REINSURANCE ROUND-UP
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The past year has seen insurance litigation increasingly shaped by increased geopolitical instability, with war and political risk disputes emerging as one of the most significant areas of development. The cases arising from the Russian invasion of Ukraine, including the Nord Stream pipeline and the continuing Russian Aircraft disputes, are summarised below.

Moreover, the long tail of Covid-19 litigation continues to generate important decisions. The focus has increasingly moved beyond the initial question of whether business interruption policies respond to pandemic losses, towards issues of causation, aggregation, government support payments and policy limits. These cases highlight the importance of precise policy wording in determining the extent of insurers' liability.

The past year has also produced a growing body of jurisprudence under the Insurance Act 2015, particularly concerning the duty of fair presentation. The decisions illustrate that, whilst the Act introduced significant reforms to the relationship between insurers and policyholders, established principles of insurance law remain highly relevant. The Courts emphasise that wording and structure remains paramount when interpreting policies, (re)insurance contracts and dispute resolution provisions.

The following is our annual review of some of the cases and legislation over the last year that may be of interest to insurers and reinsurers:

War and Political Risk

- ***Nord stream AG v (1) Lloyd's Insurance Company S.A. and (2) Arch Insurance (EU) DAC [2026] EWHC 1685 (Comm):*** Following explosions in September 2022 which rendered three of the four Nord Stream gas pipelines in the Baltic Sea inoperable, Nord Stream AG sought a €600m indemnity under its property insurance policies for the resulting damage. The case therefore considered whether the damage to the pipelines was covered under the property insurance policies or excluded under war exclusion clauses. Nord Stream argued that the explosions constituted acts of sabotage and that the war in Ukraine was merely background context. The Court dismissed Nord Stream AG's €580 million claim, holding that the explosions and resulting damage were "*directly or indirectly occasioned by, happening through, or in consequence of war*". The exclusion applied even though it was unnecessary for the Court to determine who had carried out the sabotage.

- ***Oceanus Capital Sarl v Lloyd's Insurance Company SA – The "Vyssos" [2026] EWCA Civ 863:*** After a collision with a mine in Ukrainian waters in December 2023, the vessel Vyssos became a constructive total loss. The owners' war risks insurance did not respond because the vessel had breached its trading warranties and the additional war risks cover obtained by the charterers was found to be a forgery. The vessel's mortgagee therefore sought recovery under a Mortgagee's Interest Insurance (MII) policy for the loss of its security interest in the vessel. The Court of Appeal allowed the insurer's appeal, holding that the MII policy applies where the mortgagee's interest is lost because of an insured peril, rather than acting as a general guarantee protecting a mortgagee against all losses arising from the destruction of a vessel. As the mortgagee's loss was caused by the failure of the underlying insurance arrangements, it was not covered under the MII policy. The Court also confirmed that privity requires both knowledge and consent. Although Oceanus knew the vessel would enter Ukrainian waters in breach of the trading warranties, its consent had been obtained by deception, as it believed separate war risks cover was in place. Oceanus was therefore not privy to the breach.

- ***The Russian Aircraft Litigation – Operator Policy Claims [2026] EWHC 1134 (Comm):*** This case forms part of the catalogue of actions that have arisen in respect of aircraft detained in Russia following Russia's invasion of Ukraine in February 2022. Whilst judgment was handed down in respect of the aircraft lessors claims against their own contingent and possessed insurers ("LP Insurers") in June 2025, claims are ongoing against the reinsurers of policies taken out by aircraft operators locally in Russia ("OP Policies"). Certain LP War Risks insurers (Chubb and Fidelis) made separate contribution claims worth more than $340 million against the OP reinsurers. The Court allowed the Defendants' applications for summary judgment and dismissed the claims. Picken J analysed in detail the avenues for claims in subrogation and contributions. As payments made by Chubb and Fidelis to the lessors did not discharge the OP insurers' and reinsurers' potential liabilities, there were currently no rights for Chubb and Fidelis to subrogate into. No right to recover an indemnity from the OP insurers had arisen. The Court also rejected the argument that the claims fell within the Civil Liability (Contribution) Act 1978. The judgment confirms that the statutory contribution regime will not apply where insurers seek recovery based on their own contractual liabilities.

Covid-19 Litigation – Business Interruption

- ***Gatwick Investment Ltd and others v Liberty Mutual Insurance Europe SE [2026] UKSC 14:*** This dispute concerned business interruption insurance claims arising from the Covid-19 pandemic and whether furlough payments received under the Coronavirus Job Retention Scheme ("CJRS") should be deducted from the indemnity payable under the relevant policies. Whilst insurers accepted that their policies did cover losses that arose during the pandemic, they argued that the CJRS payments had to be considered under the policies' Savings Clauses, whereas the Policyholders argued that the payments were a separate government benefit and should not reduce their insurance recovery. The Supreme Court unanimously dismissed the appeal, holding that the furlough payments were required to be deducted when calculating the business interruption indemnity, as they reduced the Policyholders' employment costs and that saving arose because of the insured peril. The judgment confirms that Policyholders cannot recover both their full business interruption losses and government support payments intended to cover the same employment costs.

- ***WRBC Corporate Member Limited v AXA XL Syndicate & Others [2026] EWHC 939 (Comm):*** In this case, the Commercial Court considered whether losses arising from the cancellation of events during the pandemic could be aggregated for the purposes of Excess-of-Loss reinsurance. WRBC had paid claims arising from event cancellations caused by government restrictions and sought recovery under its reinsurance treaties in respect of 174 losses. The treaties provided cover for losses "arising out of one event". The key issue was whether the relevant "event" was each individual cancelled conference or exhibition, as argued by the reinsurers, or the government restrictions which caused the cancellations, as argued by WRBC. The Court ruled in favour of WRBC. Waksman J held that, in the context of the treaties' Limits Clause, "event" carried its ordinary causal meaning and referred to the event causing the losses. Accordingly, the Covid-19 government restrictions could constitute the relevant aggregating event, allowing losses arising from the same measures to be grouped together and subject to a single US$1 million deductible.

- ***CP Holdings Limited and others v Assicurazioni Generali SpA and others [2026] EWHC 1520 (Comm):*** This case concerned approximately €160 million in Covid-19 related business interruption losses claimed under a global insurance programme covering hotels, spas, restaurants and offices across the UK and Europe. The claimants sought to rectify the 2019 Global Policy to include a conformity term, arguing that it had been agreed during the renewal process and would have preserved the broader cover available under the 2018 policy. The Commercial Court rejected the rectification claim, holding that the correspondence demonstrated only a willingness "in principle" to agree such a provision and did not establish a concluded agreement. The Court also considered the 2018 policy's disease exclusion and rejected the insurers' argument that "atypical pneumonia" encompassed COVID-19, finding that the term should be given its established clinical meaning. The Hungarian and Romanian local policies were also found not to cover non-damage business interruption losses. A subsequent judgment concerning the policy limits confirmed that the €150 million policy limit and €10 million disease sub-limit operated on an "each and every insured loss" basis.

Third Parties (Rights against Insurers) Act 2010 ("the 2010 Act")

- ***Ahmed v White & Co [2025] EWHC 2399 (Comm):*** This claim was brought by 176 investors against White & Co, an accountancy firm and its professional indemnity insurer under the Third Parties (Rights against Insurers) Act 2010. The investors alleged that White & Co had failed to adequately warn them of the risks associated with high-risk tax mitigation investments. Following White & Co's insolvency, the investors sought to recover their losses directly from Allianz under the firm's professional indemnity policy. The Court held that White & Co had not made a valid "hornet's nest" notification of circumstances capable of bringing the investors' later claims within the policy period. The notifications relied upon by the investors were insufficient because they did not identify circumstances reasonably likely to give rise to the claims ultimately brought. This judgment highlights the importance of clearly and adequately communicating all circumstances to the insurer to constitute a valid notification.

- ***Managed Legal Solutions v Mr Darren Hanson (trading as Fortitude Law) and HDI Global Specialty SE [2025] EWHC 2645 (Comm):*** Here, the Commercial Court considered whether an insurer could be joined to proceedings brought against its insured where the insurer had a direct interest in the outcome of the liability issues. Managed Legal Solutions Ltd (MLS) brought a claim against solicitor Darren Hanson arising from a failed group litigation matter. Hanson's professional indemnity insurer, HDI Global Specialty SE, disputed coverage under a traded debts exclusion. As Hanson had been debarred from defending the claim, HDI applied to be joined as a defendant so that it could protect its position, particularly as the outcome would affect whether it was required to indemnify Hanson. Applying the broad approach to the Civil Procedure Rules 19.2, the Court concluded that it was desirable to join HDI because, without its involvement, important liability issues would go effectively unchallenged. The Court rejected objections based on delay, prejudice and increased complexity. The judgment provides useful guidance on the circumstances in which an insurer may be permitted to participate in proceedings before a claim is brought against it under the Third Parties (Rights against Insurers) Act 2010.

- ***MS Amlin Marine NV on behalf of MS Amlin Syndicate AML/2001 -v- King Trader Ltd & others (Solomon Trader) [2025] EWCA Civ 1387:*** This case arose from the grounding of the Solomon Trader in the Solomon Islands in 2019, resulting in losses exceeding $47 million. The vessel had been time chartered to Bintan Mining Corporation, which was insured under a charterers' liability policy issued by MS Amlin Marine NV. Following Bintan's insolvency, the vessel owner sought to recover directly from MS Amlin under the Third Parties (Rights against Insurers) Act 2010. The central issue was whether a "pay first" or "pay to be paid" clause prevented recovery under the policy. The Court of Appeal upheld the clause as valid and enforceable, holding that it imposed a condition requiring the insured to discharge its liability before becoming entitled to an indemnity. As Bintan had not paid the arbitral award before becoming insolvent, no right to an indemnity had arisen under the policy. The claimants therefore acquired no greater rights under the 2010 Act than those available to Bintan and could not recover from MS Amlin. The Court also rejected the argument that the clause was sufficiently unusual or onerous to require special notice before incorporation, confirming that "pay first" clauses are standard and well-established terms in marine insurance.

Duty of Fair Presentation – Insurance Act 2015

- ***Cometsambre SA v Lloyd's Insurance Company SA HIG 5321 [2026] EWHC 1837 (Comm), KBD:*** This case concerned the duty of fair presentation under the Insurance Act 2015 ("IA") in the context of Charterers' Liability and Freight Demurrage and Defence (FDD) insurance. Cometsambre SA, sought an indemnity following a cargo fire aboard a chartered vessel in 2022. Lloyd's declined cover, alleging that Cometsambre had failed to disclose five previous cargo fires during the parties' long-standing insurance relationship. Cometsambre argued that the earlier incidents were not material and would not have affected the underwriting decision, as Lloyd's ought to have known that such fires where common in the scrap metal trade. The Commercial Court found in favour of Lloyd's, holding that the previous cargo fires were material circumstances which should have been disclosed as part of Cometsambre's duty of fair presentation under the IA. The Court held that the non-disclosure had induced the underwriting of the policy, entitling Lloyd's to avoid the policy and render a return of the premium. The judgment confirms that previous incidents may be material even where they have not resulted in insurance claims. It also reinforces that an insurer seeking to avoid a policy must establish that the non-disclosure genuinely induced the underwriting decision, rather than relying on retrospective "post-claim underwriting" evidence.

Marine Insurance

- ***Unity Ship Group S.A. v Euroins Insurance JSC (The Happy Aras) [2026] EWHC 7 (Admiralty):*** This dispute arose after the Happy Aras grounded off the coast of Turkey while carrying cargo. The shipowners declared General Average and a subsequent adjustment determined that the cargo interests were required to contribute approximately $1.2 million. The cargo insurers refused to pay, arguing that the vessel was unseaworthy at the commencement of the voyage and that the shipowners had failed to exercise due diligence required by the Hague Rules. The Admiralty Court found in favour of the cargo insurers and dismissed the claim. The Court held that the vessel was unseaworthy due to serious deficiencies in bridge management and the master's conduct, including failures to follow established navigational procedures and carry out essential safety checks. The owners had also failed to demonstrate that they had exercised due diligence in appointing and supervising the master.

Disclosure of Documents

- ***UK Insurance Limited v Hassankhail [2026] EWHC 1020 (KB):*** This case concerned an insurer's application for disclosure in support of allegations that a Court approved personal injury settlement had been obtained by fraud. Following a road traffic accident in 2016, Mr Hassankhail received a £2.5 million settlement after alleging significant injuries, including a traumatic brain injury. UKIL subsequently obtained evidence which it alleged showed that Mr Hassankhail had misrepresented the extent of his injuries and sought disclosure to investigate its potential fraud claim and ultimately set aside the settlement. The Court allowed UKIL's application in part, recognising that although Court approved settlements carry significant weight, an insurer alleging fraud must be given a fair opportunity to investigate and prove its case. However, the Court did not determine whether fraud had in fact occurred.

- ***Persons Identified in Schedule 1 to the Re-Re-Amended Particulars of Claim v Standard Chartered PLC [2025] EWCA Civ 1581 (05 December 2025):*** This judgment reinforces the high threshold faced by parties seeking to resist disclosure of relevant documents. The dispute concerned SC's application to withhold 176 documents, including confidential regulatory materials obtained from US authorities, on the basis that disclosure could breach foreign confidentiality obligations and expose the defendant to regulatory or criminal sanctions overseas. The Court of Appeal dismissed SC's appeal and upheld the disclosure order, finding that SC had failed to demonstrate a real and specific risk of prosecution or regulatory action arising from disclosure. General concerns regarding confidentiality or potential breaches of foreign rules were insufficient. The Court held that a confidentiality ring provided an appropriate means of balancing SC's regulatory concerns against the need for a fair trial. The judgment also highlights the importance of carefully managing disclosure where documents are subject to foreign regulatory or confidentiality obligations.

Arbitration

- ***Tyson International Co Ltd ("TICL") -v- GIC Re, India, Corporate Member Ltd [2026] EWCA Civ 40:*** The case concerned a reinsurance dispute between "TICL", the captive insurer of Tyson Foods, and GIC Re, arising from two facultative reinsurance agreements covering Tyson's property risks. The Market Reform Contracts ("MRCs") provided for English law and the exclusive jurisdiction of the English Courts, while subsequent reinsurance certificates covering the same risks provided for disputes to be resolved by New York arbitration. Although the certificates stated that the MRCs would prevail in the event of inconsistency, GIC Re commenced arbitration proceedings in New York, which TICL challenged. The Court of Appeal upheld the anti-suit injunction granted in favour of TICL, applying the contractual hierarchy clause to give precedence to the MRCs and restraining GIC Re from continuing the arbitration proceedings. Accordingly, the English jurisdiction clause governed the parties' agreement and GIC Re was in breach by commencing arbitration in New York. The decision confirms that in situations where reinsurance contracts are formed through multiple documents, clear hierarchy clauses will be given effect and can determine which dispute resolution provision prevails.

- ***Chubb Bermuda Insurance Ltd v Fertitta Entertainment, Inc [2026] EWHC 1392 (Comm):*** This case concerned COVID-19 business interruption claims brought by policyholders against their insurers in Louisiana, despite an excess layer policy containing a London arbitration clause. Chubb Bermuda sought an anti-suit injunction restraining the Louisiana proceedings, arguing that they were brought in breach of the arbitration agreement. The Commercial Court granted the injunction, holding that the arbitration agreement was governed by English law and that the parties' agreement to arbitrate in London gave rise to the supervisory jurisdiction of the English Court. The Court rejected the argument that the closer connection of the dispute to Louisiana justified refusing relief and awarded Chubb Bermuda over US$700,000 in costs incurred in the US proceedings. The judgment highlights the English Court's robust approach to enforcing arbitration agreements and the importance of ensuring that dispute resolution provisions are consistent across different layers of an insurance programme.

Reinsurance – Follow the Settlements/Claims Control

- ***RSA Insurance Group v Equitas Insurance Ltd [2025] EWHC 2704 (Comm):*** This dispute concerned whether RSA could recover approximately £3.76 million from Equitas under facultative Excess-of-Loss reinsurance following RSA's settlement of claims relating to underlying asbestos and welding injuries brought against BOC Group Plc. The Court held that the £4 million excess was eroded only by indemnity payments, not defence costs and that the Claims Control Clause did not limit or override the Follow the Settlements Clause, as the two provisions could be read consistently. Equitas was therefore bound to follow RSA's settlement, provided that the requirements of the Follow the Settlements Clause had been satisfied. As RSA had acted honestly and taken proper and businesslike steps in negotiating and entering the settlement with BOC, the Court held that Equitas was bound by it. RSA was awarded simple interest, with its claim for compound interest rejected. To read our separate article about Claims Control Clauses, click here.

Aggregation

- ***Acasta European Insurance Company Limited v Eshiett & Others [2026] EWHC 71 (Comm).*** This case concerned the proper construction of limits of indemnity under a structural defects insurance policy covering a block of flats and a house in North London. The policy provided a £1 million limit for "all claims relating to a Residential Property" and a £1.5 million limit for "all Residential Property's in one continuous structure." The dispute centred on whether each flat was entitled to a separate £1 million limit or whether the policy provided a single aggregate limit of £1.5 million for the apartment block. Philip Marshall KC found in favour of the defendants, holding that the policy was a composite policy intended to operate across the structure as a whole and that the £1.5 million limit applied collectively to the residential properties forming part of one continuous structure. The judgment provides further guidance on the interpretation of limits of indemnity in composite policies and the circumstances in which such limits will operate on an aggregate basis.

Regulatory and Other Updates

- ***PRA Consultation – A Tailored Regime for Captive Insurance (CP11/26)***: The PRA has proposed a new bespoke regulatory regime for UK single-parent captive insurers, designed to make the UK a more attractive domicile for captive insurance while maintaining appropriate prudential protections. The proposed regime would introduce lower capital and reporting requirements than Solvency UK, including a simplified factor-based capital requirement of 10% of net written premiums or net insurance liabilities, subject to a £100,000 minimum and greater flexibility to use contingent capital such as letters of credit and parental support. Captives would also benefit from simplified governance requirements, including a proposed minimum of one Senior Management Function and significantly reduced regulatory reporting. The PRA aims to determine complete applications within 4–6 weeks. The consultation forms the first stage of wider reforms, with proposals for protected cell companies to follow once the necessary legislation is in place. The new regime is expected to be implemented in mid-2027.

- ***Insurance Linked Securities and Data Centre Risk:*** The rapid expansion of AI infrastructure is creating significant challenges for the insurance market, with the scale and concentration of data centre assets increasingly exceeding the capacity available through traditional insurance and reinsurance markets. Insurers and brokers are therefore turning to catastrophe bonds and other insurance-linked securities ("ILS") to provide additional capacity for risks including fire, flooding, cyberattacks, business interruption and disruption to power and water supplies. Catastrophe bond structures of up to US$1 billion are being explored for individual data centres or groups of facilities, allowing insurers to transfer portions of these increasingly concentrated risks to capital markets. The development reflects the broader growth of the ILS market, with alternative capital reaching a record US$144.5 billion and catastrophe bond issuance reaching US$24.9 billion in the year to June 2026. The emergence of alternative capital to address data centre risks illustrates the insurance market's increasing reliance on capital markets to provide capacity for emerging, systemic and highly concentrated risks.

If you have any questions regarding any of the issues referred to in this Round-Up, please get in touch with us.

You can also review a range of articles on insurance and reinsurance topics in the Publications section of our website.

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