

The international liability elevator pitch

Have you ever walked into a department store to be confronted by a large bank of lifts and escalators, all offering different routes to different destinations? The liability market can be best compared to this group of escalators travelling at varying speeds in different directions.

International liability is the group of escalators travelling downwards, but at differing speeds depending on region and jurisdiction. Interestingly the only escalator in the building going upwards is U.S. casualty, where the increasing frequency and quantum of casualty awards continue to drive premium increases.

Key takeaways:

- International liability is a broadly profitable class, but the spread of global litigation, insufficient reserving and the increase in liability claims over and above normal inflation levels remain key concerns
- The entry of additional capacity combined with competitive regional market conditions have acted to apply downward pressure on rates in the international market
- Careful market selection, a well-articulated renewal presentation and a long-term strategy will be key



Lloyd’s annual results for the casualty sector

Year	Gross written premium £ million	Combined ratio %	Underwriting result £ million
2014	4,959	98.1	74
2015	5,764	100.1	(5) 
2016	7,131	102.7	(146) 
2017	8,464	103.1	(189) 
2018	9,094	102.9	(183) 
2019	9,459	105.7	(390) 
2020	9,067	110.3	(688) 
2021	10,360	100.3	(17) 
2022	12,987	93.7	536
2023	12,991	93.6	576
2024	14,411	91.6	880
2025	14,682	(100.8)	(87) 

Source: Lloyd’s Full Year 2025 Annual Report

Market mechanics: From positive to neutral

Lloyd’s of London results are a strong barometer of the health of the global casualty market. Following seven unprofitable years, casualty as a class swung back into profitability in 2022 as a result of remediation work by insurers and higher rates prevalent over the past five years.

However, [Lloyds Full Year Results 2025](#) announced on 19 March show that the combined ratio has dipped to neutral/marginally unprofitable territory. This is partly as a result of deterioration of results for directors and officers and cyber, which are included in Lloyds’ casualty category, but also a reflection of more recent softening of the international liability market and claims in the U.S. casualty sector.

Note: Lloyd’s definition of casualty encompasses long tail general liability, workers’ compensation/employers’ liability, and medical malpractice, as well as accident & health and cyber, but remains a useful indicator of the health of the casualty market

Claims inflation is a continuing concern

Although liability is, on a global basis, still a broadly profitable class, the spread of global litigation, insufficient reserving and the increase in liability claims over and above normal inflation levels remain key concerns.

[A Swiss Re study](#), published in January 2026, analyzed “liability excess inflation” — the rise in insurance claim costs above the consumer price index.

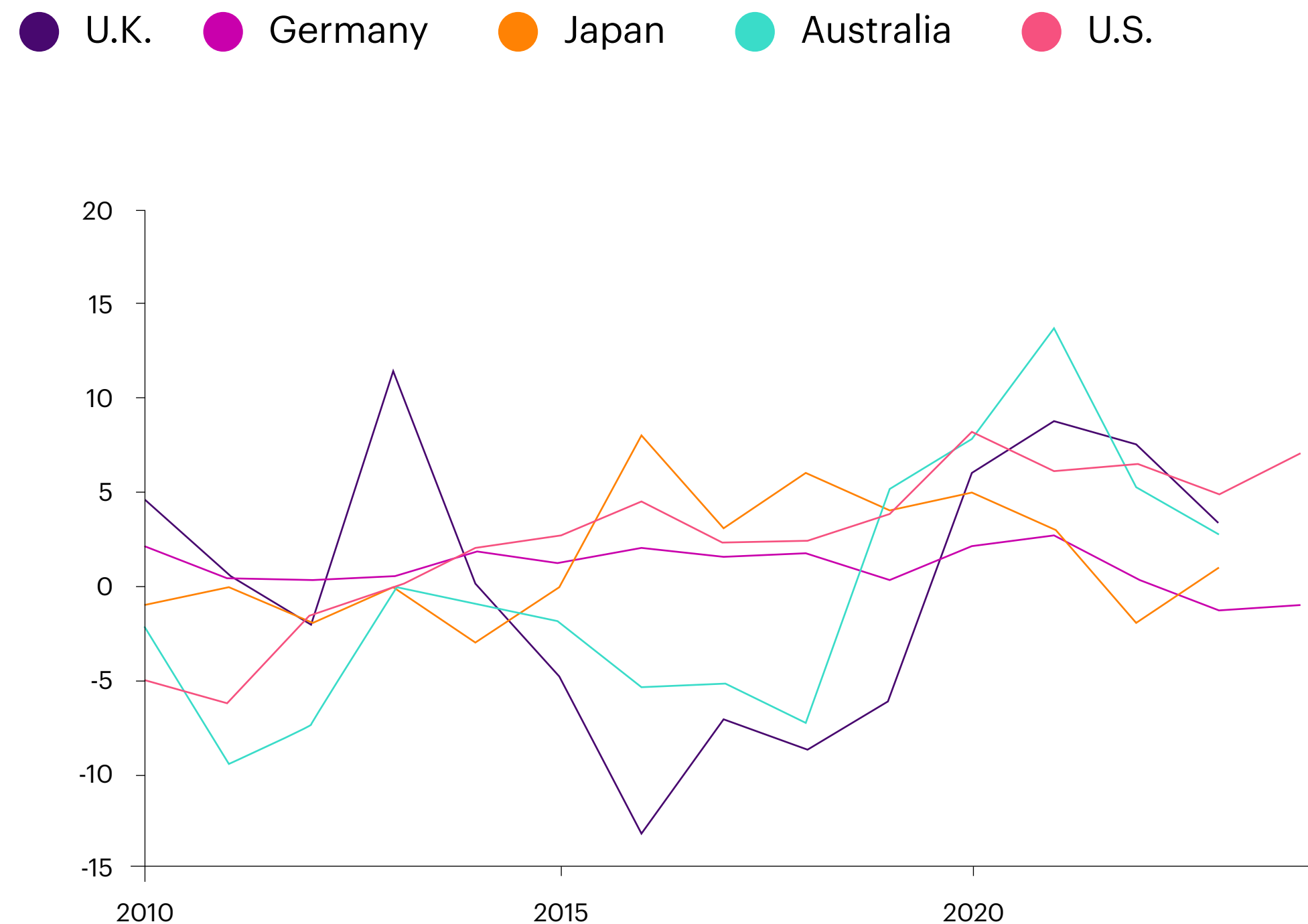
Casualty hotspots: The U.S., U.K. and Australia

Swiss Re’s study found that in a number of countries, most markedly the U.S., the U.K. and Australia, liability claims are running significantly above general inflation levels.

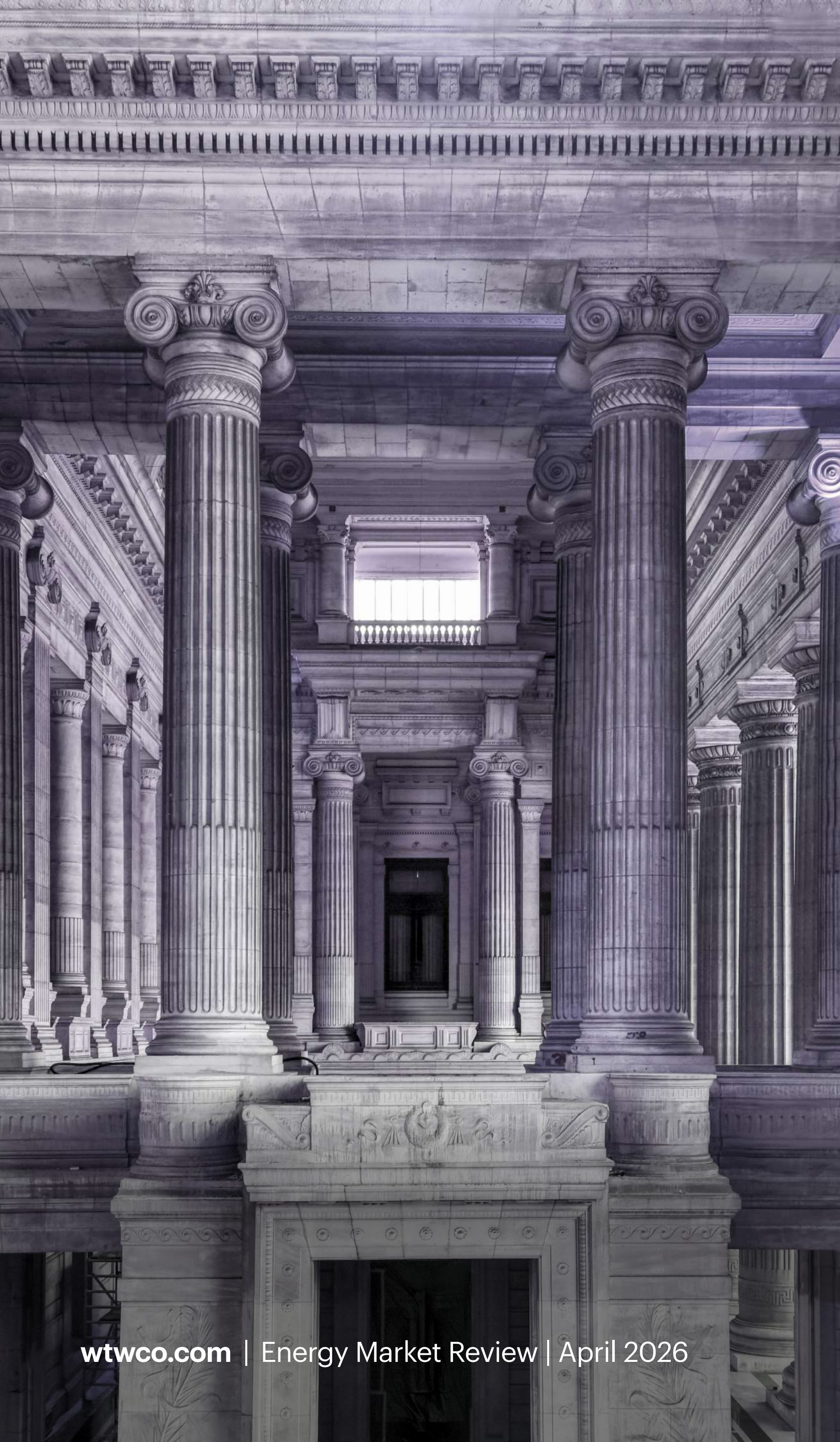
The reason there are key drivers for this growth in claims above standard inflation:

- Changes in law
- Ease of access to litigation
- Increasing use of third-party litigation funding
- Rising level of jury awards

Swiss Re institute excess liability inflation index for select countries



Source: Swiss Re Institute



Next in line: Continental Europe

Swiss Re note that while liability claims in Continental Europe are not significantly higher than economic inflation at present, changes in legislation will accelerate future claims costs, most particularly:

- Directive (EU) 2024/2853 of the European Parliament and of the Council which comes into force by 9 December 2026 will redefine products defects and reduce the burden of proof for claimants
- EU Representative Actions Directive (RAD) (Directive 2020/1828) facilitates class action

Global spread

Although the U.S., Europe and Australia are identified as liability hot spots, the rest of the world is not immune to the spread of social inflation. Recent energy liability losses in the Far East, previously considered to be a particularly benign jurisdictional region, are driving insurers to reassess their rating models in certain territories.

Reserving trends

The level of casualty reserving for prior years continues to come under scrutiny. Many insurers have strengthened their reserves for 2015–2019 years but concerns remain that for more recent years, reserves may need to be bolstered to match claims inflation.

The size of the prize

According to Fortune Business Insights, the global general liability insurance market is projected to grow from \$299 billion in 2026 to over \$460 billion by 2034, driven by rising demand and litigation risks. This represents a compound annual growth rate of 5.5% and an increase of over 150% in eight years.



Despite the increasing risks, casualty represents an attractive growth class for insurers looking for future premium opportunities, and energy liability is an important element of this outlook



Mike Newsom Davis, Global Head of Liability, Willis Natural Resources

Good news: Healthy capacity

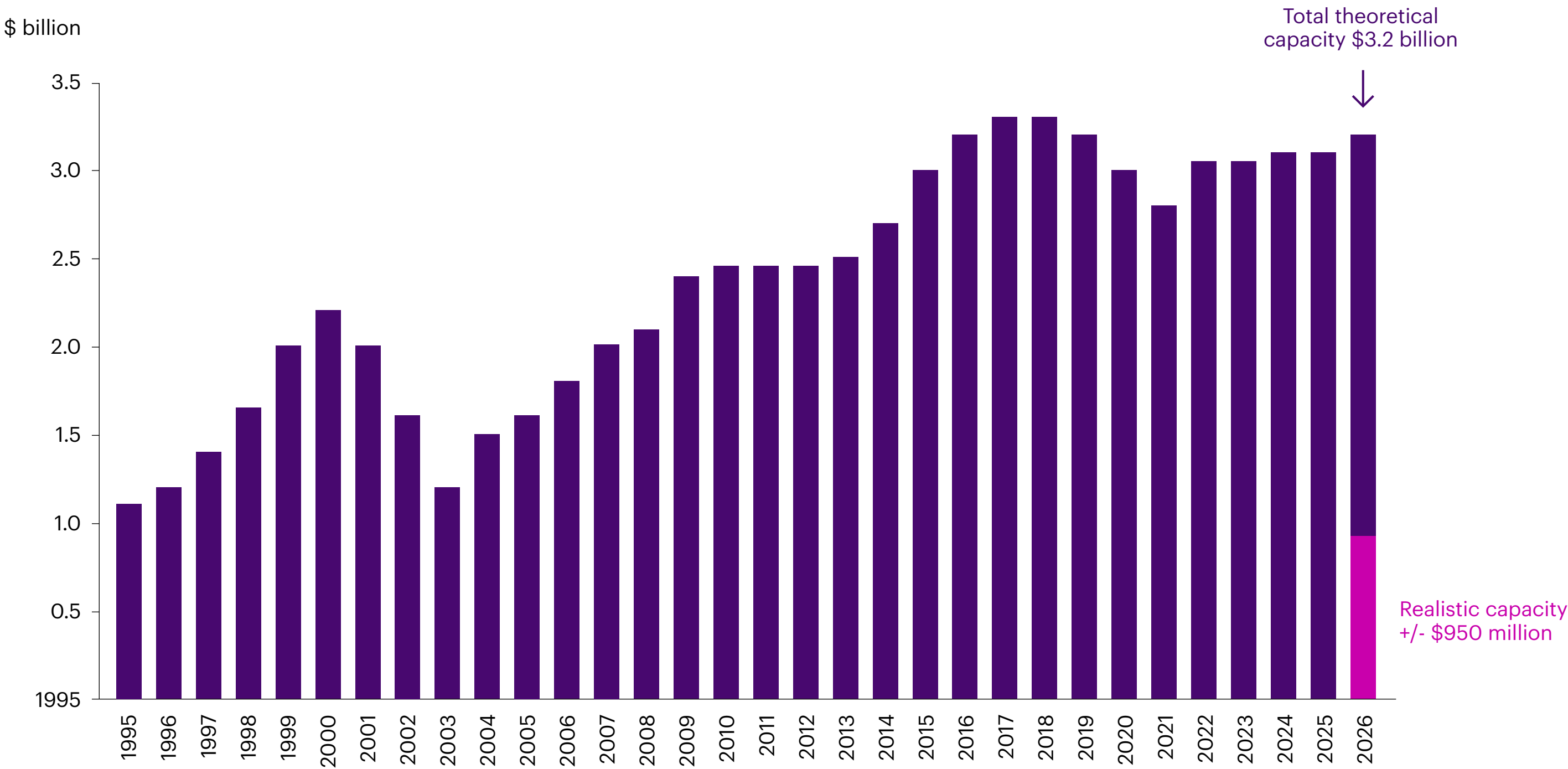
In the past year, we have seen a number of major insurers reducing their line sizes to limit their exposure to large single casualty claim events. This has been driven primarily by a series of large U.S. casualty claims on international programs with U.S. exposures. A recent influx of capacity from new managing general agents (MGAs) and expansion of appetite by certain Lloyd's syndicates and companies has more that counteracted any capacity losses, resulting in greater choice and a modest increase in overall global limit.

Rating environment: From traveller to downwards escalator

Despite some underlying concerns regarding social inflation and reserving, the entry of additional capacity combined with competitive regional market conditions have acted to apply downward pressure on rates in the international market. The one exception as referenced is the U.S., where modest increases prevail, as examined in our U.S. casualty section.

In our department store analogy, we referred to liability rating escalators travelling at different speeds.

Global liability capacity



Source: Willis

From flat travelator to gentle descent: Moving from flat rating in early 2025, the default for loss free accounts with significant limits is now a low single-digit reduction.

Picking up speed: In Latin America, greater treaty flexibility is allowing domestic markets to be more aggressive (albeit particularly in the power sector, where there is greater capacity than for energy). For energy, mid to high single-digit reductions are the default norm.

Swift descent: Australian and Canadian business are seeing high single-digit to double-digit reductions driven by local competition with similar competition on Asian business.

Fastest route down: Regional markets in the Middle East are currently the most competitive, with double-digit reductions common.

It should be emphasized, however, that the overall result will depend on location and limit purchased:

- For large European or multinational accounts requiring full market support, low single-digit reductions are the norm
- A single site location in the Middle East requiring only modest limits with ample capacity available to compete will achieve the most dramatic reductions

- Those international programs with U.S.-domiciled exposures will continue to experience a composite rate, with single-digit increases for the U.S. element offset by applicable reductions for the international element

Coverage check

Coverage offered remains broadly unchanged, albeit there is an increased focus on exploring opportunities to increase coverage breadth as the market softens. Notwithstanding this, certain exclusions remain commonly applied.

Existing exclusions:

- PFAS (per- and polyfluoroalkyl substances)
- Climate change liability clarification/limitation

New and future focus:

- AI: An emerging area of concern is liability relating to artificial intelligence (AI). While exclusions are not yet common, Insurance Services Office (ISO) has issued two clauses: CG 40 47 and CG 35 08 to exclude liability for bodily injury, property damage, or advertising injuries arising from generative AI

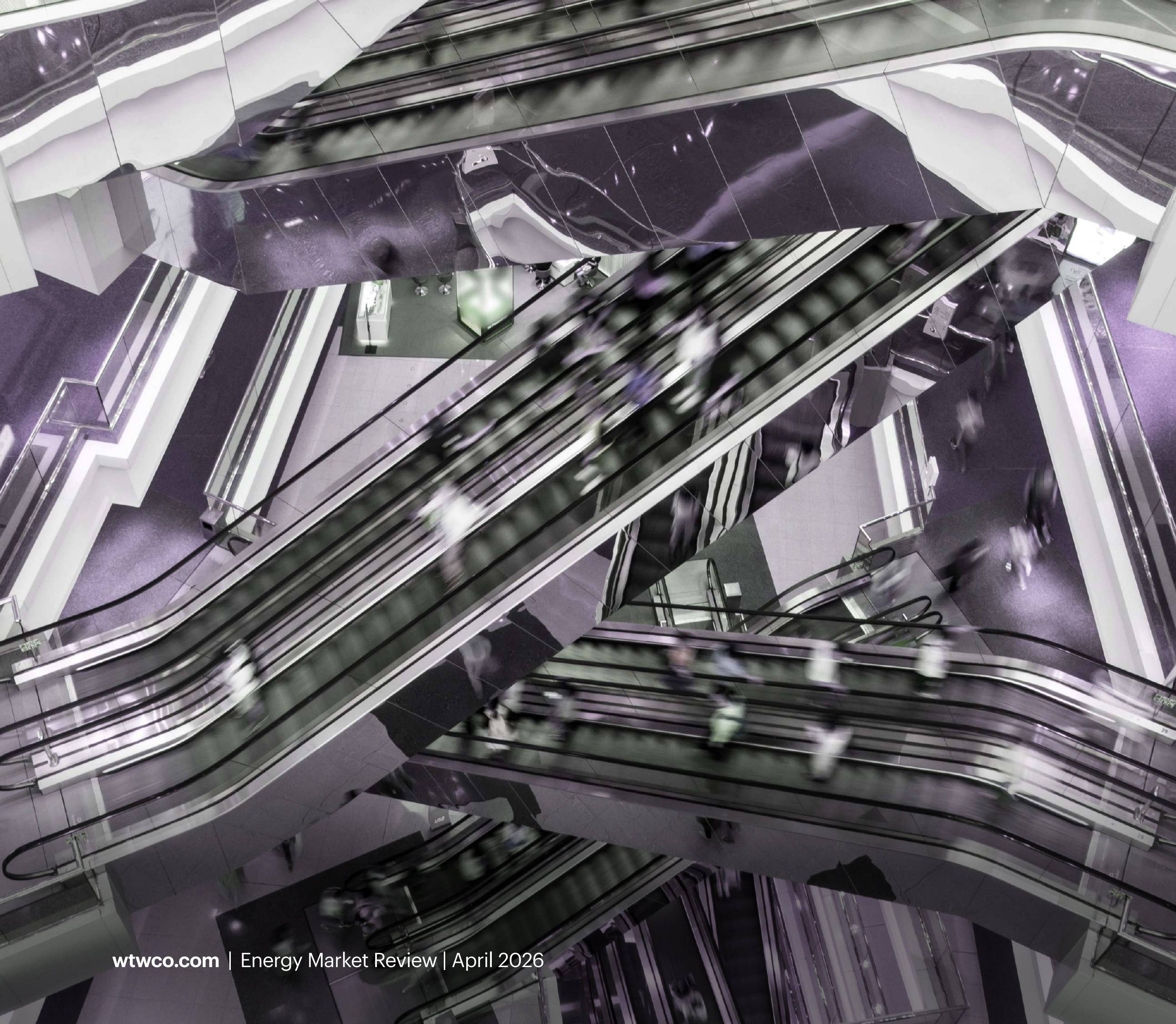
- Mental anguish: Coverage for mental anguish particularly in respect of U.S. jurisdiction is increasingly being linked to a bodily injury trigger

Sustainable discount or bargain basement?

After a series of years of firmer market conditions, the international liability market is clearly softening. The long tail nature of the class however tends to dampen or moderate changes so rating movements are significantly more measured than for upstream or downstream property insurance.

In a department store, any wise buyer will seek products at the most economic price without sacrificing quality. Security and claims paying ability of insurers is key, and long-term relationships are genuinely beneficial in the event of a more contentious loss. With average liability awards significantly increasing and some claims regularly exceeding the \$500 million-mark, quality, breadth and clarity of coverage are the ultimate value.

The good news is that, despite underlying market concerns regarding claims inflation and reserving, capacity and competition are acting to sustain a liability market that is beneficial to buyers and shows no sign of hardening in the immediate future.



Careful market selection, a well-articulated renewal presentation and a long-term strategy will ensure clients leave the department store with a favorably priced renewal product, backed by a broad and long-lasting guarantee.

To find out how to make smart and sustainable decisions in 2026, contact:



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This update analyses our observations of the current global market conditions for renewable energy insurance and the impact this has on insurance buyers. This update is based on our observations of the market for our WTW clients and is not a whole of market review.

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