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Aerial Imagery Transforming Insurance in Asia

Climate Risk and the Future of Home Insurance

Five Forces Redefining Captive Risk Strategy

Editor's Note

Dear Readers,

It is becoming harder to view risk in Asia Pacific through a purely technical lens. Geopolitical tensions, climate changes, and new data are directly influencing underwriting, pricing, and strategic decisions. The boundaries between global events and local insurance markets have blurred in ways few anticipated even a decade ago.

This issue reflects that shift. We look at how the conflict in the Middle East is no longer a regional story but one that is reshaping energy costs, trade routes, and risk accumulation across Asia Pacific. We also explore the growing use of aerial imagery, which is quietly changing how insurers see the world, moving from static snapshots to continuous observation.

Alongside this, climate change continues to test the social purpose of insurance itself, particularly in the context of home coverage and the widening protection gap. And in the corporate risk space, captives are evolving from quiet cost-control mechanisms into instruments of strategic resilience.

These shifts raise a broader question for the industry. If the external environment is becoming more volatile and interconnected, how should insurers rethink the way they measure risk, price uncertainty, and define value for their clients? The answers will not come from models alone. They will require judgement, investment in new capabilities, and a willingness to challenge long-held assumptions about what insurance is meant to do.

Annie Undikai

Annie Undikai, Managing Editor

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Middle East Conflict Drives Geopolitical Risk Across APAC

Across the Asia Pacific region, the landscape of insurance is evolving beyond traditional influences such as underwriting cycles, actuarial assumptions, and catastrophe models. It is now increasingly impacted by a geopolitical crisis of unparalleled scale as the intensifying conflict in the Middle East has shifted from being a regional issue to one that carries substantial global economic consequences.

The significance of this conflict for insurers in the region lies not just in its severity, but in how far its effects have travelled. The disruption of critical energy routes, sharp rises in oil prices, persistent supply chain instability, and financial market volatility have combined to create a fundamental challenge for insurers in terms of profitability, investment performance, and risk management.

Geopolitics Drives Energy Markets

As hostilities escalated through coordinated airstrikes and retaliatory actions, the Strait of Hormuz became severely disrupted. This narrow waterway handles roughly a fifth of global crude oil and liquefied natural gas flows, making any prolonged instability there a direct threat to global energy security. Because such a large share of oil production moves through the Persian Gulf, even partial closures ripple immediately into pricing, trade flows, and economic forecasts.

Oil markets reacted quickly. Prices surged past $115 per barrel during periods of peak tension, reflecting fears that supply routes could remain compromised for months. For Asia, which depends heavily on imported hydrocarbons, this translated into more than a headline price shock.

Higher energy costs filtered into transport, manufacturing, and household spending, feeding inflationary pressures across multiple economies. Forecasts suggested that if disruptions persisted, regional growth could slow while inflation would rise significantly, illustrating how geopolitical risk can translate into everyday economic challenges.

Higher Claims and Rising Costs

These macroeconomic shifts have had direct operational consequences for insurers. Rising energy prices have driven up the cost of claims settlement, particularly in property and motor lines where materials, transport, and labour costs respond quickly to inflation. When premium adjustments lag behind these cost increases, underwriting margins tighten.

At the same time, higher living and operating costs have begun to influence consumer and corporate behaviour. Households facing elevated fuel and food prices often delay buying insurance or opt for reduced coverage.

Businesses under pressure from logistics and energy expenses may scale back benefits or postpone expansion, which in turn limits premium growth. The combined effect is a squeeze from both sides, higher claims costs and softer demand.

Investment portfolios have not been immune. Equity markets in Asia have shown periods of decline as global risk appetite weakened, while safe haven flows into government bonds and major currencies disrupted normal portfolio dynamics. For insurers that rely heavily on fixed income assets to match long term liabilities, such volatility complicates asset liability management and can erode expected returns.

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War Risk Insurance and Emerging Liability Exposure

One of the most visible cost increases during this conflict has been in maritime war risk insurance, and the scale of change is startling. Premiums for vessels operating in or near the Persian Gulf have surged far beyond historical norms. In peacetime, war risk premiums might account for a small fraction of a vessel's value, often well under 0.5% of the hull value.

In 2026, those same premiums have jumped into the range of 5% to 10% of a ship's value, varying based on the type of vessel and its route. These figures represent a ten-fold or more increase over typical pricing and are the highest seen in decades. Insurers continue to make coverage available largely through the London market. But many carriers have reduced their exposure or withdrawn from Gulf routes altogether, citing safety concerns for crews and the elevated likelihood of large war-related claims.

Independent analysis from the United Nations Conference on Trade and Development shows that the repricing of war-risk insurance is now translating into tangible costs for global shipping. For a very large crude carrier valued at around $100 million, premiums that once averaged about $250,000 per voyage can now reach between $500,000 and $1,000,000, depending on the route and risk classification.

This effectively means the insurance cost of a single transit has doubled or even quadrupled in a short period. These higher premiums are being added on top of rising fuel and freight expenses, which have already increased due to longer routes and operational disruptions.

The conflict's impact goes beyond simple price spikes in war coverage. Some marine hull insurance providers are projecting up to 50% increases in hull line rates in the Gulf basin as underwriters reassess the baseline risk profile for all classes of maritime exposure in the region. It reflects not just war risk per se, but broader liability and physical damage exposures that have become more probable in an active conflict zone.

Rising costs have had knock-on effects for liability exposures linked to international trade. Insurers underwriting business interruption and trade credit risks are now factoring war risk surcharges into models that previously treated geopolitical conflict as a low-probability event.

War risk surcharges are showing up at multiple points in the supply chain, including freight forwarders adding war risk levy charges on top of existing transport costs, sometimes in the thousands of dollars per container.

In practical terms, this means that for insurers covering marine, business interruption, and trade-related liability risks, war risk costs are now embedded into pricing and capital decisions rather than treated as a fringe surcharge. Policies that once assumed geopolitical risk would remain contained now have explicit exclusions, differentiated rate bands, and dynamic pricing triggers tied to real-time conflict escalation or de-escalation.

This reconfiguration of war risk from a static coverage line item to a core underwriting metric marks a fundamental shift in how global insurers and reinsurers evaluate and manage geopolitical peril.

Corporate and Employee Risk

Beyond market and operational pressures, businesses operating in the region face a growing imperative to restructure employee protections. Companies are increasingly adding or paying for "passive war" coverage, which encompasses medical, liability, and emergency evacuation insurance for employees in conflict-prone areas.

This trend is particularly relevant for multinational corporations and firms sending staff to the Gulf region, where standard health or liability policies may not automatically cover war-related incidents. The restructuring is not optional; as without these protections, firms expose themselves to legal liabilities, operational interruptions, and reputational damage.

Associated Alliance notes that this shift has prompted many employers to integrate war-risk premiums into HR budgets and adjust duty-of-care protocols to ensure employee safety and compliance with international standards.

Reinsurance, Capital and the Return of Geopolitical Risk

Many insurers in Asia Pacific entered 2026 with strong capital positions and diversified portfolios. Some markets, including Japan, have relied on reserves and unrealised investment gains to cushion short term shocks. Yet these measures function as temporary buffers rather than permanent solutions.

What has become clear is that geopolitical risk can no longer be treated as a remote tail event. The frequency and scale of recent conflicts suggest that such scenarios are becoming more systemic. They now affect expense ratios, policyholder behaviour, capital planning, and long term investment strategy in ways that traditional risk models did not fully capture.

Pricing frameworks are beginning to incorporate real time inflation signals rather than relying solely on historical loss data.

This is evident in how reinsurers are pricing and allocating capital. While global reinsurance capital has remained strong, reaching roughly $760 billion in 2025, underwriting appetites have become more selective as carriers reassess their exposure to conflict-linked losses and political volatility.

In Asia-Pacific, insurers are expected to maintain moderate premium growth of around 2–3% in 2026. Yet this growth is occurring alongside a marked increase in risk complexity driven by geopolitical tensions and supply-chain fragility.

Strategic Implications for APAC Carriers

To navigate this environment, insurers are being pushed toward more adaptive operating models. Pricing frameworks are beginning to incorporate real time inflation signals rather than relying solely on historical loss data.

Scenario modelling is expanding to include detailed geopolitical escalation pathways, enabling firms to stress test capital against prolonged trade or energy disruptions. Investment teams are reassessing portfolio allocations to balance yield with liquidity and to reduce sensitivity to commodity driven volatility.

Risk transfer strategies are also evolving. Carriers are placing greater emphasis on reinsurance structures that can respond to war related shocks and trade interruptions. At the same time, insurers are increasingly encouraging clients to strengthen their own resilience, whether through supply chain diversification, alternative sourcing, or improved contingency planning.

Regional Shock to Structural Reality

What once appeared to be a distant geopolitical dispute has become a force shaping balance sheets across continents. For insurers in Asia Pacific, the conflict has demonstrated how quickly geopolitics can reshape energy markets, accelerate inflation, and expose vulnerabilities in investment and underwriting assumptions.

The duration and eventual containment of the conflict remain uncertain, but one conclusion is already clear. Geopolitical risk has moved from the margins to the centre of insurance strategy.

In this environment, capital strength alone is not enough. The insurers that adapt their pricing, modelling, and investment approaches to this new reality are more likely to remain stable and competitive. While those that rely on pre conflict assumptions may find themselves repeatedly caught off guard by shocks that are no longer rare.

Aerial Imagery Is Quietly Rewriting Insurance in Asia

Not long ago, underwriting a warehouse in a provincial industrial zone or assessing crop damage in a remote rice field required something simple and costly: a person on the ground. Inspectors traveled for hours, sometimes days, to photograph roofs, measure boundaries, and verify losses. Reports arrived late. Decisions came even later. That model is starting to feel dated.

Across Asia, insurers are turning to aerial imagery, collected from drones, satellites, and occasionally fixed-wing aircraft, to understand risk with a level of speed and consistency that ground surveys rarely achieved. What began as a niche tool for catastrophe response has moved into the everyday mechanics of underwriting, claims, and risk prevention. The shift is subtle, but its implications are far reaching.

Underwriting Transformation from Above

Property underwriting has always suffered from an information gap. Insurers rely on declarations, outdated maps, or sporadic inspections. Aerial imagery closes that gap. A drone flight over a factory complex can reveal roof conditions, unauthorised extensions, proximity to fire hazards, or flood exposure within minutes. Satellite imagery, while less granular, provides historical data, allowing underwriters to see how a location has evolved over time.

Has construction encroached upon the riverbank? Have adjacent plots been cleared, thereby heightening the risk of fire? These questions, which were once addressed through sporadic site visits and local insights, can now be answered with visual evidence.

The agricultural sector has seen perhaps the most immediate benefit. In countries like Indonesia, Vietnam, and India, insurers covering large portfolios of smallholder farms struggle with scale. Satellite imagery allows them to monitor crop health, planting patterns, and even detect early signs of drought or pest infestation.

Instead of waiting for claims to confirm a loss, insurers can observe stress indicators weeks in advance. This shift is changing underwriting from a largely static exercise into something closer to continuous monitoring. And that changes how risk is priced.

Claims Move at the Speed of Data

The claims process in many Asian markets still carries a reputation for being slow and paperwork heavy. Aerial imagery is quietly attacking both problems. After a flood or typhoon, drones can be deployed within hours, capturing high resolution images of affected neighbourhoods.

Insurers can overlay those images with policyholder locations and estimate damage levels without waiting for every claimant to submit photographs or for adjusters to navigate blocked roads. In large scale agricultural losses, satellites can provide near real time assessments of acreage affected, enabling parametric or index based policies to trigger payments faster.

Speed, however, is only part of the story. Consistency matters just as much. When hundreds of adjusters interpret damage differently, disputes and leakage follow. Aerial imagery creates a shared visual record that both insurer and policyholder can refer to. It does not eliminate disagreements, but it narrows the space in which they occur.

In practice, this has reduced claims cycle times in several pilot programs across Southeast Asia, while also lowering the cost of field inspections. The financial impact is not only operational. Faster settlements tend to improve customer retention, particularly in agricultural lines where delayed payouts can disrupt planting cycles and erode trust.

Regulation Is Moving, But Not in Lockstep

Technology has moved faster than regulation, which is typical. What makes Asia distinctive is the diversity of regulatory frameworks that insurers must navigate. Drone operations are governed primarily by national aviation authorities. Each country sets its own rules on flight altitude, line-of-sight requirements, licensing, and restricted zones.

Faster settlements tend to improve customer retention, particularly in agricultural lines where delayed payouts can disrupt planting cycles and erode trust.

In Malaysia, drone use falls under the purview of the Civil Aviation Authority, while in Indonesia and Thailand similar oversight exists with slightly different compliance burdens. For regional insurers operating across borders, this means aerial inspection protocols cannot be standardised as easily as the technology would allow.

Data introduces a second layer of complexity. Personal data protection regimes across Southeast Asia, often modelled after or inspired by European frameworks, restrict how images that may contain identifiable information are stored, processed, and shared. Malaysia's Personal Data Protection Act, Singapore's PDPA, and emerging laws in Indonesia and the Philippines all impose obligations that extend to aerial imagery if individuals, vehicles, or identifiable premises appear in the captured data.

Then there is the growing body of guidance around artificial intelligence. Monetary authorities such as Singapore's MAS, Indonesia's OJK, and Malaysia's BNM have issued principles and advisories encouraging explainability, accountability, and risk management in AI systems.

This matters because aerial imagery rarely sits in isolation. Insurers increasingly use machine learning models to classify roof types, detect flood lines, or estimate crop yields from images. The moment an algorithm enters the workflow, insurers step into the domain of AI governance.

What this creates is a layered compliance landscape. Aviation law governs how images are captured. Data protection law governs how they are stored and used. AI guidelines govern how they are interpreted. Insurers that treat aerial imagery as just another data source often underestimate this complexity.

Insurers increasingly use machine learning models to classify roof types, detect flood lines, or estimate crop yields from images.

The Hidden Operational Challenge

From the outside, aerial imagery looks like a straightforward upgrade. Replace physical inspections with drones and satellites, and the efficiency gains follow. However, the internal situation within the insurance company is quite complex. Legacy underwriting systems were not designed to process and display large image files, much less to analyse them effectively.

Claims workflows often lack the tools to annotate, compare, and archive imagery in ways that auditors and regulators can review. Many insurers end up creating parallel processes, where images are analysed in external platforms and the conclusions are manually entered into core systems. That introduces operational risk and undermines the very efficiencies the technology promised.

There is also a skills gap. Interpreting aerial imagery is not intuitive. A roof discolouration might signal water damage, recent repair, or simply a different construction material. Crop stress patterns visible from satellites require agronomic context to interpret correctly. Insurers are discovering that adopting aerial imagery means hiring or training people with geospatial, agricultural, and data science expertise, roles that did not exist in their operating models a decade ago.

From Risk Transfer to Risk Prevention

The most interesting shift may not be in underwriting or claims, but in how insurers engage with policyholders before a loss occurs. With periodic satellite monitoring, insurers can alert commercial clients when storage areas begin encroaching on firebreaks or when drainage around a property appears blocked.

Within agriculture, insurers can flag fields showing early signs of water stress, giving farmers time to intervene. This pushes insurers toward a more advisory role, thus blurring the line between risk carrier and risk manager.

In Asia's densely populated and climate exposed regions, this has real economic implications. Preventing a warehouse fire or reducing crop loss by even a small percentage can materially improve loss ratios while strengthening customer relationships. It also aligns with the broader push from regulators for insurers to contribute to resilience and climate adaptation efforts.

A Quiet but Lasting Shift

Aerial imagery will not replace every ground inspection, nor will it solve all the inefficiencies in underwriting and claims. Yet its steady adoption across Asia signals something more fundamental. Insurance, a business historically built on sparse and delayed information, is moving toward a model where visual, near real time data becomes routine.

The change is happening unevenly. Large insurers with regional footprints and technology budgets are moving fastest. Smaller domestic players often rely on partnerships with drone service providers or satellite data platforms to participate. Regulators continue to refine guidance as use cases expand. But the direction is clear.

Once insurers become accustomed to seeing risk from above, it is difficult to return to making decisions based solely on declarations, outdated surveys, or occasional site visits. The sky, quite literally, has become part of the insurance operating environment.

This pushes insurers toward a more advisory role, blurring the line between risk carrier and risk manager.

Climate Risk and the Future of Home Insurance

Affordable home insurance has long functioned as a quiet stabiliser within modern economies. It protects households from sudden financial shocks, but its influence extends far beyond individual policyholders. By preserving the value of residential property, insurance underpins mortgage lending, supports household wealth, and sustains the broader financial system. But as climate change accelerates, this stabilising mechanism is being tested in ways the industry has never faced before.

A growing number of financial regulators are now conducting climate stress tests to understand how climate change could affect insurance affordability and widen the protection gap. They examine how real households, lenders, and insurers might behave when physical risks rise and economic transitions reshape income patterns. The findings are sobering.

In Australia, the Australian Prudential Regulation Authority (APRA) carried out its Insurance Climate Vulnerability Assessment to model how different climate pathways to 2050 may influence premiums, coverage availability, and broader financial system risks.

According to APRA, by 2050, the affordability and accessibility of home insurance may experience a significant decline. This trend is expected to increase the protection gap between economic losses and the coverage offered.

Across Europe, supervisory authorities and central banks have applied similar stress-testing exercises to both the banking and insurance sectors. These assessments analyse how climate risks might impact property values, mortgage portfolios, and the availability of insurance coverage.

In several other advanced insurance markets, regulators are increasingly incorporating affordability and access to coverage into their stress scenarios, reflecting growing concern that escalating climate losses could price households out of insurance altogether. Together, these efforts show that climate stress testing is becoming a coordinated global supervisory priority rather than an isolated national initiative.

Physical Risks and the Cost of Protection

In the first scenario outlined in the APRA's climate stress testing, physical climate risks intensify over time. Floods become more frequent, bushfire seasons grow longer, and storms increase in severity, leading to a steady rise in both the frequency and scale of insurance claims.

Reinsurance costs, already sensitive to catastrophe losses, climb as global reinsurers recalibrate their own risk exposure. These costs eventually flow through to homeowners in the form of higher premiums.

The dynamic is straightforward but powerful. When risks rise faster than incomes, premiums begin to consume a larger share of household budgets. Some households respond by reducing coverage limits.

Others drop optional protections such as flood or storm surge. The most vulnerable simply exit the insurance market altogether. Over time, entire neighbourhoods in high-exposure areas may become effectively uninsurable. Not because insurers withdraw entirely, but because the price of coverage exceeds what most residents can afford.

Coastal communities, wildfire-prone areas, and regions with ageing infrastructure experience the highest insurance premium increases. This turns insurance from a regular expense into a significant financial decision, similar to mortgage payments or school fees.

Hidden Affordability Shock

A second scenario explores a different path. Here, global climate policy succeeds in limiting long-term physical damage, but the economic transition to a low-carbon economy disrupts industries and regional labor markets. Fossil fuel extraction, heavy manufacturing, and carbon-intensive supply chains shrink, affecting employment and household income in specific regions.

Traditional insurance renewals follow a one-year cycle, which is not the case for climate risk. While effective for standard exposures, this approach leaves organisations vulnerable to climate risks that unfold over multi-year periods. Floods, wildfires, and extreme heat events often escalate gradually, while losses can spike unexpectedly.

From an insurance perspective, this scenario appears less threatening at first glance. Physical losses grow more slowly, and claims volatility stabilises. Yet the affordability challenge remains, driven by a different mechanism. As incomes decline in transition-affected regions, households find it harder to maintain insurance coverage even if premiums rise only modestly.

This creates a subtle but persistent erosion of coverage. Households do not face a sudden premium spike, but rather a gradual mismatch between earnings and essential expenses. Insurance becomes one of several costs that families quietly trim. The result is similar to the high-risk physical scenario: a steady expansion of underinsurance and non-insurance, but without the headline-grabbing catastrophes that usually drive public attention.

Expanding Protection Gap and Systemic Consequence

Both scenarios converge on a common outcome, a widening protection gap. As more households carry insufficient or no insurance, disaster losses shift from private risk transfer mechanisms back onto individuals, lenders, and governments. The implications for financial stability are significant.

Mortgage lenders rely on insurance to protect the collateral backing their loans. When properties cannot be insured, lenders may tighten underwriting standards, demand higher deposits, or decline to finance purchases in high-risk areas altogether. This can trigger a feedback loop. Reduced credit availability suppresses property values, which in turn weakens household balance sheets and local government tax bases.

Local economies feel the strain as well. When repeated disasters strike uninsured communities, recovery becomes slower and more uneven. Businesses close, residents relocate, and public resources are diverted to emergency rebuilding efforts rather than long-term development. Over decades, these patterns can reshape migration flows, urban planning decisions, and regional economic competitiveness.

Mortgage lenders rely on insurance to protect the collateral backing their loans.

Insurance as a Signal of Climate Risk

Home insurance pricing has historically served as a market-based signal of risk. Rising premiums indicate deteriorating risk conditions, encouraging property owners and developers to invest in mitigation or reconsider where and how they build. In a changing climate, this signalling function becomes even more important and even more politically sensitive.

Sharp premium increases can lead to public backlash and demands for regulation. However, suppressing price signals might conceal risks, resulting in larger future losses. Policymakers must balance maintaining risk-reflective insurance pricing with ensuring accessible coverage for financial stability and social cohesion.

Policy and Industry Responses

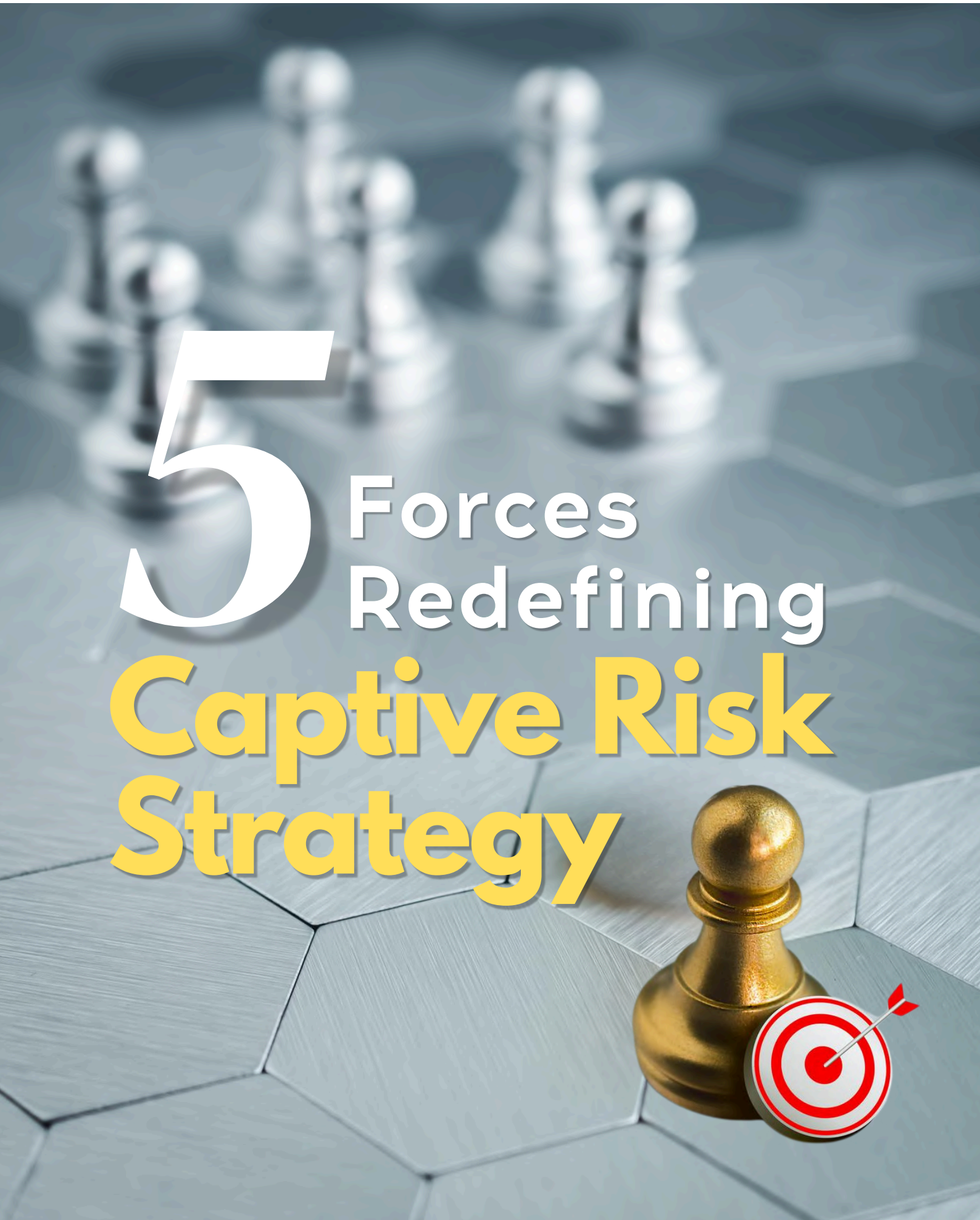
Addressing the affordability challenge will require coordinated action across multiple fronts. First, investment in climate-resilient infrastructure can directly reduce insured losses. Improved flood defences, stricter building codes, and better land-use planning lower both the frequency and severity of claims, easing pressure on premiums over time.

Advancements in risk modelling and data analytics enable insurers to price risk accurately and create tailored products. Strategies like parametric insurance, community-based pooling, and public-private reinsurance are being explored to extend coverage in high-risk areas without overburdening private insurers.

Third, targeted policy interventions are needed to support households at risk, such as premium subsidies, last-resort insurance pools, and home retrofitting incentives. These measures must be designed carefully to prevent development in hazardous areas and avoid excessive risk transfer to public finances.

A Defining Challenge

The evolution of home insurance affordability is vital for adapting to climate change. It supports property markets and household resilience, but a decline could harm communities and financial institutions. Regulators and insurers are stress-testing the system, highlighting the need for proactive investment and innovation. The next thirty years will be crucial in deciding if home insurance will stabilise or worsen economic inequality and financial instability due to climate risks.



5 Forces Redefining Captive Risk Strategy

For many years, captives were seen mainly as tools to reduce insurance costs. That view is shifting. A mix of geopolitical tension, climate volatility, and unstable energy markets has pushed captives into a far more strategic role.

Recent attacks on energy infrastructure in the Middle East and ongoing supply constraints have highlighted how exposed global systems remain, with energy prices and marine insurance costs reacting almost immediately to regional conflict.

In this environment, several long-term developments are shaping how captives will be structured and managed. One of the most significant is the move toward data-driven, long-horizon risk financing.

Organisations are no longer focusing solely on annual premium cycles. Instead, they are using integrated data platforms and predictive analytics to model interconnected risks such as cyber incidents, climate events, and supply chain disruptions over much longer time horizons. This change is bringing captives closer to corporate treasury and strategic planning functions.

At the same time, climate and sustainability risks are becoming a core part of captive strategy. As traditional insurers increase pricing or withdraw capacity from climate-exposed sectors, companies are turning to their captives to finance both physical risks, such as flooding and wildfires, and transition risks related to decarbonisation policies. This shift reflects the growing gap between insured losses and the rising cost of climate-driven catastrophes.

Geopolitical instability is increasingly reshaping how corporations use captives. The current conflict in the Middle East has disrupted energy markets, trade routes, and financial flows, reinforcing the view that political risk is no longer a low-probability tail event but a recurring operational threat.

Energy price volatility and supply chain interruptions have already begun to ripple through global manufacturing and logistics networks, exposing gaps in traditional insurance coverage.

Geopolitical instability is increasingly reshaping how corporations use captives.

At the same time, sanctions regimes and trade fragmentation have made it harder for commercial insurers to price and absorb geopolitical exposures. Many carriers are tightening underwriting, adding exclusions, or reducing capacity for political violence, war, and contingent business interruption.

In response, organisations are turning to captives to preserve coverage continuity and maintain control over risk financing. Captives allow firms to insure otherwise unavailable or unaffordable risks, stabilise premiums amid energy-driven inflation, and tailor protection for region-specific exposures such as port closures, embargoes, and supplier shutdowns. As geopolitical shocks become more frequent, captives are shifting from a cost-management tool to a strategic buffer against systemic disruption.

Another area of expansion is employee benefits and human-capital risk. Rising medical costs and ageing populations are prompting multinational companies to consolidate global benefits programs within their captives. This approach gives organisations better control over plan design, improved access to claims data, and a more consistent employee experience across markets.

For example, with healthcare costs rising faster than general inflation, companies have begun using captives to fund high-cost treatments and catastrophic claims, reducing reliance on volatile commercial pricing and enabling long-term budgeting.

Advances in telemedicine, connected wearable devices, and AI-powered data analysis are reshaping how organisations approach employee health. Companies are increasingly turning to digital health tools to monitor wellbeing, detect medical issues earlier, and control rising healthcare expenses while maintaining a more productive workforce.

For multinational corporations, captives offer a pragmatic framework to facilitate this transition, blending these innovations with tailored risk management and efficient healthcare financing.

Energy volatility has become a significant strategic risk for many industries. The ongoing global energy crisis, driven by supply disruptions and geopolitical tensions has made fuel and electricity prices far more unstable than in the past. This uncertainty affects production costs, supply chains, and long-term investment planning, particularly for sectors that depend heavily on energy inputs.

At the same time, structural changes in global energy systems and the shift toward cleaner energy sources are adding further complexity. Policymakers and industries are navigating both climate commitments and energy security concerns, which can amplify price fluctuations and market uncertainty.

As a result, we can expect to see more organisations turning to captives as part of a broader energy-risk strategy. Captives can be used to fund energy-related business interruption exposures or protect against operational losses during sudden price spikes.

When combined with financial hedging instruments, this approach helps stabilise cash flow and provides an additional layer of balance-sheet protection during periods of severe energy market turbulence.

Organisations that adapt successfully over the next two decades will be those that embed their captives within broader resilience and continuity planning. As risks become more interconnected, from cyber incidents to climate disruptions and geopolitical shocks, relying solely on traditional insurance may leave critical exposures uninsured or subject to volatile pricing.

Captives allow companies to retain greater control over risk financing while maintaining consistent coverage when commercial markets tighten. By integrating captives into enterprise risk management frameworks, organisations can align insurance strategy with operational recovery plans, capital management, and long-term investment decisions.

Captives can be used to fund energy-related business interruption exposures or protect against operational losses during sudden price spikes.