

What might a Trump victory mean for the UK insurance industry?

25 November 2024

Donald Trump's re-election presents a new diplomatic challenge for the UK. Foreign ministries worldwide, including in London, are refining their strategies for dealing with Trump's unconventional approach.

Clearly, when Trump takes the White House there will be a wide range of political issues for the relatively new UK Government to grapple with. There will also no doubt be challenges for UK-based businesses that deal in the USA and / or have supply chains involving the USA, as they get to grips with the new regime. But what does this mean for insurers?

How will the Trump presidency impact UK insurers?

Clearly, only time will tell how or if UK insurers will be impacted by the Trump presidency.

One initial concern is that Trump's protectionist trade policies could add friction – in the form of tariffs and non-tariff barriers such as additional admin – to trade between the two countries. This could potentially impact claims solutions if supply chains are slowed up and additional cost is added to them.

Additionally, it is anticipated that Trump will seek to reduce the regulatory burden in many sectors. It is not clear yet whether this will apply to the insurance sector, but if Trump does seek to deregulate the sector, this will clearly create uncertainty particularly for health and life insurers.

Equally, Trump has signalled a very strong desire to row back on environmental protections. In the short term, this may have the effect of reducing the cost of some claims as rebuilding may not be subject to current environmental standards, thereby opening up cheaper alternatives (although whether or not insurers will take advantage of such is a different question). On the other hand, there is a risk that a reduction in environmental standards will in the long-term lead to more loss and damage from, for example, extreme weather. Will this lead to increased premiums in certain locations?

Finally, Trump is likely to take a different stance on foreign policy than his predecessor. This may lead to more or less stability in certain areas and could give rise to threats from new sources. This will be an area that political risk and travel underwriters will want to keep a very close eye on.

Ultimately, there are still a number of unknowns as to how the upcoming presidency will pan out. However, it is clear either way that insurers will need to adapt to these changes and remain flexible in the face of the evolving political landscape.

Contents

[The Word, November 2024](#)



[Weather protection parametric insurance: A sign of things to come?](#)



[Post Office scandal: Lessons for underwriters](#)



[What might a Trump victory mean for the UK insurance industry?](#)



[Carbon fraud prompts insurance response](#)



[Environmental crime and the impact for insurers](#)



[The 'grate' cheese robbery: Implications for insurance professionals](#)



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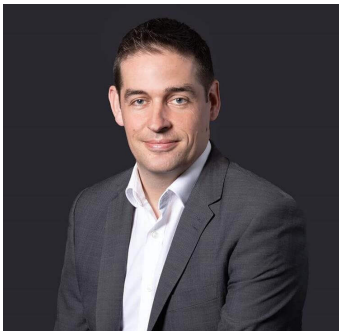


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