

Insurance Insights 2024

25 January 2024

2023 was a year of great change and uncertainty, with the ongoing war in Ukraine, hostilities in Israel and Gaza, and the cost-of-living crisis.

2023 also saw an unusually high level of severe weather and environmental events with multiple heat records being broken, numerous storm and flood events, earthquakes in Turkey and Japan and volcanic activity in Iceland.

As we move into 2024, the theme of geopolitical and economic change and uncertainty is likely to continue. The wars in Ukraine and Israel / Gaza are showing no sign of letting up. Politically, 2024 will be the year of the election, including but not limited to a Presidential election in the United States and a general election in the United Kingdom. Environmentally, most climate scientists predict a continued trend of extreme weather events.

Insurers of UK risks are also likely to be impacted by procedural changes to the way in which claims are conducted. In particular, the extension of the Fixed Recoverable Costs regime, the introduction of the Intermediate Track and changes to the amount of recoverable costs are all likely to impact. These changes, combined with the increased judicial focus on ADR and online justice, present a challenge but also an opportunity.

Regulated firms are also experiencing a continued period of significant regulatory change. 2024 will see the continued bedding in of the FCA Consumer Duty. Many firms will also be impacted by the new FCA rules in relation to buildings insurance for multi-occupancy buildings (and similar risks) and those affecting GAP product value.

In the world of technology, it is impossible to avoid the impact that generative artificial intelligence (AI) has had over the past 12 months and will have going forward. AI will significantly impact the insurance market including risk assessment, document creation, claims resolution and underwriting.

Whilst these fast-changing times present significant challenges for all insurance market participants, opportunities will no doubt arise for those who are able to adapt quickly.

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