

Press release

USD 750 billion AI investment boom and geopolitical fragmentation reshape insurance landscape, says Swiss Re Institute

- **Global inflation expected to average 4.0% in 2026 while GDP growth slows to 2.5%**
- **Global non-life real premium growth is expected to soften to 0.6% in 2026, reflecting competitive pricing conditions and moderating economic momentum, while life insurance growth will stay robust at 2.3%, supported by higher yields**
- **AI investment and geopolitical fragmentation are driving new demand for resilience and risk transfer solutions**

Zurich, 8 July 2026 – The latest Middle East conflict has become the fourth major global supply shock in six years, slowing economic activity, raising inflation and reinforcing a broader shift towards a more fragmented world economy. Against this backdrop, global insurance total premium growth is expected to slow to 1.3% in real terms in 2026 from 3.9% in 2025 according to Swiss Re Institute's latest *sigma* report "*World insurance in 2026: Shock absorbers in a fragmenting world*". Yet, as recurring supply shocks, geopolitical fragmentation and large-scale investments in new infrastructure reshape the global economy, the role of re/insurance in helping businesses and societies build resilience is becoming increasingly important.

Jérôme Haegeli, Swiss Re's Group Chief Economist, says: "The latest Middle East conflict is not a one-off shock but another sign that geopolitical risk has become a structural feature of the global economy with four supply shocks in six years. As economies invest in AI infrastructure, energy systems and more resilient supply chains, entirely new pools of risk are emerging. Insurance has a vital role to play – not only in derisking these investments, but in enabling the real economic transformation and giving the risk a price."

Resilience: managing supply chains is key

Following the pandemic, the global energy crisis and trade disruptions, the Middle East conflict has become the latest major supply shock to affect the world economy. Swiss Re Institute expects global inflation to average 4.0% in 2026, around one percentage point higher than pre-conflict expectations, while global GDP growth could slow to 2.5%.

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Interest rates will likely remain higher for longer as investors demand greater compensation for inflation, fiscal and geopolitical risks.

The *sigma* report identifies a structural shift in the global economy as governments increasingly prioritise national security, strategic autonomy and supply-chain resilience over economic efficiency. The era of 'just-in-time' supply chains is giving way to an era of "just-in-case" resilience as companies are reassessing supplier dependencies, logistics routes and geopolitical exposures.

World enters period of exceptionally strong investment, driven by AI

At the same time, rapid investment in AI infrastructure is providing an important offset to the drag from supply shocks. The world is entering a major capex cycle across data centres, energy infrastructure and advanced manufacturing. Swiss Re Institute estimates that capital expenditure on AI by hyperscalers – the tech companies building large-scale internet infrastructure – should reach USD 750 billion in 2026 (in nominal terms), contributing around 0.2–0.3 percentage points to US growth. These assets are increasing demand for protection across property, engineering, cyber, liability and business interruption insurance therefore reinforcing the importance of global re/insurance capacity.

Ivan Gonzalez, CEO Swiss Re Corporate Solutions, says: "As the global economy and supply chains become more fragmented, demand is increasing for specialist solutions that support international trade, investment and business continuity. Meanwhile, the AI boom is driving unprecedented infrastructure investment. Some of the largest AI data centres now carry total asset values exceeding USD 20 billion before technology installation, creating significant construction, operational and accumulation risks. These interconnected exposures call for solutions that go beyond traditional insurance, combining risk engineering, alternative risk transfer and financing to help businesses invest with greater resilience."

Non-life insurance: limited downturn

Non-life insurance is entering a softer phase of the underwriting cycle, but this cycle is unfolding in a different environment from previous ones. Rising claims inflation, geopolitical uncertainty and growing catastrophe exposures are likely to limit the depth of the downturn.

Global non-life premium growth is forecast to slow to 0.6% in real terms in 2026, significantly below the long-term trend of 3.6% (2015–2024 compound annual growth rate). Advanced markets drive the slowdown, while emerging markets remain relatively resilient. The longer the inflationary pressures from the Middle East conflict persist, the greater the risk that its effects feed through to repair, replacement and liability costs, thereby partially offsetting downward pressure on pricing. This suggests that the current cycle may be shallower than past soft markets, with insurers likely to reprice more sharply if large losses, inflation and capital signals deteriorate beyond expectations.

Despite softer pricing conditions and rising claims inflation, non-life insurers remain profitable. Swiss Re Institute forecasts return on equity of 11.4% in 2026, from a 14% peak in 2025, and to 7.7% in 2028. Still-elevated investment returns provide the main cushion against the underwriting cycle downturn

Life insurance: profitable growth

Life insurance continues to benefit from a higher interest-rate environment. According to the *sigma* report, global life premiums are expected to grow by 2.3% in real terms in 2026, above the long-term trend. Higher yields continue to support savings and annuity business, while emerging markets benefit from favourable demographics, regulatory reforms and rising insurance penetration.

The profitability outlook for life insurers also remains positive as higher reinvestment yields continue to support investment income.

How to order this sigma study:

The English version of the *sigma* 2/2026, "World insurance in 2026: Shock absorbers in a fragmenting world", is available in electronic format. You can download it [here](#).

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