



# 2026 SPRING CONFERENCE

April 29 - May 01

*JW Marriott, Nashville, TN*

# NASHVILLE

## **Emerging Risks:**

Data Centers

Growing Weight Loss Drug Craze

Space Risks

Tort Reform in Florida and Georgia



# Data Centers

Martha Conlin  
Partner, Troutman Pepper Locke

# Insurance + Risk Issues for Data Centers

- What are Data Centers?
- Who Relies on Them?
- Growth + Exposure Overview
- Key Emerging Risks
- Insurance + Reinsurance Market Snapshot
- Potential Loss Scenarios
- Claims + Coverage Issues
- Practical Takeaways
- Q+A

# What are Data Centers + Who Relies on Them?

# What are Data Centers?

- **Specialized facilities for processing and storing data**
  - Servers, networking hardware, and storage devices
- **Critical supporting systems**
  - Advanced cooling and fire suppression
  - Robust physical security
- **Redundancy is a key design feature**
  - Duplicate electrical and cooling infrastructure
  - Backups ensure uninterrupted operations during outages or failures



# Who Relies on Data Centers?



## Regulated + Data-Sensitive Sectors:

- Healthcare
- Finance
- Law firms
- Government agencies



## Digital Platforms + Content Providers:

- Streaming
- Gaming
- Social media



## Telecoms + Network Operators:

- Depend on data centers for reliable connectivity and bandwidth scaling



# Growth + Exposure Overview

# Recent Developments Driving Data Center Expansion

## Federal Initiatives

- Federal Executive Order – EO 14318 (July 2025)
- Accelerating federal permitting of data center infrastructure
- Directs departments of Commerce, Energy, Defense and to streamline projects related to development of AI data centers
- Encourages use of federal lands for data center development

## State Initiatives

- 30+ states have dedicated data center incentive statutes or programs, many include tax exemptions or reductions
- Examples: Pennsylvania AI summit, Northern Virginia 'Data Center Alley', Kansas 20-year exemption, Michigan tax exemptions
- Some states are also imposing environmental or energy conditions on programs



- Record levels of data center investment and construction
- Requires secure, compliant infrastructure
- Data centers treated as critical infrastructure



# Critical Infrastructure or Hazard?

**Data centers  
increasingly regarded  
as critical national  
infrastructure**

## **Community Opposition + Reporting Obligations**

- Noise, vibration, water and energy consumption concerns
- Energy consumption, water use, e-waste increasingly recognized and scrutinized

## **Fragmented Regulatory Landscape**

- Rules on environmental impact, energy/water usage, zoning vary widely by region



# Key Emerging Risks + Issues:

- Property Loss
- Cyber + Systemic Risks
- Community Response
- Supply Chain Issues
- Infrastructure Limitations
- Obsolescence

# Property Loss

## Natural Catastrophes

- Floods
- Severe storms
- Tornadoes
- Hurricanes
- Earthquakes

## System Catastrophes

- Fire and heat-related risks:
  - Dense server layouts and intricate cabling
  - High-voltage infrastructure
  - Construction activities near sensitive equipment
- Water damage:
  - Equipment failure
- 

## Environmental Hazards

- Geotechnical risks
- Contamination and brownfield issues
- Water availability and discharge
- Natural resource constraints
- Utility dependency and drain



# Cyber + Systemic Risks

## Cyber Threats

- Ransomware
- Data breaches
- DDoS attacks
- OT compromises

## Systemic Risks

- Complex, interconnected data centers supporting multiple critical clients
- Quantum computing threatens current encryption standards and requires increased security protocols



# Community + Supply Chain Issues

## Community Opposition

- Noise, vibration, water and energy consumption concerns
- More stringent permitting
- Potential project delays

## Supply Chain Constraints

- Long lead times for transformers, GPUs, chillers, and skilled labor
- Higher costs and extended development timelines

## Business Interruption

- Downtime causes direct revenue loss and reduced profitability
- Dependent businesses face operational and financial setbacks



# Keeping Up With Technology

## Technological Obsolescence

- Cutting-edge AI data centers may require frequent upgrades
- Obsolescence built in

## AI Market Risk

- Uncertain AI demand + implementation challenges
- Risk of over-investment and potential oversupply after 2027



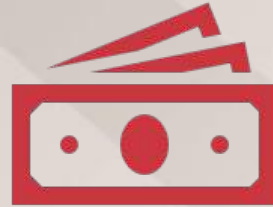
# Insurance + Reinsurance Market Snapshot

# Reinsurance Pricing + Growth Drivers



## Projected Growth

- Strong momentum for data center risk solutions
- Capacity deployment



## Reinsurance Revenue Growth Drivers

- Cedents buying higher limits
- Increased international facultative purchases
- Expansion of insurance-linked securities (ILS)
- Growing demand for analytics services



## Implication

- Supports large, bespoke data center risk-transfer insurance and reinsurance solutions

# Data Center Boom + Specialized Coverage

- **Many data centers operate as multi-tenant real estate hubs**
- **Strict service-level agreements (SLAs)**
  - Uptime and performance guarantees with significant penalties
- **Coverage gaps**
  - Not all policies clearly address SLA penalties and pure economic loss
  - Providers and clients may be unaware of these gaps
- **Market response: tailored products to address SLA exposures and avoid claim surprises**



# Evolving Insurance + Reinsurance

- **Rapidly evolving risk profiles**
  - AI, BESS
  - New cooling technologies
  - Interdependency
- **Need for strategic partnerships and innovation**
  - Carriers and brokers must adapt as quickly as clients' technologies
- **FM initiative**
  - Expanded investment in loss prevention engineering and research
  - Virtual, on-demand expert unit with global, rapid-response support
- **Resilience alignment**
  - If data centers are resilient, vulnerability to downtime decreases



# Potential Loss Scenarios + Coverage Implications

# Risk Scenario: System Failure/Fire

## Scenario

- **System failure causes explosion, and fire**
  - Server racks destroyed and prolonged outage impacts customers



## Potential Coverage

- HVAC/building subcontractor CGL and E&O for design or workmanship issues
- Operator/owner property and business interruption coverage for repairs and lost income
- Operator E&O and CGL coverage for third-party claims
- Customer contingent coverage under property policies



# Risk Scenario: Cyber Attacks

## Scenario

- **Attempted cyberattack triggers automatic lockdown; no data loss but outage occurs**
  - Customers bring multi-million dollar claims for service failure and security breaches



## Potential Coverage

- Customer contingent business interruption under property or cyber policies
- Cybersecurity vendor CGL and E&O for alleged system flaws
- Operator property or cyber for business income loss
- Operator E&O for customer claims tied to the outage



# Risk Scenario: Start-Up Delay

## Scenario

- **Community concerns (noise, water) delay permits resulting in six-month opening delay**
  - Developer misses contract obligations
  - Environmental agency opens investigation



## Potential Coverage

- Construction contractor CGL and E&O for alleged permitting/design issues
- Developer/builders risk with DSU extensions
- Developer E&O for customer claims and potential regulatory coverage
- Environmental liability policies for investigation and pollution-related costs



# Claims Issues + Key Coverage Disputes

# Physical Loss or Damage

- Property coverage generally requires direct physical loss or damage
- Disputes over whether data loss or system failure is “physical damage”



## CASE EXAMPLES



**INGRAM MICRO**  
loss of programming information recognized as physical damage



**ASHLAND HOSPITAL**  
microscopic heat damage to storage recognized as physical damage



**COMPUTER PROGRAMMING UNLIMITED**  
loss of use without physical damage not covered



### **Third-party Claims:**

- Subcontractor CGL or E&O may respond to damage they cause



### **Delay in Start-Up:**

- Increasingly required by lenders to cover delay losses



### **Clash Scenarios:**

- Multiple insureds at one site (operations, contents, onsite energy, construction)
- Incidents can affect several insureds simultaneously, complicating claims and allocation



# Practical Takeaways

# Practical Considerations

## Conduct Holistic Risk Assessments

Physical, cyber, environmental, regulatory, obsolescence

## Design Robust Insurance Programs

Property, BI/CBI, Cyber, E&O, CGL, Builders risk, DSU, Environmental

## Scrutinize Policy Wording

Review wordings related to physical loss, data, widespread events, and investigations

## Align Contracts + Coverage

Match indemnities and SLAs to insurance; review additional insured status

## Prepare For Claims

Incident response, documentation, and early engagement with coverage counsel



# Q+A



# Growing Weight Loss Drug Craze

Rosehana Amin  
Partner, Clyde & Co LLP

# Understanding GLP-1, Semaglutide, & Tirzepatide

	GLP-1	Semaglutide	Tirzepatide
<b>Definition:</b>	A naturally-occurring hormone produced in the small intestine.	The active substance in certain medicines used in the treatment of diabetes – and now obesity.	Similar to semaglutide and used for treatment of diabetes and obesity (with at least one weight-related health condition).
<b>Function:</b>	Reduces hunger and signals fullness to the brain.	A GLP-1 receptor agonist which regulates appetite by increasing the feeling of fullness.	Reduces hunger while controlling blood glucose levels.
<b>Mechanics:</b>	Stimulates insulin and inhibits glucagon to maintain blood glucose levels.	Mimics GLP-1 to increase the amount of insulin released to control blood glucose levels.	A GLP-1 and GIP (glucose dependent insulinotropic polypeptide) dual agonist which breaks down insulin and suppresses appetite.
<b>Examples:</b>	N/A	Ozempic, Rybelsus, and Wegovy	Mounjaro and Zepbound



# Global Legal Landscape

The United States	The United Kingdom	Europe
<b>August 2023:</b> first lawsuit against semaglutide manufacturers Novo and Eli Lilly in Pennsylvania.	<b>Tightening regulations</b> regarding the online prescribing of weight-loss jabs.	<b>Safety reviews</b> of GLP-1 drugs regarding side-effects including thyroid cancer, mental health issues, and one-sided vision loss.
<b>February 2024:</b> Pennsylvania lawsuits into MDL 3094 (Pennsylvania MDL).	<b>Advertising standards rulings</b> against advertisers promoting prescription-only weight-loss jabs.	<b>No known litigation.</b>
<b>November 2024:</b> Master Complaint filed in Pennsylvania MDL.	<b>Large-scale, government-backed NHS clinical trials</b> of Eli Lilly's Mounjaro from December 2025.	
<b>June 2025:</b> New Jersey lawsuits filed regarding NAION.	<b>Boots Pharmacies</b> offering in-store weigh-loss jabs on the high street from February 2026.	
<b>December 2025:</b> New Jersey lawsuits consolidated into two MCLs – 1 x gastrointestinal issues and 1 x NAION.	<b>No known litigation.</b>	
<b>December 2025:</b> MDL 3163 formed for NAOIN cases in Pennsylvania (NAION MDL). Cases with gastrointestinal issues remain in the Pennsylvania MDL.		
<b>February 2026:</b> 3,300 pending cases in the Pennsylvania MDL and 37 pending cases in the NAION MDL.		

# The Injuries Alleged

Focus	Pennsylvania MDL 3094	NAION MDL 3163	New Jersey MCL (Gastro)	New Jersey MCL (NAION)
<b>Defendant(s)</b>	Novo Nordisk & Eli Lilly	Novo Nordisk & Eli Lilly	Novo Nordisk	Novo Nordisk
<b>Product(s)</b>	Ozempic, Wegovy, Saxenda & Mounjaro	Ozempic, Wegovy, Saxenda, & Mounjaro	Ozempic & Wegovy	Ozempic & Wegovy
<b>Injuries Alleged</b>	Gastrointestinal injuries, including: cyclical vomiting, gastroparesis, ileus, intestinal obstruction, gallbladder injury, vitamin deficiency, ischemic bowel, and necrotizing pancreatitis.	Non-arteritic anterior ischemic optic neuropathy (NAION)	Gastrointestinal injuries, including: cyclical vomiting, gastroparesis, ileus, intestinal obstruction, gallbladder injury, vitamin deficiency, ischemic bowel, and necrotizing pancreatitis.	Non-arteritic anterior ischemic optic neuropathy (NAION)



# Implications of off-label products

- **FDA Statement:** concerns raised about fraudulent compound semaglutide being marketed to US customers with false information on product labels.
- **Novo Nordisk Litigation:** lawsuits against US telehealth providers for allegedly “*improperly influencing doctors’ decisions*” and “*steering patients toward knock-off compounded ‘semaglutide’*”.
- **Health Risks:** many compounded drugs include illegal foreign active pharmaceutical ingredients.

News > Health

## Lawsuits are piling up as weight-loss drug users report losing their sight: ‘I definitely wouldn’t have taken it’

Edward Fanelli, 57, shared his regrets about taking Ozempic after he was diagnosed with a rare eye condition.

Rachel Dobkin In New York • Tuesday 20 May 2025 20:49 BST • [0 Comments](#)

### FDA’s Concerns with Unapproved GLP-1 Drugs Used for Weight Loss

[Report issues to FDA](#)

[Compounding and the FDA: Questions and Answers](#)



# Short Term vs. Long Term Considerations

- **The Wegovy Pill:**



# (Re)insurance Considerations

- Fraud or Dishonesty
- Professional Services



**Q+A**



# Space Risks

Lisa Simon  
Claims Expert, Swiss Re

# What's behind the rise in space activity?

- Launch costs have decreased significantly
- Large demand for connectivity
- Scientific and technological advances
- More desire for/availability of data
- Systems increasingly rely on space (i.e., GPS, weather forecasting)
- New geopolitics and defense uses (surveillance, missile detection)



# Space Debris



# Space Debris

## What is it and why is it dangerous?

- Defunct, broken, or discarded objects orbiting Earth, such as dead satellites, fragments from explosions or collisions, detached components.
- It's estimated that there are more than one million space debris objects.
- Debris can collide with and damage/destroy satellites, spacecraft or the ISS. Tiny pieces of space debris can cause serious damage due to their extreme velocity. Collisions create more debris.

## How much damage can it do on Earth?

- Most debris stays in orbit for a long time. When it falls back to Earth, it can burn up.
- If it lands, 70% ends up in oceans, and the portion that ends up on land usually falls in remote areas.
- However, in 2024 a battery cargo pallet from ISS crashed into a home in Florida, causing property damage. Homeowner has filed claim with NASA.

## Insurance

- Governments generally liable but they can seek reimbursement from entities responsible for damage (i.e. SpaceX).
- These entities may seek coverage from insurers for damages caused by their satellites or debris to other satellites, people or property on Earth. Space insurance can cover damages to third parties caused by debris from satellites.
- In-orbit insurance for satellite operators covers damages to their satellites from debris collisions.

# Satellites



# Satellites

## How many are there/what industries use them/what are the risks of failure?

- ~10,000–11,000 active satellites in orbit/thousands more planned
- Types of satellites include communications, navigation, weather & climate monitoring, Earth observation (imaging), scientific research, military & national security.
- Risks from failures:
  - Internet outages
  - Data loss
  - Industrial disruptions
  - BI/PD

## Causes of failures/who might be liable for damages

- External threats:
  - Debris
  - Space weather
  - Atmospheric drag
- Internal failures:
  - Loss of power
  - Software issues
  - Aging hardware
- Who may be liable? Satellite operator if negligence is proven, which can be difficult. Manufacturers if can prove defect caused failure/injury. Service providers and system operators.

## Insurance Issues

- Satellite insurance typically includes coverage for launch, early orbit and in-orbit operations.
- Damage to satellite itself is covered by space insurance.
- Business interruption claims usually require physical damage to insured property, so generally not covered.

# Space Storms

## What are they/how are they caused?

- Space storms are caused by eruptions on the Sun—solar flares and massive particle ejections—that send radiation and charged particles toward Earth, disrupting satellites and infrastructure.
- Impacts:  
Can cause satellites to fail, blackouts on Earth, interference with signals.

## Example of damage that can result

- 1989 blackout in Quebec caused by geomagnetic storm.
- 6 million people lost power for 9 hours
- Caused tremendous disruptions as businesses had to shut down
- No major successful lawsuits because:
  - “Act of nature” defense
  - Utility protections
  - No negligence was established

## Insurance Issues

- Insurance recoveries small compared to total economic loss because:
  - Blackouts don’t qualify as direct physical damage to property
  - Exclusions for losses caused by off-premises power failures are common in utility insurance policies

# Pollution Concerns

## Types of pollution

- Light from satellites
- Radio frequency pollution
- Chemicals released during launches
- Space debris contamination
- Occupational exposures

## Challenges to recovery

- Hard to prove who is responsible for the pollution
- Jurisdictional complexity/multiple legal systems involved

## Insurance Issues

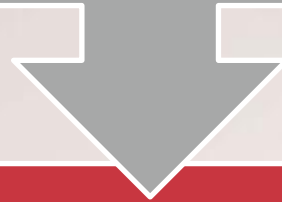
- Space third-party liability and GL policies usually contain pollution exclusions.
- Environmental/pollution liability insurance is generally for Earth-based exposures

# Aliens



# Aliens

"They're real but I haven't seen them." - Barack Obama. (He later said "statistically, the universe is so vast that the odds are good there's life out there. But the distances between solar systems are so great that the chances we've been visited by aliens is low, and I saw no evidence during my presidency that extraterrestrials have made contact with us.")



If aliens are real, is there coverage for alien invasions? No. Such invasions would most probably be considered uninsurable catastrophic risks.



# What if we were invaded by aliens?

**Scenario:**  
**Global alien invasion**  
**(Independence Day-type)**

**Assumptions:**

- Major cities destroyed or disabled
- Power grid and communications disrupted
- Global economy halts for weeks–months
- No functioning liability defendant

**Total economic loss (order of magnitude)**

**Components:**

- Property destruction
- Business interruption
- Infrastructure collapse
- Casualties
- Supply chain disruption

**Estimated scale:**

**\$10T–\$50T+ globally**



# Potential losses from alien invasions



## Property insurance

### Covers:

- Buildings destroyed by alien weapons

### Problems:

- War exclusions may apply
- Claims overwhelm insurers

👉 Likely:

**Partial payouts + insurer insolvencies**



## Business interruption (BI)

### Covered:

Only if:

- Physical damage triggers BI

### Not covered:

- Global shutdown
- Supply chain collapse
- Loss of customers

👉 Result:

**✗ Majority of BI losses uninsured**



## Utilities & infrastructure

Power grids, telecom, transport

### Coverage:

- Some property coverage

### Gap:

- System-wide failure
- 👉 Governments step in

# Potential losses from alien invasions



## Liability insurance

### Normally:

- Someone is liable

### Here:

- Aliens = no legal entity

### 👉 Result:

❌ **No liability recovery**



## Life & Health insurance

### Covered:

- Death and injury benefits

### Constraints:

- Massive simultaneous claims
- Insurer capacity limits

👉 Partial but stressed payouts



## Environmental liability

Contamination from alien tech

### Issues:

- Unknown substances
- No responsible party

👉 Mostly:

❌ Uninsured

# Potential losses from alien invasions



## Total economic loss (order of magnitude)

### Components:

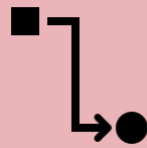
- Property destruction
- Business interruption
- Infrastructure collapse
- Casualties
- Supply chain disruption

### Estimated scale:

**\$10T – 50T + globally**

👉 Comparable to:

Multiple global financial crises + world war damage combined



## Final estimate

💰 Economic loss:  
**\$10T-\$50T+**

🛡️ Insured loss:  
**~10-20% (best case)**

✘ Protection gap:  
**massive**

# Types of insurance

## Space third-party

- For launch providers, satellite operators
- Covers damage to people or property on Earth, aircraft caused by launch failure, reentry debris

## General liability (GL)

- For manufacturers, operators, spaceports
- May cover third-party bodily injury, property damage but generally doesn't cover pollution

## Environmental / pollution liability insurance

- Covers:
- Cleanup costs
- Third party injury from toxic exposure



# Space Insurance



Specialized and small market dominated by a few global insurers and syndicates. Major carriers include AXA XL, Chubb, Allianz Global Corporate & Specialty, Aviva (via specialty markets), Lloyd's of London.



Covers risks such as launch failure, satellite damage, and in-orbit malfunction.



Space insurance has had significant losses in recent years. Some insurers have reduced exposure and increased premiums.



# Wording Issues

- Standard CGL policies often exclude aircraft, which can be interpreted to include spacecraft.
- Insurers who wish to exclude space-related risks might consider these potential exclusions (per ChatGPT)
- Broad exclusion – This insurance does not apply to BI or PD arising out of:
  - Ownership, operation, use, launch or reentry of any spacecraft or satellite
  - Any object intended to travel beyond the Earth's atmosphere
  - Space debris or fragments thereof.



# Wording Issues

- Limited exclusion:
  - This insurance does not apply to bodily injury or property damage arising out of:
    - The launch, operation, or control of any spacecraft or satellite
  - However, this exclusion shall not apply to BI/PD occurring on Earth and arising out of the insured's products or completed operations.
- Some insurers may choose to explicitly include narrow space exposure:
- This policy covers BI/PD occurring on Earth arising from the insured's products incorporated into spacecraft, provided that such injury or damage does not arise from the insured's involvement in launch or in-orbit operations.



# Key Takeaways

## What can we expect over the next decade?

- Large increase in number of satellites
- Space will underpin everyday systems
- New industries offering in-orbit services
- Autonomous space traffic management
- Orbital data centers



# Q+A





# Tort Reform in Florida and Georgia

Michael Muscarella  
Vice President, Claims, TransRe



**Senate Bill 2-A (Dec 2022)  
&  
House Bill 837 (March 2023)**



**Senate Bill 63 (April 2025)  
&  
Senate Bill 69 (April 2025)**

# Florida Tort Reform

## Casualty Reforms (HB 837 March 2023)

- Comparative Fault – Pure to Modified (51%)
- Property Owners can allocate fault / No duty to Criminals
- SOL - 4 yrs to 2 yrs on Negligence claims
- Medical Cost Admissibility – Billed to Paid
- Plaintiff Attorney Fees – Multipliers to Standard Presumption
- Bad Faith

# Florida

## Property Reforms (SB 2-A Dec 2022)

### □ Assignment of Benefits

- Policyholders no longer assign rights to contractors

### □ One Way Attorney Fees

- Removes PA Fee recoveries in most property lawsuits

### □ Bad Faith

- Requires proof of a breach of contract before filing

# Florida

## Takeaways

- 14 New insurers have taken up shop in FL
- Auto & HO rates are falling.
- Customer Rebates
- Lawsuit filings have decreased
- Average Settlement times are down
- Nuclear verdicts (>\$10M) are down

# Georgia Tort Refom

## Casualty Reforms (SB 68 & SB 69 April 2025)

- Limits on Anchoring
- Medical Cost Admissibility – Billed to Paid
- Application of the seatbelt rule.
- Premises Liability - Standard clarified & narrowed.
- Regulation of third-party litigation financing.
- Limitations on “Holt” Demands

July 1, 2024, legislative change to O.C.G.A. § 9-11-67.1

# Georgia

## Application and Unaddressed Issues

- The reform (except for negligent security and medical damages) applies to all actions pending as of 4/22/25.
- Holt demands are still acceptable and present challenges.
- Gradual improvements possible
- Effects remain to be seen (1 year out)

# Other States – Recent Activity

## Louisiana (1/2026)

- 51% Modified & damages reforms (Billed vs Paid)

## South Carolina (1/2026)

- Liability allocation & liquor liability reform

## Arkansas (2/2025)

- Procedural & evidentiary changes (Billed vs Paid damages)

## California (pending)

- “Uber Proposal” Contingency cap (25%) & caps medical to 125% of Medicare rates

## New York (pending)

- Litigation funding transparency proposals

# Q+A