Insuring AI – from silent cover to affirmative cover

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1

Contents

- The silent AI problem
- The market's first response : exclude
- Current AI affirmative coverage
- Where this is going

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2

The Silent AI problem

Affirmative AI coverage
Available, but silent as to AI
Ambiguous, unless specifically added
Excluded

Source : Aon

Peril	Media Liability	Tech E&O, MPL, PI	General Liability	Intellectual Property	Cyber	Crime	D&O	EPL
Professional Services/technology errors, omissions or negligent acts	Limited to Media orgs							
Copyright (Output) or Trademark		Can be added	Except media orgs		Requires cyber trigger			
Patent Infringement and Trade Secrets	Not in base form							
Discrimination and Bias (employment related – AI Deployer)								
Defamation, Libel, Slander		Can be added	Except media orgs					
Bodily Injury		Base forms exclude	Products only		Contingent BI can be added			
Tangible Property Damage		Base forms exclude	Products only		Contingent PD can be added			
Privacy and Security breaches liability								
Loss of Financial Assets/ Market Manipulation								
Product Liability/Recall								
Business Interruption		Only when cyber added						

3

The Market's First Response: Exclude

- The market's first instinct has been to exclude in some classes .....they cannot quantify the exposure.

Examples of exclusions

General Liability (USA) : ISO introduced CG 40 47 / 40 48 / 35 08 from 1 January 2026.

D&O and EPL : some (e.g. W.R. Berkley) are using **absolute A**I exclusions.

- There have been circa **2,000** insurer requests to use AI exclusions in the USA alone.
- As a loss history begins to build, future AI exclusions are expected to **widen the coverage gaps.**

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4

Current AI affirmative coverage

Source : Gallagher Re, MIT, Testudo

Insurer	Target Market	Trigger Mechanism	Coverage Elements	Considerations	Risk Coverage
Munich Re	AI developers and vendors (aiSure™ Performance Warranty) Enterprise Deployers (aiSure™ Performance Guarantee)	Performance threshold: AI error rate exceeds predetermined KPI baseline	Performance guarantee insurance covering underperformance against KPIs	Requires ongoing performance monitoring and KPI benchmarking	**Underperformance, hallucinationsand and model drift**
Testudo	AI deployers (Enterprises integrating third-party GenAI into operations)	Litigation-triggered: Third-party lawsuits arising from GenAI deployment*	Third-party liability covering GenAI errors (misstatements, misrepresentations), IP/copyright infringement and defamation (libel and slander)	No pre-deployment assessment: simpler claims process	**Third-party litigation, hallucinations in result of third-party lawsuits**
Armilla**	AI deployers	Double trigger: AI underperformance leading to financial or legal claims	Third-party liability; covering hallucinations, model drift and mechanical failures	Requires model quality assessment; double trigger	**Third-party litigation, underperformance, hallucinations, model drift**

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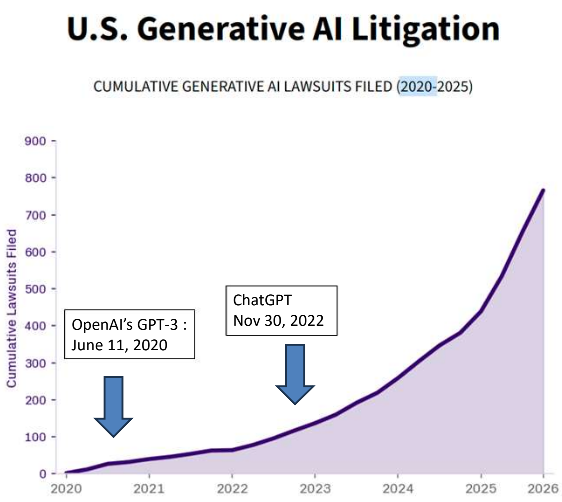
5

Where This Is Going

- Gen AI creates novel risks as well as traditional risks.
- AI claims are rising.
- AI Regulation: arrived and getting stricter in EU
- The standalone AI insurance market is forecast by Deloitte to reach $4.8 billion by 2032
- Cyber insurance took two decades to mature.
- Agentic AI builds on the Gen AI risk.



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6

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Thank You

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7