Brighton
You insure, We ensure

INSIGHTS

May 2026

INSURER'S NEW TERRAIN: NAVIGATING SYSTEMIC RISK IN EV INFRASTRUCTURE

The Rise of Climate Litigation

Algorithmic Paradigm: Redefining Risk, Decision-Making, and Accountability

The Ripple Effect of Conflict Risk

Brighton INSIGHTS

MAY 2026

Editor's Note

Dear Readers,

The insurance industry has historically focused on predicting uncertainty. However, the challenges we face today are far more intricate. Risks are now interconnected, rapid, and influenced by factors beyond the insurance sector, differing from past isolated events. This edition of Brighton INSIGHTS explores four developments that are reshaping the way risk is understood, managed, and financed.

The shift to electric mobility highlights challenges in infrastructure as discussed in *Navigating Systemic Risk in EV Infrastructure*. While electric vehicle adoption is rising, issues with charging networks, grid capacity, operational resilience, and regulatory coordination create new insurance risks. The focus has expanded from just insuring vehicles to understanding the entire ecosystem supporting them.

Climate change is evolving risks from physical losses due to extreme weather to legal accountability. *The Rise of Climate Litigation* explores how courts, regulators, shareholders, and advocacy groups are scrutinising corporate climate commitments and disclosures, highlighting the growing importance of governance and transparency alongside catastrophe modelling.

Technology is transforming the insurance industry with AI integration in underwriting, claims handling, pricing, and operations. While it enhances efficiency, it raises issues of accountability and systemic vulnerability. *Algorithmic Paradigm* examines how insurers can leverage AI benefits while addressing model transparency, governance, and concentration risk in a digital landscape.

Finally, insurers need to rethink geopolitical risk beyond traditional lines. *The Ripple Effect of Conflict* breaks down how disruptions in the Strait of Hormuz and other maritime flashpoints cascade through global supply chains—triggering a domino effect of accumulation risk, pricing pressures, and insurance losses across interconnected markets.

While these topics differ in scope, they share a common theme: risk is becoming more complex, interconnected, and influenced by decisions made across technology, governance, infrastructure, and finance. Navigating this environment requires not only technical expertise but also a broader perspective on how emerging risks interact and evolve.

We hope the insights in this issue contribute to that conversation and offer fresh perspectives on the challenges and opportunities ahead.

Annie Undikai

Annie Undikai, Managing Editor

Brighton
You insure, We ensure

INSIGHTS

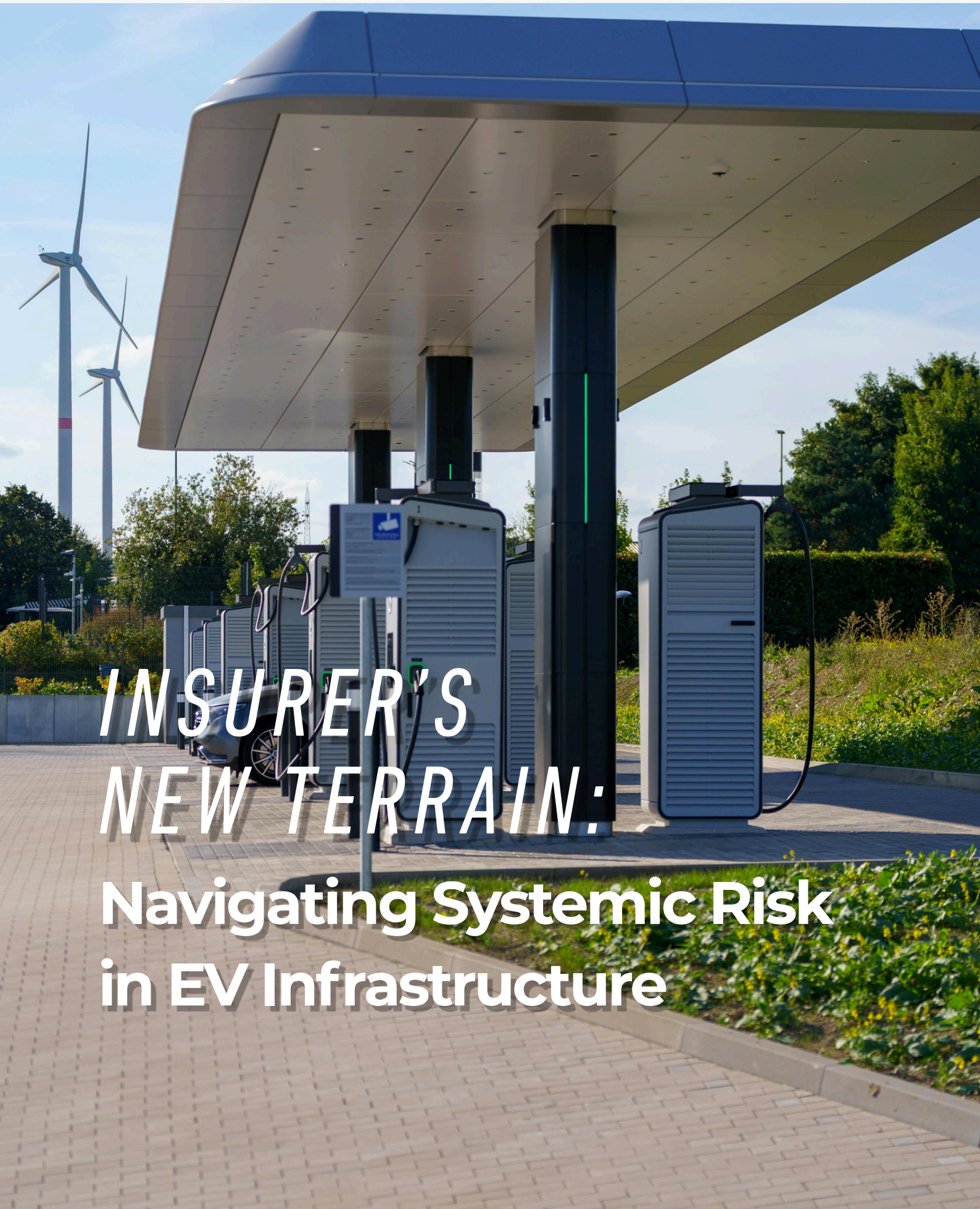
MAY 2026

IN THIS ISSUE

OUR SOLUTIONS

- LICENSING & COMPLIANCE
- ACCOUNTING SERVICES
- WEBBIE, CLOUD-BASED ACCOUNTING SOFTWARE
- PAYROLL SERVICES
- GST/SST REPORTING
- E-INVOICING
- WORK PERMIT APPLICATION
- CORPORATE TAX SUBMISSION
- INTERNAL AUDIT
- SHARIAH ADVISORY
- COMPREHENSIVE CAPTIVE MANAGEMENT
- RUN-OFF MANAGEMENT
- SERVICED OFFICE FACILITIES

For more information, visit us at www.brighton.asia or scan the QR code



INSURER'S NEW TERRAIN:

Navigating Systemic Risk in EV Infrastructure

The shift toward electric vehicles (EV) is moving faster than the systems built to support them. On the surface, everything looks like it has great momentum, thanks to a surge in new EV models, eager buyers, and strong policy support. However, when you step back and look at the actual infrastructure backing it all up, a quieter problem comes to light: charging networks are simply not keeping pace.

This gap is about much more than just driver convenience. It fundamentally changes how people use their vehicles, how cities plan for electricity demand, and how insurance companies calculate new layers of risk. At present, the overall picture looks highly fragmented.

We see fast chargers popping up along major highway corridors and intense competition between providers in crowded city centres. However, extensive residential areas, industrial zones, and rural regions still experience charging access that resembles more of an experiment than a dependable utility.

Scale of the Gap

The International Energy Agency reported that global EV adoption hinges on a massive expansion of charging infrastructure, particularly when it comes to public fast chargers. Industry forecasts show that the number of chargers needs to grow several times over within the decade just to match basic demand, and even faster if EV sales accelerate beyond what we expect.

This growth isn't merely a numbers game. It is more about where those chargers are located. Placing a charger in the wrong place does nothing to help the resilience of the overall system. If networks are heavily concentrated only in major cities, long-distance travel remains filled with anxiety, and major pressure points crop up during peak holiday travel seasons.

While private companies such as Tesla and large energy networks like Shell Recharge are attempting to address the gap, the deployment of charging stations is still highly inconsistent. This inconsistency arises from challenging economic factors.

Fast chargers are not only expensive to purchase and install, but they often necessitate expensive upgrades to the local power grid. Additionally, it can take years of consistent usage to reach the break-even point.

Why the Gap Exists

At first sight, this feels like a simple supply problem that could be fixed by simply adding more stations. In reality, the challenge is multi-faceted, beginning with the power grid itself. Many older neighbourhoods and commercial areas were never designed to handle massive electricity demand.

A single fast charger can draw as much power as an entire small building. When you consider multiple charging stations, local transformers and substations can quickly become major bottlenecks.

Access to land poses additional challenges. Charging hubs require high visibility, easy access, and safe environments. In densely populated urban areas, this translates to direct competition for space with retail stores, parking lot operators, and residential developers, all of whom are navigating extremely tight margins and conflicting priorities.

Finally, there is the risk of utilisation. Charging stations generate revenue only when a sufficient number of vehicles are consistently connected. In emerging EV markets, driver demand can be quite unpredictable. If the user turnout is low, operators may incur losses.

When you consider multiple charging stations, local transformers and substations can quickly become major bottlenecks.

Conversely, if too many users flock to one location, long wait times can occur, while stations just a few miles away remain completely unused. Due to this volatility, companies are expanding with caution and selectivity, often progressing at a slower pace than the vehicle market itself.

The geographic layout of charging maps often aligns with areas of high economic activity rather than actual transportation needs. This creates structural blind spots that distort consumer behaviour and ultimately slow down mass adoption.

Uneven Geography of Charging

This structural imbalance significantly impact driver's habit, as individuals tend to plan their journeys based on worst-case scenarios rather than statistical averages A long-distance road trip might feel completely effortless on one highway route and entirely stressful on another.

While urban drivers often have the luxury of charging at home or at the office, anyone without a dedicated parking spot is forced to rely completely on public infrastructure. In suburban areas, the

common belief that home charging can resolve all issues falters for residents of high-rise apartments without assigned, powered bays.

This disparity is particularly evident in fast-growing markets such as Southeast Asia. Take Kuala Lumpur, for example. Charging stations are emerging rapidly in commercial shopping centres, yet access in residential areas is significantly trailing

behind the actual demand. This specific imbalance undermines consumer confidence far more than any favourable government policy announcement can remedy.

What This Means for Insurers

As these physical gaps persist, the conversation naturally shifts from infrastructure logistics to financial and operational risk. Insurance has always evolved alongside human mobility, adapting to everything from the invention of the combustion engine to the rise of ride-sharing apps.

However, EV charging introduces an entirely new layer of risk because it creates physical, electrical, and behavioural dependencies that exist completely outside of the car itself.

Property and engineering risks are rising due to the complexity of charging stations as electrical assets that face fluctuating power loads. They are constantly exposed to electrical surges, overheating, heavy cable wear, and vandalism. As these networks scale up, insurance companies are seeing a noticeable rise in claims tied to equipment failure and fire hazards, particularly in high-traffic urban hubs.

Liability is becoming increasingly complicated. A malfunctioning charger or a badly maintained installation can lead to damage not only to the vehicle but also to the surrounding property. Determining who is accountable can turn into a legal nightmare. Is it the responsibility of the charging network operator, the landlord of the property, the electrical contractor who installed it, or the manufacturer of the equipment?

Traditional auto insurance is also undergoing transformation. Although the history of claims specifically related to EVs is still emerging, incidents associated with charging are increasingly becoming a common topic.

EV charging introduces an entirely new layer of risk because it creates physical, electrical, and behavioural dependencies that exist completely outside of the car itself.

Issues such as a car battery damaged by a charging error or unexpected vehicle downtime due to malfunctioning public infrastructure bring about indirect costs that traditional auto insurance models did not consider.

Business interruption risk is becoming increasingly significant as commercial fleets depend more heavily on reliable EV charging. If the infrastructure fails or becomes overly congested, the impact extends beyond just a few delayed drivers; it disrupts tight delivery schedules, jeopardises service commitments to customers, and disrupts daily revenue cycles.

Hidden Systemic Risk

The more subtle challenge here is systemic dependency. The push for EV adoption relies on the assumption of a stable and widely accessible charging network. However, this heavy reliance on such an assumption introduces a significant risk of failure on a large scale. If the infrastructure develops in a fragmented manner, specific regions or groups of drivers may become highly susceptible to unexpected disruptions.

A severe summer heatwave that strains the local power grid, a political shift that delays permits for new stations, or a sudden spike in demand during a holiday weekend can can lead to serious gridlock. From an insurance standpoint, this is where accumulation risk becomes relevant. Losses are no longer isolated incidents; instead, they tend to cluster around critical infrastructure nodes.

The Investment Tension

There is a significant timing discrepancy between infrastructure funding and the EV adoption curve. Vehicle sales can surge almost instantly when consumer sentiment becomes favourable. In contrast, infrastructure projects, particularly those directly connected to the high-voltage power grid; require extensive planning, regulatory approval, and time for physical deployment.

While public policy tries to bridge this gap with incentives, private capital is still carrying most of the weight in these early stages. Investors naturally want certainty. They need to see reliable utilisation rates, clear regulations, and predictable long-term demand.

Without those assurances, funding remains conservative and expansion continues to be hesitant. This caution creates a feedback loop: slower infrastructure development deters potential EV buyers, which subsequently undermines the financial viability of charging stations. It's a frustrating cycle that demands a collaborative effort from all parties involved to overcome.

There is a significant timing discrepancy between infrastructure funding and the EV adoption curve.

Conclusion

The most probable trajectory ahead does not involve an ideal, seamlessly integrated charging network emerging instantly. Rather, we will witness significant disparities in growth, with a few well-established areas developing first.

High-traffic urban commercial centers will increasingly accommodate more chargers, while key highway routes will be gradually populated over time. In contrast, residential charging, particularly in multi-unit apartment buildings; will continue to be the most challenging aspect to address.

Eventually, technical standardisation and better integration with the power grid will smooth out these pain points. However, the transition period is going to be defined by uncertainty, which is exactly why smart risk management matters so much right now. EVs are often framed as a product story about better cars and lower emissions. Beneath the surface, though, it is an infrastructure story that is still being written in real-time.

The charging gap is more than just a technical issue. It represents a significant coordination challenge that encompasses energy, land use, government policy, and human behaviour. If these fundamental systems fail to align, everything built upon them will begin to falter.

The Rise of Climate Litigation

For decades, the insurance industry viewed climate change almost exclusively through the lens of property and casualty physical risk. Actuaries and underwriters focused on the escalating frequency and severity of secondary perils like floods, wildfires, convective storms, and severe droughts that disrupted businesses and generated billions of dollars in claims.

But that paradigm is shifting. Today, risk managers and insurers are discovering that climate risk does not dissipate after a catastrophe is cleaned up. Increasingly, climate-related disputes are migrating into courtrooms worldwide, transforming what was once purely a physical threat into a complex, multi-line legal liability exposure.

Once a niche area of environmental law has evolved into a systemic concern for corporate boards, risk managers, and commercial lines insurers. Climate change is no longer just a question of what nature will do; it is now a question of who will be held financially and legally responsible.

A Global Surge in Climate Lawsuits

The rapid increase in climate-related litigation is significantly transforming the corporate risk landscape. As reported by the United Nations Environment Programme and Columbia University's Sabin Center for Climate Change Law, over 3,000 climate-related cases were filed worldwide by mid-2025, covering 55 national jurisdictions.

Importantly, the range of lawsuits affecting the insurance industry has expanded. Initially, climate litigation focused on government policies and environmental permits. However, the focus has now shifted to the private sector. Courts are currently addressing cases related to corporate climate disclosures, breaches of fiduciary duties, and accusations of greenwashing concerning net-zero strategies.

Climate change is no longer just a question of what nature will do; it is now a question of who will be held financially and legally responsible.

They are also investigating failures in climate adaptation, including the inability to safeguard infrastructure against predictable weather events, as well as compensatory claims that aim to seek damages from carbon-heavy industries to finance public adaptation initiatives. This represents a pivotal shift in viewing climate risk, moving from an asset-protection concern to a third-party liability challenge.

Broadening the Concept of Accountability

Historically, corporations were held accountable for environmental liability only when direct, localised pollution could be directly linked to their activities. However, climate change poses a much more intricate challenge, as emissions build up globally over decades and involve numerous contributors.

Despite the intricacies involved, plaintiffs are achieving success by altering their legal approaches from focusing on causation of harm to highlighting misrepresentation of risk. This shift has led to a significant surge in greenwashing litigations.

Companies are now facing regulatory actions and class-action lawsuits for inflating their environmental claims, overstating the sustainability of their products, or disseminating unverified net-zero transition plans. The current underwriting reality is that for many organisations, as well as the insurers supporting them, the main legal risk is no longer solely about their emissions, but rather what they convey to investors, regulators, and consumers.

In Malaysia, RimbaWatch has brought what is considered the country's first major climate litigation case. The group challenged a fossil fuel company over claims that its products were "carbon neutral," arguing that the marketing lacked transparency around offset mechanisms and verification standards.

Directors and Officers in the Crosshairs

Climate litigation is making its way into the boardroom, transforming climate risk into a fundamental aspect of governance and fiduciary responsibility. Shareholders, activist investors, and regulatory agencies are closely examining boards through a rigorous risk-management perspective to assess whether they have effectively evaluated and stress-tested their exposure to both transition and physical climate risks.

They are also probing into whether significant climate exposures have been disclosed transparently and accurately in financial statements. Investigation includes whether corporate sustainability commitments are supported by practical and adequately funded implementation strategies.

As mandatory climate disclosure regulations tighten globally, the margin for error narrows. This has profound implications for Directors and Officers and Professional Indemnity portfolios. Underwriters can no longer view climate change as a siloed risk because it is now deeply intertwined with securities law, consumer protection, and corporate governance.

As mandatory climate disclosure regulations tighten globally, the margin for error narrows.

Insurance Industry's Dual Exposure

The insurance industry is particularly vulnerable to this transition, encountering challenges on both sides of the balance sheet. On the liability side, insurers must address potential hidden climate exposures within their existing legacy policies.

Similar to how the industry has historically dealt with unforeseen, long-tail aggregations from asbestos or cyber risks, underwriters are now required to carefully examine policy wording in commercial general liability and Directors and Officers policies. This scrutiny is essential to ensure that climate risk accumulation is accurately assessed and adequately limited.

The comparison with asbestos goes beyond mere theory. A 2022 study by the Geneva Association highlighted that historical liability frameworks frequently underestimated "latent legal exposure" by a factor of three to five times the original actuarial estimates.

For instance, asbestos liabilities continued to surface decades after the initial underwriting assumptions had settled, resulting in long-tail losses that surpassed early projections by hundreds of billions worldwide.

Climate litigation is now being assessed through a similar lens, particularly as cases begin to test whether historical emissions can be framed as "foreseeable harm" under evolving duty-of-care standards.

Carriers are currently under increased scrutiny concerning their corporate impact. Regulators and stakeholders are pushing for enhanced transparency regarding Scope 3 underwriting emissions, which reflect the carbon footprints of the industries that insurers decide to cover. Additionally, there is a focus on asset management strategies that determine how climate risk is incorporated into the industry's multi-trillion-dollar investment portfolios.

The Ultimate Claims Disrupter

One of the most crucial drivers for upcoming climate liability claims is the swift progress in climate attribution science. In the past, defence councils could readily argue that a particular weather event was merely an act of God or too vague to be associated with a single corporate entity.

However, today, atmospheric scientists can accurately quantify the extent to which human-induced climate change has heightened the likelihood or intensity of specific events such as floods, heatwaves, or storms.

As attribution science advances in accuracy, it equips plaintiffs with the empirical evidence necessary to demonstrate legal causation. For insurers and reinsurers, this development undermines the traditional defence of ambiguity, adding a significantly unpredictable factor to long-tail liability modeling.

Strategic Imperatives

The evolution of climate litigation demands a more sophisticated approach to holistic risk management. To mitigate exposure to this rising wave of litigation, commercial clients and their insurance partners must evaluate several critical controls.

First, they must audit disclosure alignment to ensure that all sustainability statements in ESG reports, marketing materials, and financial disclosures are fully aligned and verifiable. Next, companies must embed climate transition risks into the broader Enterprise Risk Management framework, rather than treating it as a standalone corporate social responsibility initiative. Finally, underwriters must proactively review policy exclusions, definitions of pollutants, and defence-cost allocations to ensure liability portfolios are resilient against aggregated climate claims.

As attribution science advances in accuracy, it equips plaintiffs with the empirical evidence necessary to demonstrate legal causation.

Algorithmic Paradigm:

Redefining Risk, Decision-Making, and Accountability

The world of artificial intelligence (AI) is rapidly becoming more interconnected , weaving itself tightly into the fabric of daily life and global industries. AI serves as a wide-ranging, transformative tool that has completely altered how organisations integrate vast amounts of information and analyse data.

This technological revolution is nowhere more evident than in the insurance sector, where AI is already delivering unprecedented speed, scale, and efficiency across traditional operations. However, the significant rise of machine learning and automated reasoning does more than just enhance existing practices. It fundamentally transforms the way risk is assessed, strategic decisions are formulated, and the definitions of regulatory and operational accountability are established.

For C-suite executives and risk officers navigating this changing landscape, effectively managing the transition requires a proactive reassessment of what effective risk management means in today’s fast-paced, hyper-connected world.

From an insurer's standpoint, the main motivation for adopting AI is to enhance operational efficiency. By automating claims processing, optimising underwriting workflows, and employing predictive modelling, companies can manage vast amounts of data with minimal manual effort.

Factors such as corporate size, return on assets (ROA), and net profit margins have greatly impacted the efficiency scaling of insurance companies. In the age of AI, these internal benefits are further enhanced, enabling agile, technology-driven firms to surpass traditional competitors in policy pricing and customer service response times.

But as insurers scale these capabilities, they are discovering a paradox: the very tools used to mitigate traditional underwriting risks are introducing entirely new categories of systemic vulnerability.

The nature of risk has shifted from predictable, isolated silos into highly interconnected, fast-moving vectors. Because AI systems often rely on centralised data pools, shared cloud infrastructure, and third-party algorithmic models, a single flaw or bias in a system can cascade across thousands of policyholders simultaneously.

For example, if an automated underwriting algorithm has an underlying bias or misreads an emerging macroeconomic trend, the insurer could unintentionally gather significant, correlated exposures before human review identifies the mistake. This systemic buildup compels risk strategists to detect disruptions much sooner, adjust their monitoring frameworks more swiftly, and respond with unprecedented agility.

Carriers can no longer depend exclusively on historical, retrospective actuarial tables. Instead, they need to create dynamic, real-time stress-testing frameworks that consider the unpredictable interactions of AI within an unstable global landscape.

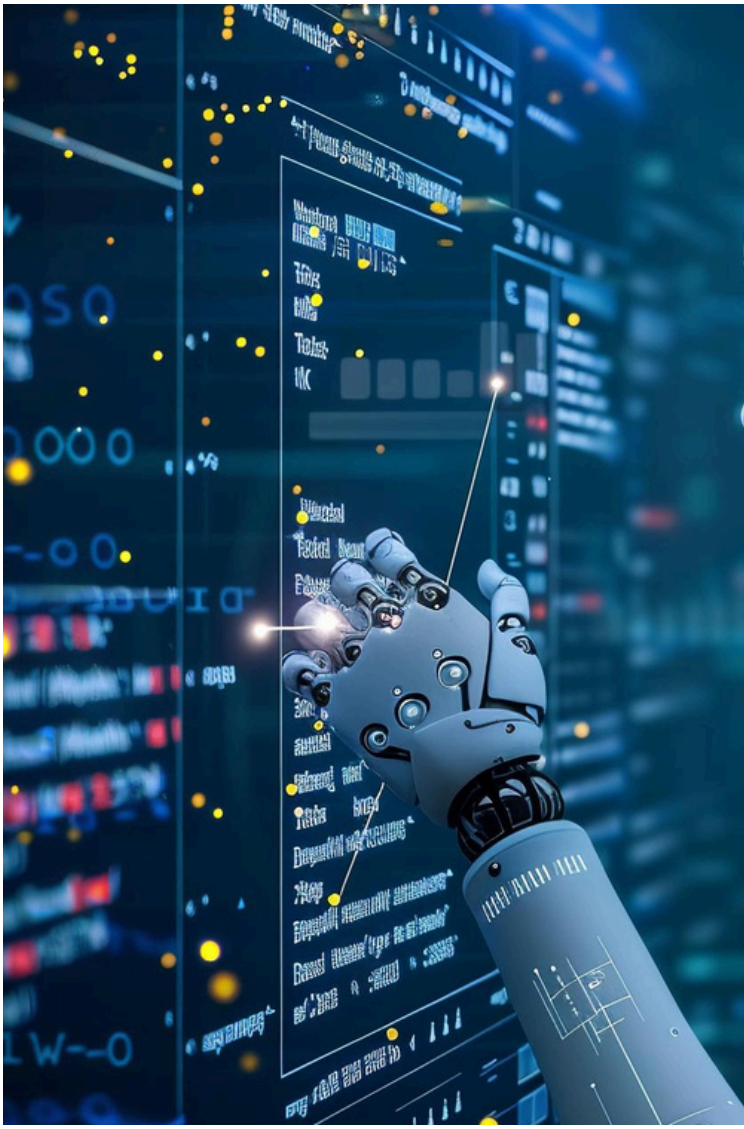
The accumulation of risk has shifted from predictable, isolated silos into highly interconnected, fast-moving vectors.

The mechanics of corporate decision-making are also undergoing a profound transformation. As AI models assume predictive responsibilities, the distinction between human judgment and algorithmic results becomes more ambiguous. Today, insurance executives are relying more on machine-generated insights for capital allocation, fraud detection, and complex risk pricing.

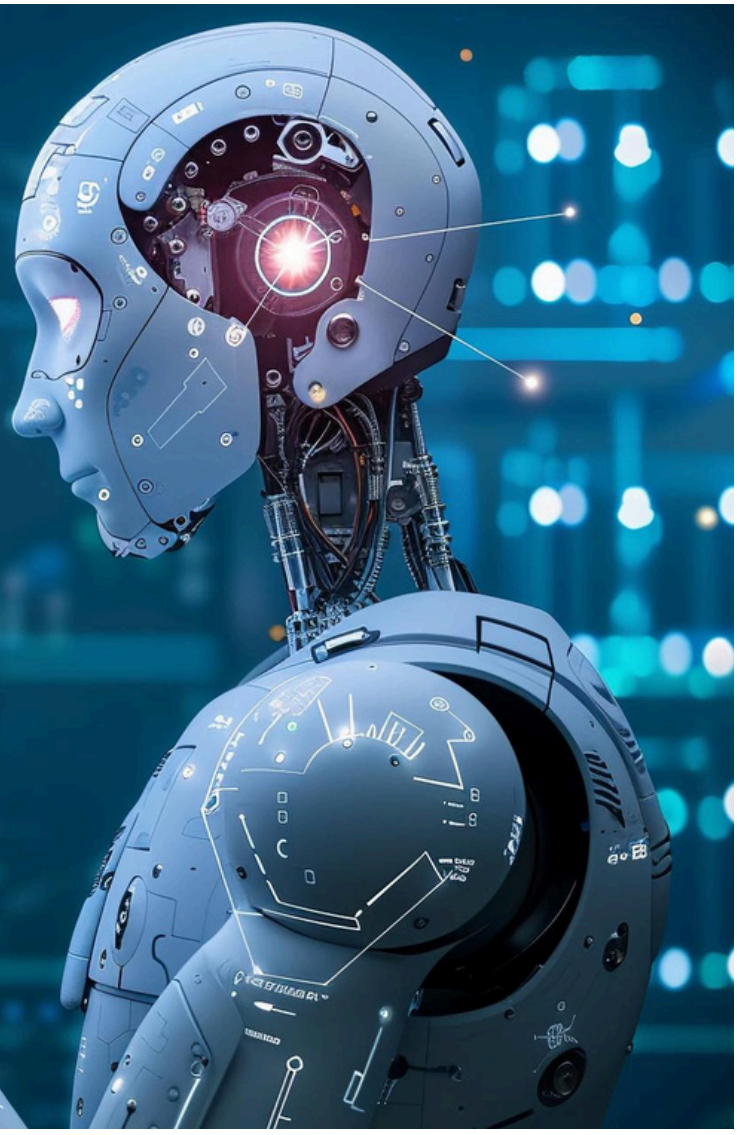
While this improves computational accuracy, it introduces the operational danger of model opacity, often referred to as the "black box" problem. When leadership is unable to fully understand how an AI generates a particular risk rating, making well-informed decisions becomes quite challenging.

Forward-thinking insurers are realising that managing this transition means implementing robust model governance frameworks. Humans must remain actively in the loop, serving as vital checks against machine logic, to ensure that algorithmic recommendations aligns with the firm’s broader risk appetite and ethical standards.

This shift in decision-making directly impacts how accountability is defined within the organisational hierarchy. In a traditional setting, if a claim was wrongfully



denied or a risk vastly underpriced, a specific underwriter or line manager could be held accountable. In an environment governed by automated neural networks, assigning responsibility becomes a complex regulatory and ethical challenge.



If an AI miscalculates a risk, does the fault lie with the data engineering team, the third-party software vendor, the data scientists who trained the model, or the business leaders who deployed it?

Insurers are forced to redefine their internal governance, establishing clear ownership for AI models throughout their entire lifecycles. They must clearly delineate who is responsible for model drift, data integrity, and compliance with emerging global AI regulations.

Ultimately, navigating this transition successfully requires insurers to shift from a reactive compliance mindset to a state of continuous transformation. Industry leaders must acknowledge that while AI offers immense scale and efficiency, it also fundamentally reshapes the risk landscape.

Reimagining risk for this unpredictable world means building corporate cultures that value transparency, rigorous validation, and ethical data stewardship. By embracing a holistic approach that balances technological innovation with robust, adaptable governance, insurance companies can confidently harness the power of AI without compromising their financial stability or the long-term trust of their policyholders.

THE RIPPLE EFFECT OF CONFLICT RISK

For years, insurers have viewed geopolitical risk as a specialised concern, largely confined to marine war, political violence, and energy portfolios. Recent events in the Middle East suggest that assumption no longer holds. What begins as a regional conflict has rapidly spread through global supply chains, commodity markets, infrastructure networks, and insurance portfolios.

For instance, events in the Strait of Hormuz underline a broader shift the industry can no longer ignore. The issue is not simply rising geopolitical tension, but the way the nature of risk itself is evolving. A disruption in a single strategic location can now trigger losses across multiple lines of business, affecting organisations with no direct exposure to the region where the event originates.

As one of the world's most critical energy corridors, even minor disruption immediately raises concerns about global trade and energy security. Yet the most significant insurance implications emerged far from the shipping lanes themselves.

A vessel incident often starts as a marine claim, but it rarely ends there. Delayed cargo movements can disrupt manufacturing schedules, while rising fuel prices increase transportation and construction costs. Supply shortages then ripple outward into sectors other sectors such as consumer goods, electronics, and heavy industry. What begins as a marine loss can quickly evolve into a broader economic shock, transmitted through pricing pressures, logistical delays, and tightly interlinked supply chains.

What begins as a marine loss can quickly evolve into a broader economic shock, transmitted through pricing pressures, logistical delays, and tightly interlinked supply chains.

This growing interconnectedness is forcing insurers to reconsider how risk is assessed. Historically, accumulation risk has been linked to natural disasters, where events like hurricanes or earthquakes result in a concentration of losses within a specific geographic region. But geopolitical risk behaves differently.

Its impact often unfolds across industries and over time rather than within a single location. The triggering event may occur in one region, while secondary effects emerge weeks or months later in entirely different markets. As a result, predicting and managing loss becomes increasingly challenging.

Recent years have provided several examples of this trend. The COVID-19 pandemic exposed vulnerabilities in global supply chains. The conflict in Ukraine reshaped energy markets across Europe. Disruptions in the Red Sea altered shipping routes and transportation costs worldwide. Each event demonstrated how localised disruptions can generate global insurance consequences. The Strait of Hormuz represents another chapter in this evolving story.

Marine insurers are already experiencing the immediate impact. War-risk premiums have increased as shipowners reevaluate their exposure in high-risk waters. Underwriters are paying closer attention to transit routes, security arrangements, and potential aggregation scenarios. The uncertainty surrounding future claims development remains a particular concern, especially where incidents may involve multiple parties, infrastructure damage, environmental liabilities, and lengthy legal proceedings.

Energy insurers face a different challenge. Offshore platforms, export terminals, refineries, and storage facilities in the Gulf region represent some of the world's largest concentrations of insured assets. Any prolonged disruption could generate significant physical damage and business interruption losses, while also affecting industries dependent on stable energy supplies.

Similar pressures are being experienced by political violence insurers. Modern conflicts increasingly target critical infrastructure, transportation networks, and commercial assets. This broadens the scope of potential loss scenarios beyond conventional expectations. However, the most significant impact on insurance might not stem from direct damage at all.

Geopolitical instability can lead to inflation by raising energy prices, causing supply chain disruptions, and increasing commodity costs. These factors can affect claims across various business sectors. For instance, property claims become more costly as rebuilding expenses increases, while motor claimsrise when replacement parts are in short supply. Business interruption losses also escalate when sourcing equipment and materials takes longer.

For reinsurers, the main challenge lies not in the availability of capital but rather in navigating uncertainty. The global reinsurance markets are well-capitalised and equipped to handle significant losses. The more pressing issue is understanding how geopolitical events influence existing exposures across various sectors, including marine, energy, casualty, property, and specialty portfolios.

Traditional catastrophe models perform well when analysing natural hazards because historical data provides a useful benchmark. Geopolitical events are different. Political decisions, military actions, economic sanctions, and shifting trade patterns introduce variables that are far more difficult to quantify.

This uncertainty is prompting insurers to take a closer look at supply chain dependencies, critical infrastructure exposures, and concentration risks. Risk managers are increasingly mapping supplier networks, stress-testing disruption scenarios, and evaluating alternative sourcing strategies. Insurance programmes are no longer viewed solely as risk transfer mechanisms but as part of broader resilience planning.

The Strait of Hormuz represents more than just a regional security issue; it serves as a reminder of how interconnected risks are becoming. The lines that once divided marine, energy, political violence, property, and casualty exposures are now increasingly blurred.

For insurers and reinsurers, the upcoming challenge lies not only in pinpointing where risks are present but also in understanding how these risks interact, overlap, and amplify each other. In our interconnected global economy, a geopolitical flashpoint can swiftly escalate into an insurance-related event, with repercussions that reach well beyond the initial crisis location.

The Strait of Hormuz represents more than just a regional security issue; it serves as a reminder of how interconnected risks are becoming.