



PFAS and insurance claims: a perfect storm or a storm in a teacup?

Perfluoroalkyl and polyfluoroalkyl substances (PFAS) have rapidly risen up the risk agenda. Their persistence in the environment, combined with growing regulatory scrutiny and public concern, has prompted warnings that PFAS could represent the next major long-tail liability for insurers, inevitably drawing comparisons with asbestos.

Such comparisons, while attention-grabbing, arguably risk overstating both the immediacy and the scale of the insurance challenge. PFAS undoubtedly raise serious environmental and public health concerns. Whether they will translate into widespread, material and insurable claims losses is a more complex issue, and one that will come down to the practical realities of liability, causation and policy response.

For insurers and reinsurers, the key question is how, and to what extent, PFAS are likely to crystallise into claims.

Ubiquity and the problem of attribution

PFAS have been manufactured and used for decades across a broad range of industries, from firefighting foams and industrial coatings to food packaging and agricultural products. Their chemical stability has led to widespread dispersion, with PFAS now detected in soil,

water and biological samples far beyond their original points of use.

For insurers, this ubiquity is a double-edged sword. While it underpins concerns about environmental and health impacts, it also complicates the attribution of responsibility. Claimants must not only demonstrate exposure but also link that exposure to the acts or omissions of a particular insured during a defined period in a manner that engages the policy.

In many cases, exposure will have occurred through multiple pathways – drinking water, food, consumer products and ambient environmental contamination – often over long periods. Isolating a single source, or even a dominant source, is rarely straightforward. These evidential challenges are likely to be at the centre of future claims disputes.

Regulation: increasing focus, limited retrospection

Regulatory activity around PFAS is undoubtedly increasing, particularly in the United States, where litigation and enforcement have developed over a longer period. In the UK and Europe, regulation remains more fragmented, with controls dispersed across chemicals, environmental

protection, food safety and water quality regimes. That said, the situation is evolving, and both the UK and EU are taking steps to strengthen regulation of PFAS use.

Importantly, much of this regulatory activity is prospective. Restrictions on manufacture and use are designed to limit future exposure rather than to assign retrospective liability. For insurers, historic claims will be assessed against the regulatory and scientific understanding that applied at the time. Demonstrating non-compliance, or a failure to meet contemporary standards of knowledge, may therefore prove challenging for claimants.

Causation and scientific uncertainty

While links have been identified between certain PFAS compounds and specific health outcomes, causation at an individual level remains complex. Many conditions associated with PFAS exposure are multifactorial, with no clear diagnostic marker uniquely attributable to these substances.

From a claims handling perspective, this creates scope for sustained scientific and medical debate. As with other environmental and occupational exposure claims, outcomes are likely to depend heavily on expert evidence and jurisdiction-specific approaches to causation. This uncertainty does not eliminate risk, but it does tend to slow the pace and narrow the scope of successful claims.

Policy response and market adaptation

The insurance market has responded. PFAS-specific exclusions are increasingly common, particularly in liability and environmental impairment covers, alongside broader pollution exclusions and tighter underwriting controls. Where exposure is known or suspected, risks are often written on restricted terms or declined altogether.

This evolution in policy response reduces the likelihood of large, unanticipated accumulation of exposure. While legacy policies may still be triggered in certain circumstances, coverage will turn on policy wording, trigger mechanisms and allocation across policy years. As a result, PFAS exposure is more likely to present as a series of discrete, fact-specific disputes rather than a systemic market event.

Claims experience to date

Against that backdrop, reported claims experience has so far been limited. In both the UK and US markets, there has been little evidence of PFAS-related losses translating into conventional product recall or casualty claims. Where issues have arisen, they have tended to involve heightened scrutiny or adverse publicity

rather than an identifiable event giving rise to recall or demonstrable consumer harm.

This distinction is material. It suggests that, at least for now, PFAS concerns are more likely to manifest as reputational or regulatory challenges than as insured loss events, reinforcing the gap between public concern and insurable exposure.

This may change as awareness grows and regulatory expectations evolve. However, current experience suggests that PFAS-related exposure for insurers is more likely to emerge incrementally, through technically complex claims, rather than through mass litigation.

Long-tail risk, but a different profile

PFAS claims share some characteristics with other long-tail liabilities, including delayed manifestation and the potential involvement of historic policies. However, there are important distinctions. Unlike asbestos, PFAS exposure is diffuse rather than concentrated, responsibility is often shared, and the evidential chain between exposure and injury is less direct.

Conclusion

PFAS represent a legitimate and evolving area of risk for insurers. They warrant careful monitoring, informed underwriting and a technically robust claims response. At the same time, the assumption that PFAS will inevitably produce an asbestos-scale liability for the insurance market remains unlikely.

For insurers and reinsurers, the challenge is therefore one of management rather than alarm: navigating complexity, uncertainty and jurisdictional variation, rather than preparing for a single, market-defining shock.

Contact



Kim Alcock
Head of UK Casualty

+44 (0)7767 100 623

kim.alcock@mclarens.com



Stephen Smout
Head of Agriculture, UK & Ireland

+44 (0)7748 153 212

stephen.smout@mclarens.com