



## Informing Progress - Shaping the Future

### FOIL Update 16<sup>th</sup> December 2025



## Future Risks for the Insurance Industry – Part 1

The FOIL President's Conference, hosted by current President Howard Dean, convened in London recently to explore a topic at the forefront of boardroom and underwriting discussions alike: '***The future risks for the insurance industry.***' Set against a backdrop of rapid technological advancement, shifting customer expectations and the ongoing impacts of economic and geopolitical uncertainty, the event provided an important forum for examining how the sector can navigate the opportunities and emerging risks shaping its future. With the full implications of the recent Budget still unclear, the conference offered timely insight into the landscape ahead.

### The Future Political Landscape

Opening the agenda, Samantha Ramen, Partner at Keoghs, chaired a session with James Marshall CBE of MHP Group, whose extensive experience as a UK Government Special Adviser, including a period as Director of the Number 10 Policy Unit, provided an authoritative perspective on the UK's evolving political environment.

Drawing on his strategic advisory work across multiple sectors, James began by reflecting on the chaotic nature of the recent Budget, noting the OBR leak and the marked shift in messaging in the months leading up to its publication. This volatility, he argued, has fuelled accusations that the public was misled by the Chancellor and has intensified questions about the Budget's intended beneficiaries, as well as whether its underlying framework will remain intact as political and economic pressures continue to mount.

Several of the Budget's more popular measures, such as lifting the two-child limit on Universal Credit, signal a return to traditional Labour values, and the protected and enhanced investment in areas including defence and the NHS enable the Government to remain within its fiscal rules while projecting stability and long-term ambition. However, criticism of the Budget's apparent contradictions is fair, with the extension of the income tax threshold freezes and changes to pension contributions widely regarded as austerity measures. The increase in taxation affecting electric vehicle drivers was also raised as an example of policy seemingly at odds with the UK's broader environmental agenda.

Much of the long-term impact of these policies remains uncertain, but the Government must demonstrate meaningful progress in the short term while ensuring that decisions made now withstand scrutiny as the next general election approaches. Labour's landslide victory in 2024 was delivered when the effects of Brexit, the pandemic and the crisis in Ukraine still weighed heavily on public sentiment. A year later, progress has been made in some areas, but significant challenges persist and public opinion remains mixed.

James reminded the audience that the October 2024 Budget was positioned by the Chancellor, Rachel Reeves, as a "*once-in-a-parliament*" event and an essential step to stabilise the public finances and 'rebuild' Britain after the previous administration. However, Labour entered the last election pledging £8 billion in tax rises to deliver its manifesto commitments. In reality, Reeves' first Budget raised taxes by £40 billion, followed by a further £26 billion in 2025 to make a total of £66 billion, far exceeding its original pledge. This disparity underscores the scale of the UK's fiscal challenge and the political complexity of managing public expectations while attempting to drive long-term recovery.

The session set an insightful tone for the conference as a whole and offered delegates a candid and nuanced evaluation of the political forces that will shape future risk for the insurance industry. As the sector continues to evolve, events such as the FOIL President's Conference remain essential in helping practitioners anticipate emerging pressures, adapt with confidence and position themselves to seize opportunities in an increasingly unpredictable landscape.

Looking ahead, the insurance sector must move beyond its initial cautious optimism and clearly articulate its needs in order to effectively influence policy. The industry needs to present a unified front and be prescriptive about the priority issues that, if addressed, would deliver tangible improvements, help manage rising operating costs and restore wider confidence across the market.

This need for clarity becomes more pressing in the context of a shifting political landscape, where the Conservatives are positioning themselves as the most closely aligned with business interests and Reform is investing heavily in understanding voter sentiment to identify the issues that might help them build public trust.

At the same time, strained budgets and escalating service demands at local authority level are creating challenges at a national level, leading to questions on whether these tensions

will ignite internal disputes within the Labour Party similar to those characteristic of the previous Conservative government, or whether political stability and policy continuity can be maintained to support meaningful progress.

In this environment, the insurance sector's ability to define its core needs and a clear, confident agenda will strengthen its influence and help shape the conditions needed for the sector to innovate, invest and thrive in the years ahead.

### **Fraud Risks and the Future of Fraud**

The growing threat of fraud within the insurance sector was the next subject in the spotlight, with insights shared by John Davies of the Insurance Fraud Bureau (IFB). Established in 2006, the IFB is a non-profit organisation dedicated to unifying the industry's response to fraud, serving as a central data hub and a source of critical intelligence and analytics that help insurers stay ahead of fast-evolving fraud risks.

John opened by discussing the dual role of AI, which has become one of the most influential forces shaping fraud dynamics. While AI enables fraudsters to generate convincing synthetic identities, deepfakes and falsified documentation at scale, it also offers the industry powerful tools to detect suspicious behaviours, identify patterns and prevent losses.

Identity theft and the rapid rise of synthetic IDs are among the most significant areas of growth, and these threats represent cross-border risks, with around 70% of fraud now involving an international element. Although data protection frameworks such as the UK GDPR are vital safeguards, they can complicate cross-border data sharing and create operational challenges for fraud detection and prevention.

A wider range of economic, political and cultural pressures were highlighted as contributing to a increased incidents of fraud. The rising cost of living continues to squeeze households, creating conditions in which fraudulent or exaggerated claims become more prevalent. In mature product lines, such as motor, the industry has developed strong resilience through better intelligence and robust deterrents, but newer areas, such as cyber and digital asset coverage, remain vulnerable. Public attitudes towards insurance add another layer of complexity, with many perceiving insurers as large, profit-driven entities capable of absorbing financial losses, making positive public engagement more challenging.

Societal apathy is a further contributor to the normalisation of fraud, with the perception of it as a low-level or victimless crime leading to fraud often being trivialised, with misinformation and misguided advice from well-meaning family, friends or associates sometimes inadvertently encouraging dishonest behaviour.

Compounding this is the response from the criminal justice system, with fraud cases often deprioritised and rarely resulting in custodial sentences or to full recovery of losses. While policy responses have historically balanced consumer protection with offender sanctions, the recent surge in digital fraud has led to a greater emphasis on protecting consumers rather than penalising fraudsters.

To highlight the IFB's contribution, John outlined its ambitious five-year strategy *Connected to Protect* aimed at strengthening the industry's collective defence against fraud. Centred on enhancing data, technology investment and public awareness, the strategy includes building a single consolidated intelligence platform capable of interfacing with insurers' internal systems. Its core themes of *Stand Together Against Fraud, Reimagine Data and Intelligence* and *Deepen Knowledge and Trust* reflect an ongoing commitment to collaboration, innovation and transparency.

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