#) that have offered or expressed interest in developing CO₂ storage insurance products.

Of these, Smith highlighted three types: coverage for a project’s financial performance; protection against loss of previously generated carbon credits; and tailored to specific project needs.

An example of the latter is broker Aon’s specialist carbon capture, utilisation and storage insurance product for CO₂ transportation and storage projects.

“The availability of commercial insurance largely depends on data that can support a quantitative assessment of the losses that are likely to occur in the future. Unavailability of reliable data, or risks that are difficult to quantify, may render certain risks uninsurable or prohibitively expensive to insure,” Smith said.

In her paper, Smith described the key risks facing CCS projects as: a

return on investment; delays in regulatory processes; leakage risk; technology risk; and asset condition risk. “Although the leakage risk in the long term is understood to be minimal, insurance — aside from environmental impairment liability insurance — is rarely set out for the expected period of permanent storage in geologic formations,” Smith said.

There are also “unforeseeable risks”, she added, including unknown operational risk, political risk and carbon price volatility.

A novel approach to insuring CCS projects is ‘in-kind’ insurance. CarbonPool, a Swiss-based start-up, sources credible credits for its clients in a market where these are difficult to find, especially under time pressure. Insurance is provided in the event of carbon shortfalls, carbon credit reversal and unintended emissions.

Another example is carbon tax insurance. For example, risks that are insured under WTW’s tax insurance products include leakage, suitability of carbon capture equipment, structuring and transfers of tax credits, and the use of applicable standards in the construction and maintenance of facilities.

“As confidence grows around management of the unique risks of CCS, industry reports and discussions indicate that insurers are poised to provide solutions to critical insurance gaps and support the large-scale deployment of CCS globally,” Smith said.

She continued: “The insurance industry is actively adapting to the rapidly expanding CCS landscape, evidenced by the recent increase in specialised products to cover some of the unique risks of CCS. Our research indicates that insurers are optimistic about the role insurance can play in derisking CCS projects effectively to provide the necessary comfort around these projects to regulators, the public and capital providers.” ■

The slow (cash)flow of insurance premiums

Manual processes and outdated systems are hindering the movement of money for re/insurers



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Much of the insurance industry’s innovation push has focused on making underwriting, placement and distribution more efficient. More recently, integrating artificial intelligence has become a priority. However, one of the most critical parts of the value chain remains largely unchanged: the movement of money, **writes Julian Schoemig.**

Every policy, every claim and every transaction ultimately depend on the accurate, timely collection, allocation and settlement of funds.

Yet premium processing is often regarded as an afterthought in insurance, an aspect of the industry which hasn’t been considered in the rapid progress of recent years.

Across the London market and beyond, this is still slowed by manual processes and outdated systems, often adapted from other areas of financial services, making them less than optimal for insurance.

This is not simply an operational inconvenience; it’s a structural inefficiency that is becoming harder to ignore.

Hidden inefficiency at scale

Research conducted by Diesta highlights the sheer scale of the issue. An estimated 68% of Lloyd’s net written premium remained outstanding at the end of 2022, equating to approximately £23bn still in transit, unpaid or unallocated at year-end.

This is, by any measure, an extraordinary amount of money — equiva-

lent to more than two full years of Lloyd’s pre-tax 2025 profit, for example.

That figure points to a broader lack of transparency in how premium flows through the market and the friction that is so embedded within that process.

Insurance is a finely tuned ecosystem, with funds moving between brokers, managing general agents (MGAs), carriers and reinsurers.

A single premium payment can pass through multiple intermediaries, systems and controls before it is fully received and reconciled.

Along the way, it may be checked and validated numerous times, and each transition introduces the po-

tential for delay, misalignment and increasing costs.

Historically, these inefficiencies have been accepted as part of the complexity of the London market, but in today's environment, they are becoming a limiting factor on performance. Improved financial infrastructure has the potential to reduce that friction. By creating a clearer view of transactions, it becomes easier for business partners to align on balances and build trust.

Unlocking capital

In a softening market, the tolerance for operational inefficiency is significantly reduced. As pricing comes under pressure and competition is constantly growing, firms are placing greater emphasis on capital efficiency, cash flow management and operational discipline. The ability to see and access premium quickly is no longer purely a back-office concern.

Critically, delays in reconciliation do not just create administrative burden, they can tie up capital and limit the ability of firms to respond in a timely manner to market opportunities. This is particularly relevant for MGAs and growth-focused platforms, where strong cash flow is critical to scaling effectively.

Unallocated cash and aged debt have long been persistent issues across the market. Funds can sit in accounts for extended periods, reducing liquidity and increasing operational risk.

By improving matching accuracy and accelerating allocation, firms can unlock capital that would otherwise remain trapped. At the same time, they reduce the operational effort required to manage exceptions, queries and disputes.

What is emerging is a shift towards treating premium processing as a source of real-time financial insight. Instead of asking whether accounts reconcile at month-end, firms are beginning to ask whether they have



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continuous visibility over their financial position. In turn, a different and more strategic approach to infrastructure is needed.

Rather than relying on multiple disconnected systems and manual workflows, newer platforms are introducing integrated financial architectures designed specifically for insurance.

By consolidating data from policy systems, payment providers and banking infrastructure, they create a single, consistent view of premium flows. The result is ultimately not just faster reconciliation, but improved control for insurers.

Scaling without complexity

The growth of delegated authority and MGA models has further increased the importance of efficient premium processing.

MGAs are often built for agility and specialisation, but their operational models can become strained as transaction sizes increase. Scaling has historically required additional headcount in finance and operations, creating a tension between growth and efficiency. A more integrated approach to premium processing offers a way to break that pattern.

By embedding payment tracking and reporting into a single workflow, firms can handle greater volumes of business without increasing operational complexity. This enables growth that is both faster and more controlled.

Innovation in insurance is often associated with new products and advances in underwriting technology. The movement of money has remained comparatively overlooked, yet it is precisely this part of the system that underpins everything else. Without efficient premium processing, gains made elsewhere are diluted by operational downfalls.

Meaningful innovation must extend beyond the surface level of the industry, to address the infrastructure that supports the industry's core functions.

The opportunity is not simply to make existing processes faster, but to rethink how they operate altogether. That means moving away from manual workflows towards intelligent systems that provide real-time visibility and control for all parties.

For a market that prides itself on underwriting expertise and global leadership, this represents a natural next step. If the financial foundations of the industry are stronger, money will move quickly, more accurately and with greater transparency. Everything built on top of those foundations will become more effective. Innovation, in this context, is not about changing things for the sake of it. It's about removing friction where it makes a vital difference to the bottom line.

Julian Schoemig is chief executive and co-founder of Diesta ■

New KPIs for the AI age

Re/insurers must promote artificial intelligence from mere 'assistant' to the foundation of operating models



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The working heart of insurance lives in the broker emails, the PDFs, the bordereaux, the spreadsheets, the handoffs and the judgement calls between them, writes **Max Richter**.

The industry has for years digitised the islands of this process, but it has left the swamp between them largely untouched, which is why so many transformation programmes have produced disappointing returns.

Automating individual tasks inside a fragmented workflow leaves the fragmentation in place and the operational burden stays where it always was – in the gaps between systems and steps.

Agentic AI changes the question. Instead of asking whether artificial intelligence (AI) can extract a data field or draft an email, the right question is whether AI can own the journey from intake to outcome.

When AI ingests, interprets, validates, decides, communicates and updates systems across multiple steps, the work shifts from task automation to operational redesign.

Humans move into exception handling, control and judgement. Scale stops coming from headcount and starts coming from the percentage of work that flows straight through. The breakthrough sits in AI doing the work while people handle the exceptions, the negotiations, the broker relationships, the coverage calls and the judgement calls where experience matters most.

For this model to hold in insurance specifically, the AI has to understand insurance, but generic large language models, however capable, were built for general use.

The systems that handle complete insurance journeys reliably are the ones built on language models

trained on insurance data, layered with knowledge structures that encode how insurance entities, relationships and concepts connect.

Without that foundation, agentic systems break down at the points where the work becomes hard. Building this kind of intelligence also requires teams that have run underwriting desks and claims operations, because the points of breakdown are rarely visible from a process diagram. Most of the delays in insurance processing sit in waiting time and thinking time is rarely the bottleneck.

Inboxes, queues and handoffs are the largest hidden cost driver in most operations. When that delay disappears, what looked like complexity often turns out to have been fragmentation.

The speed-gain matters beyond productivity. When turnaround

times collapse, carriers see more of the right business. In-appetite risks surface quickly enough to win.

In claims, earlier triage produces cleaner data and fewer avoidable delays. Operational change starts producing top-line and combined ratio effects. For underwriters, claims handlers and operations teams, the day changes. They stop rekeying data, chasing documents, and managing work from inboxes.

Cases arrive classified, enriched, validated, summarised and routed, with the next best action already suggested.

More time goes to negotiation, broker relationships, coverage decisions, and true exception handling. That is where humans add value. The industry's instinct to wait for the perfect integration solution now functions, often unintentionally, as a way of preserving the status quo.

Operational impact requires removing manual work safely and quickly. Architectural perfection is optional.

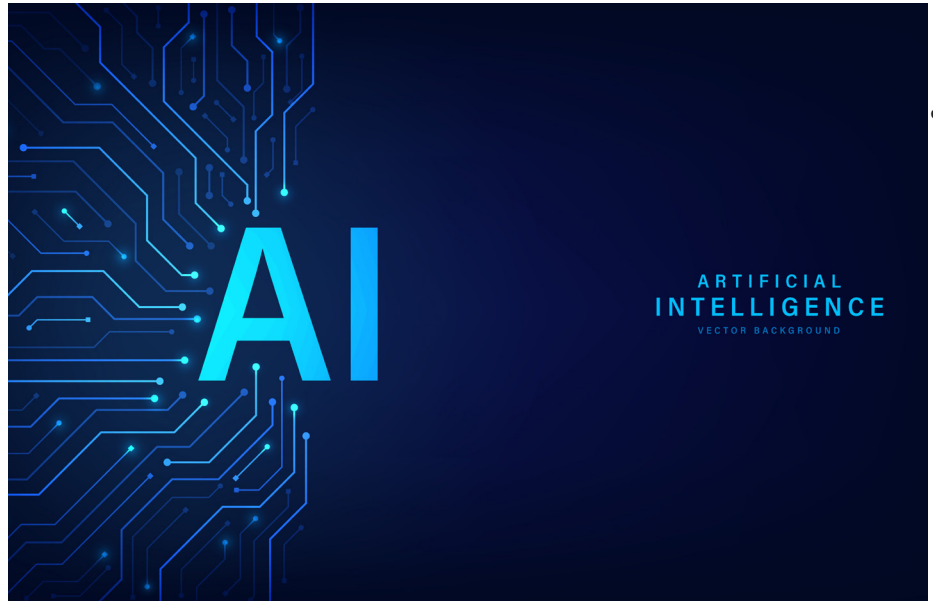
Carriers and brokers measure efficiency through familiar KPIs: workflow automation, accuracy and reductions in routine staffing hours. These are useful for tracking improvement within the existing model, but they are insufficient for measuring whether the model itself has changed.

The real prize is combined ratio improvement and margin expansion across the organisation, which requires KPIs designed for the AI age. KPIs that measure outcomes rather than activity.

Five metrics matter most.

Straight-through completion rate: The percentage of work that finishes without human intervention. This is the clearest signal of whether AI is operating or merely assisting.

Elapsed turnaround time: The total time from intake to outcome,



“The breakthrough sits in AI doing the work while people handle the exceptions, the negotiations, the broker relationships, the coverage calls and the judgement calls where experience matters most”

Max Richter
MEA Platform

measured as a combination of agent processing time, human-in-the-loop time, and waiting time. Strong AI operations move this from days to hours, sometimes even to minutes.

Exception rate: The frequency with which workflows escalate to humans. This shows how well the system handles real-world variability across documents, formats and edge cases.

Rework rate: The proportion of completed transactions requiring correction. High rework erodes cost savings and signals quality problems at scale.

Cost per completed transaction: This connects operational performance directly to combined ratio and margin.

A sixth metric distinguishes platforms that improve from those that plateau: learning velocity. This is how quickly a system absorbs a new exception so that it stops appearing as one. Platforms that learn become harder to compete with over time, but platforms that do not, lose ground.

The biggest mindset shift for insurance leaders is to stop treating AI as a tool that assists the existing operating model. The long-term winners will treat it as the foundation of a new one. They will ask which jobs humans should never have to do again. That is the question that separates the operators using AI to speed up the old model from those using it to replace it.

Max Richter is EMEA chief executive and global growth leader at mea Platform ■

The recall reckoning

Product recalls are changing the insurance market in five main ways



For a long time, product recalls followed a fairly predictable rhythm. A fault emerged, lawyers became involved, static notices were issued and temporary phone lines groaned into life. Weeks later, someone produced a spreadsheet claiming the situation was under control and, assuming they were covered, the insurance company paid out, writes **Pete Gillet**.

It was a messy and ineffective way of working, particularly for insurers who had to take low-quality evidence as gospel. Thankfully, thanks to digitalisation at every level of the recall process, it is now possible to conduct rapid recalls that reach conclusions quickly and in a way that keeps the pounds in the pockets of both the affected brand and insurer.

The speed of screenshots

Today's recalls move at the speed of screenshots, WhatsApp groups and rolling news alerts, with "real time" now the name of the game. When a recall happens, consumers expect immediate answers, regulators expect

exact evidence and insurers expect clarity on exposure while events are still unfolding.

Most businesses already have recall processes in place. The challenge is that many of those processes have simply become established over time rather than actively improved. Recalls are rarely a boardroom priority until one happens but, by then, it is too late to rethink a process that may be creating unnecessary cost, delay and operational complexity.

That matters because recalls are becoming more frequent across almost every sector.

Relentless recalls

The rate of recalls is increasing and hitting every sector. In 2026 alone we have seen Stellantis UK issue a recall of 44,000 cars across its Peugeot, Citroën, DS Automobiles, Vauxhall, Alfa Romeo, Jeep and Fiat brands. Food recalls in the UK rose 18% year on year, while retailers such as Dunelm, IKEA, Waitrose and Toshiba had to recall everything from contaminated toys to

dangerous garlic presses in the single month of last April alone. The issue for insurers is not that recalls are increasing. It is that the cost profile has become wildly unpredictable.

Two superficially similar recalls can produce entirely different outcomes depending on how quickly affected customers are identified, contacted and managed. One becomes a contained operational event. The other spirals into reputational damage, litigation, retailer disputes and regulatory scrutiny.

Global supply chains only compound the problem. A single defective component can now create exposure across multiple manufacturers, territories and policies simultaneously, making accumulation risk far harder for insurers to model with confidence.

Cutting cost by up to 40%

Most businesses are simply unaware there is now a far more efficient way to run recalls. Traditional recall processes often involve large amounts of manual administration, fragmented

customer communication and disconnected reporting. They work, but they can also be slow, expensive and resource-heavy, particularly during large-scale or multinational recalls. Digital recall management changes that equation entirely.

Modern systems can automate large parts of the process, from customer outreach and multilingual communications to evidence capture and live reporting. AI-supported workflows are particularly valuable in cross-border recalls, where businesses may need to manage multiple languages, territories and regulatory obligations simultaneously. The commercial implications are significant. Digitised recall management has shown it can reduce recall costs by up to 40% by lowering administrative overheads, reducing manual processes and accelerating resolution times.

Visibility changes everything

One of the biggest advantages of modern recall systems is visibility. Many businesses still do not know exactly who bought a product, where it was sold or whether the customer can realistically be contacted. Retailers hold fragments of information. Manufacturers hold others. Supply chains stretch across multiple distributors, systems and territories. By the time a defect emerges, the data trail can resemble a jigsaw assembled during an earthquake.

That creates obvious problems for insurers who are trying to assess exposure accurately. An Office for Product Safety and Standards survey found only around 50% of consumers recalled seeing a product recall notice after purchasing a faulty item.

That statistic alone highlights how much room there still is for improvement in customer engagement and traceability, which digital recall systems fundamentally improve.

Businesses can track customer engagement in real time, verify actions taken and build defensible audit trails throughout the process. For insurers, that creates something the recall

market has historically struggled with — measurability. Instead of relying on broad assumptions and delayed reporting, insurers can see how a recall is progressing while it is still unfolding. That improves risk assessment, reserving accuracy and ultimately pricing confidence.

From guesswork to visibility

Better visibility also helps tackle another growing issue in recalls — fraud. The larger and more public a recall becomes, the greater the opportunity for false claims, duplicate submissions and attempts to benefit from products never genuinely owned. From an insurance perspective, poor security during a recall creates obvious financial leakage.

Businesses able to directly contact verified customers, capture digital evidence and track interactions throughout the recall process are in a far stronger position to identify suspicious activity and reduce fraudulent claims. Timestamped audit trails, product verification and customer engagement records all help create a clearer and more defensible picture of legitimate exposure.

Historically, recall preparedness has rarely been scrutinised with the same seriousness as cyber hygiene or business continuity planning. That is beginning to change as insurers recognise how modern technology can bring speed, visibility, evidence and operational control together in one process.

Artificial intelligence-supported recall systems can now triage customer queries across multiple languages, automate outbound communications and track engagement in real time. Customers can confirm product details, upload evidence, request replacements and verify corrective action through digital portals rather than sitting in lengthy call centre queues.

More importantly for insurers, every interaction becomes measurable. Instead of relying on broad assumptions and delayed reporting, insurers

can see the progress of a recall as it unfolds, including response rates by geography, retailer or customer segment. That improves reserving accuracy, supports faster decision-making and provides a clearer picture of ultimate exposure.

Five changes

Recalls are changing the insurance market in five main ways:

Underwriting will increasingly examine recall execution capability: The ability to identify customers quickly, track responses digitally and provide live reporting is becoming a meaningful indicator of risk quality.

Static reporting will give way to live recall intelligence: Insurers need at-a-glance visibility into active incidents, including engagement rates, outstanding products and escalation patterns.

Recall cover will become more operational, not just financial: Increasingly, value will come from access to crisis response expertise, live reporting capability, communications support and pre-built recall processes before an incident escalates.

AI will become part of mainstream recall operations: AI-supported triage, multilingual support and automated workflows help contain operational chaos while preserving auditability and consistency.

Insurers can be a driving force for change: By mandating that businesses have real-time visibility into recall processes and making it an obligation of the policy to have adequate recall processes in place, insurance can create meaningful and long-lasting business change in the way recalls are handled. Insurers are at the centre of this change.

You're the ones who can open the eyes of brands to a world of digital recalls. A world that cuts cost, time and friction and improves ways of working in a way that benefits all involved.

Pete Gillet is the founder and chief executive of Marketpoint Recall ■

Rage against the machine

Re/insurance companies are already replacing jobs with AI tools, while others are creating new ones to have a human-in-the-loop



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In the 1979 sci-fi horror *Alien*, Ash is an android (pretending to be a person) who has been tasked by The Company to spy on his colleagues. The film’s director, Ridley Scott, was thus warning about the dangers of artificial intelligence decades before it became a thing for society, though it was officially born in academic circles in 1956, writes **Louise Isted**.

None of us has come across an Ash at the office yet, but all sectors, including re/insurance, are trimming their headcount in favour of his technological forbears, which are our contemporaries.

Last month, insurance broker Acrisure announced plans to eliminate 11% of its global workforce by 2027, citing the growing role of AI in reducing manual work across its operations. On the flipside, other firms are creating AI jobs for humans. For example, PwC UK has posted a

vacancy on LinkedIn for a “Director — AI-enabled Transformation in the Insurance Sector”. One of the job’s perks, PwC says, is “24/7 access to a qualified virtual GP”. Virtual but still human.

Re/insurance goals

From the specialty re/insurance market’s perspective, AI is being used to support underwriters and claims professionals and is not about cutting jobs. They are using it to enhance decision-making and support underwriting, through data analysis, risk selection and so on.

For example, Hiscox’s “change programme” currently has 175 initiatives, which in the first quarter of 2026 included the group-wide rollout of an AI literacy programme.

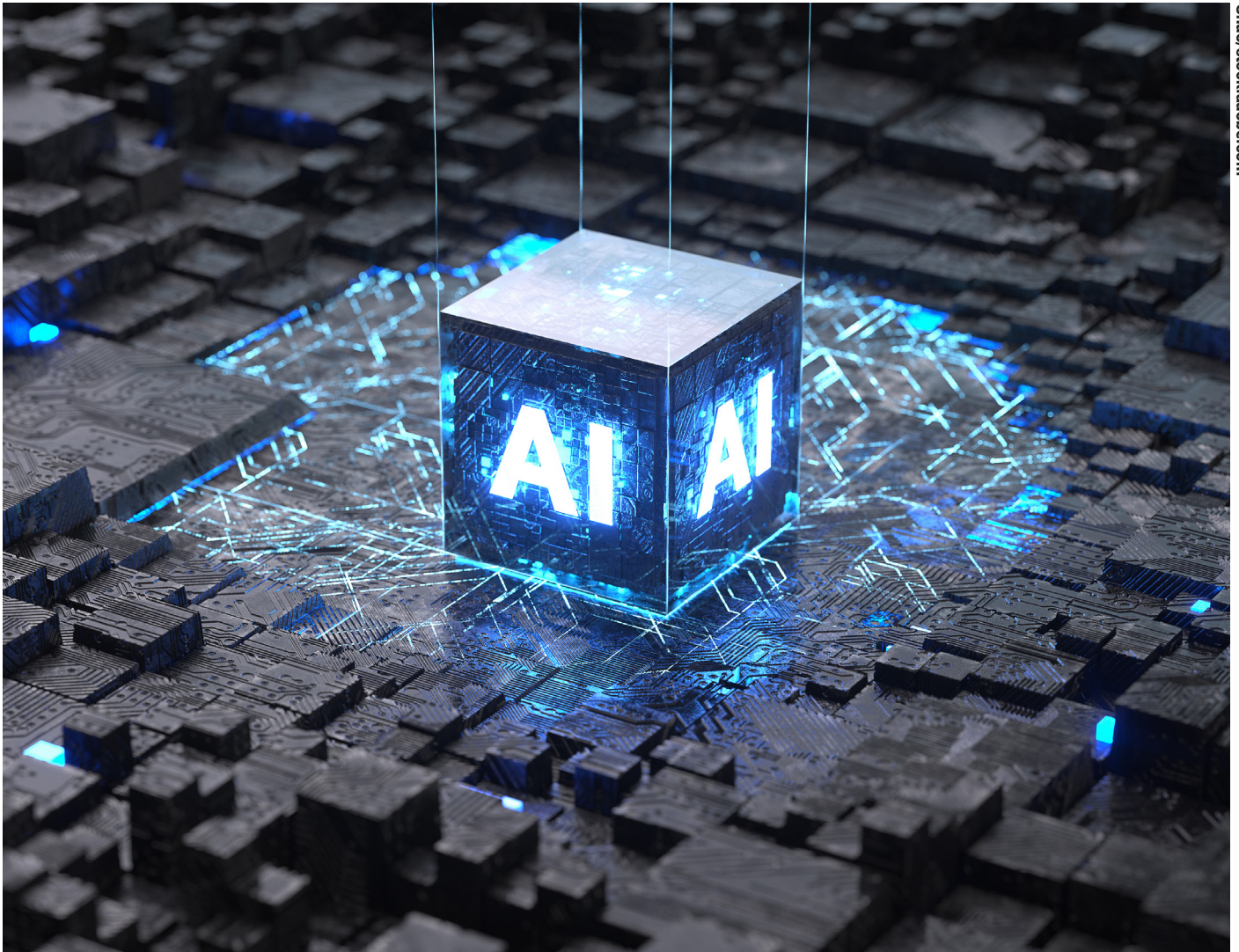
Its London market unit continues to enhance the capabilities of the company’s AI lead underwriting tool, increasing the volume of data ingested

for middle market and sabotage and terrorism risks.

Max Richter, EMEA chief executive and global growth leader at mea Platform, goes further, urging insurance leaders to stop treating AI as a tool that assists the existing operating model, and instead use it as the foundation of a new one.

And at the recent MGA Rendezvous in Barcelona, the delegated authority market discussed the opportunities created by AI. Jeff Radker, the chief executive of Accelerant, said that handing over time-consuming tasks to AI applications can help managing general agents stand out.

Re/insurers also recognise the potential issues that AI would expose. According to Willis, AI has become a “governance, liability and insurability problem” which could cause unpredictable harms across multi-ple insurance lines.



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AI is not so much a peril by itself, the broker notes, but rather a factor amplifying risks in other activities and across a wide variety of insurance types. It warns that AI hallucinations can trigger consumer lawsuits, but also professional sanctions, such as a lawyer citing imaginary cases sourced by AI.

Outsourcing to Silicon Valley

Mo Gawdat, formerly chief business officer for Google X, sees unemployment rising by as much as 30% in some sectors over the next few years.

“That’s not a challenge of AI,” he stressed during a panel discussion on the BBC programme *Question Time*. “It’s the challenge of a choice by capitalists who run businesses and who will choose to reduce costs by asking people to leave, rather than increase the intelligence of an

overall organisation by empowering people with AI and technology to make people do more.”

The argument that it’s normal to expect private companies to cut costs is specious, he said, because unemployed people don’t have money to spend on the goods and services these companies produce, nor do they pay tax into state coffers.

“At an individualistic level, a company may benefit from laying off people, but for the economy at large, it’s risky,” he said.

Similarly, the idea that technology has always been a disruptor has become an unhelpful trope in the age of AI, Gawdat said. “A navigation system helps a taxi driver do their job better, but an AI self-driving car won’t need a taxi driver in the first place,” he added.

The current “noise” about AI concerns short-term issues, Gawdat warned. “Whether it’s the impact on jobs, autonomous weapons or on surveillance, all of these are here and now. Not because AI has turned against us, but because the tech oligarchs are using this to enrich themselves. The real question is whether those people will become stronger than our governments. Are we going to keep obeying until they do?”

For now, Ash is far into the future, and we are living and working in the much earlier era of AI as *augmented* intelligence. That’s good, if it makes us smarter and faster. It isn’t good, however, when The Company is a handful of Tech Bros in Silicon Valley to whom we’re outsourcing the development of work and potentially every other aspect of human life. ■

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