

Life Science Combined

Enabling the science of tomorrow

MARKEL



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Introduction

The life science market is a complex, and hugely important, sector of the UK economy. As such, the Government has consistently backed the industry to improve the UK's position as a global life science leader and bolster the sector's ability to respond to future health challenges.

The life science industry is one of significant opportunity for both the organisations that work within it and insurance brokers targeting the sector.

It is a challenging environment, however. The sector is complex and difficult to understand for many, and risks such as product liability and cybercrime are continually evolving. Efficient global supply chains are important and current geopolitical instabilities are increasing risk.

With over 10 years in the sector and recently undertaking detailed research to understand key challenges and perceptions of insurance amongst both businesses and brokers, Markel has an in-depth understanding of this market's many nuances – particularly in life science, cosmetics and vitamins & food supplements.

This report provides unique and invaluable insight if you are a broker already operating in, or looking to target, the life science sector. It offers first-hand accounts of market challenges and insurance needs from businesses and fellow insurance brokers. We hope the report's contents helps to clarify the exceptional opportunities available, but also the challenges that we, as insurance industry participants, must face head on for the benefit of our customers in this exciting market.

Latest Disclosure UK data shows an increase in research and development spend;



with £467.0 million invested in R&D collaborations in 2023,

up from £440.6 million in 2022, and £405.1 million in 2021.



1 in every 68 people employed in the UK work in the life science sector,

more than 490,000 individual's overall.



2023, almost 20,200 organisations generated a total revenue of over

£200 billion.

UK sector overview



1 in every 68 people:

employed in the UK work in the life science sectors.



490,248 employed:

across researched life science sectors in 2023.



£23.1 billion:

the size of the prescription pharmaceuticals market in the UK.



£201 billion:

the total life science-sector revenue 2023.



The Golden Triangle

London, Oxford and Cambridge as well as Scotland represents the regions with the highest overall concentration of life sciences businesses in 2023.

20,178:

Life science businesses registered in the UK in 2023, including (but not limited to):

-  Pharmaceutical
-  Biotechnology
-  Medical devices
-  Food supplements and dietary products
-  Laboratory instruments and equipment
-  Cosmetics



Qualitative research methodology

As part of our qualitative research phase, each interviewee was taken through a discussion guide that covered the following focus areas:



Life science business

- ✓ Market challenges and perceived impact
- ✓ Insurance procurement considerations
- ✓ Insurance coverage value and importance
- ✓ Value added services perceptions



Brokers operating in the sector

- ✓ Perceptions and assumptions about the life science market
- ✓ Life science industry challenges and emerging trends
- ✓ Identifying client needs
- ✓ Confidence in life science risks
- ✓ Placement and renewal strategies, and market preferences
- ✓ Cover considerations

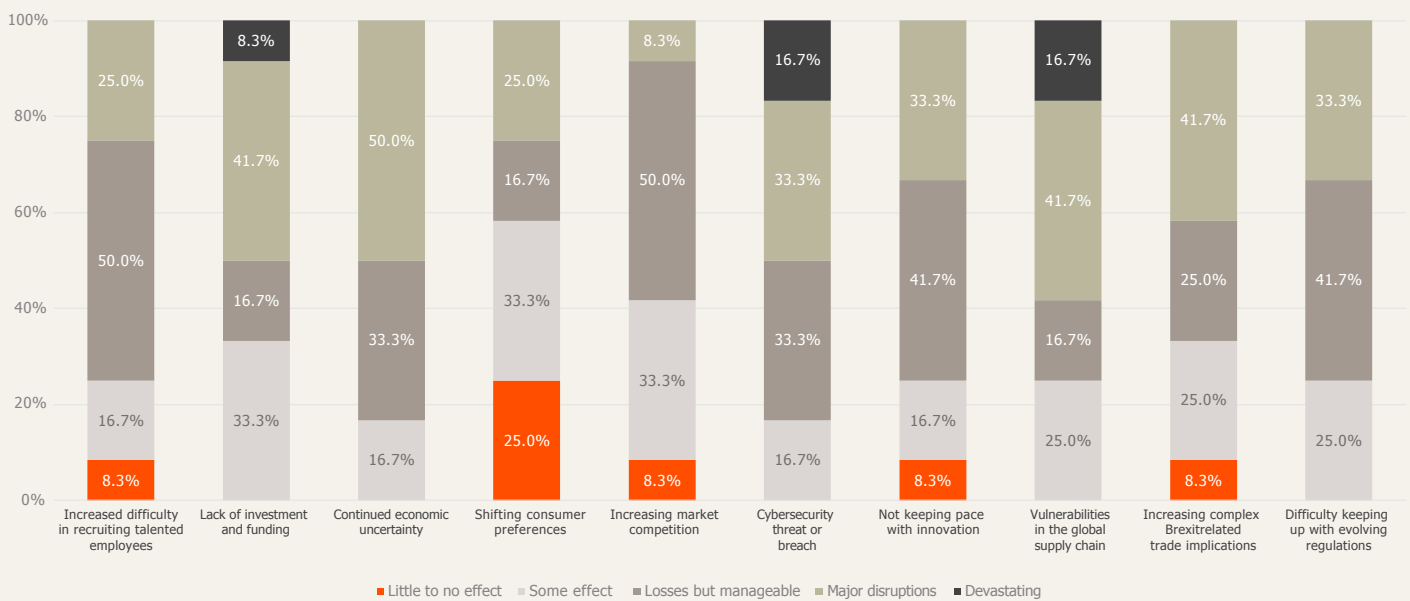
The qualitative research included over 250 hours of research incorporating: 16 interviews with businesses reflecting a mix of identified business types within appetite. All participants had or were considering life science insurance and were responsible for decision making.

15 interviews with brokers we identified as contributors that would be able to provide valuable insight.



Key sector challenges: life science business' views

Businesses operating in the UK's life science sector face a number of challenges. Respondents highlighted five key areas: supply chain vulnerabilities, cybersecurity threats, economic uncertainty, lack of investment funding, Brexit-related trade implications.



The biggest threats cited by respondents were vulnerabilities in the global supply chain (58.4%) and cybersecurity threats or breaches (50%). These concerns align with global trends and the increasing complexity of managing risks in a connected, digital world.

Half of the respondents would expect significant or devastating disruptions due to a lack of investment and funding from lack of investment and funding.

Complex Brexit-related trade implications were cited as a concern by 42% of respondents.

Key sector challenges: broker views

When participating brokers were asked about the challenges facing life science businesses, five key themes emerged:

- ✓ Securing funding remains a major barrier to growth, with underinvestment limiting the commercial potential of promising innovations.
- ✓ Regulatory compliance is resource-heavy, often requiring legal expertise to meet UK, EU and FDA standards.
- ✓ Operating costs are high, and Brexit has added further strain for firms exporting to Europe.
- ✓ Scaling internationally is difficult due to the cost and complexity involved.
- ✓ Finally, while AI is emerging in e-health, MedTech and FemTech, these areas face growing pains and lack sufficient support and investment to mature effectively.



Perspectives:

“Securing investment is crucial... Life science companies rely on fast growth to get their products to market.”

“Constantly changing regulations... Regulatory adherence is a primary concern.”

“Cost is the biggest challenge... I think. Brokers and insurers supporting clients through their growth... navigating the costs and logistics of scaling up their business.”



Emerging trends that will impact risk: broker views

Brokers told us what emerging trends or changes in the Life science sector they believe will significantly impact future risk assessment and placement:

-  Digital health apps and AI are playing a larger role in medicine and risk management and beginning to drive changes in how risks are assessed.
-  As digital and AI technologies grow, risks like data breaches, ransomware, and extortion increase, which is expanding the need for cyber liability coverage.
-  Companies in the health and wellness space, particularly those offering vitamins, supplements, and personalised health products, need special attention creating a market opportunity for insurers.
-  Technologies like gene editing, wearables, and personalised medicine will challenge insurers to create new models for assessing risk and providing adequate coverage. Insurers that understand these technologies will be in a stronger position to offer comprehensive coverage. They will need to adapt to these emerging risks and offer specialised policies to cover potential cyber incidents.

To prepare for these emerging trends, brokers are focussing on cyber and AI, and educating themselves and their clients on related risks.

The need to build strong relationships with insurers is also seen as critical to staying competitive and delivering tailored solutions. Working with underwriters to tailor policies with endorsements that meet their clients' specific needs to overcome the inflexibility of traditional insurance was also seen as an important strategy to maximise advantage from a changing environment.



Perspectives:

“Digital health is a huge and growing area. Even companies that start as pure life science will eventually look into expanding their tech capabilities.”

“Key concerns include data breaches, extortion, and ransomware, especially when insurers overestimate risks due to misconceptions about medical records. Additionally, AI raises questions about professional indemnity, particularly regarding the reliability and testing of AI-generated data.”

“Emerging technologies in life science, such as gene editing and splicing, further complicate matters, as insurers lack established risk models.”

“Speaking with insurers and clients to understand their needs is essential. We work closely with insurers to enhance coverage or at least try to, ensuring that it aligns with the evolving needs of our clients.”



Life science businesses' views

A key element to Markel's research into the latest life science market trends focussed on issues related to insurance placement, both from the perspective of businesses in the sector and brokers serving it.

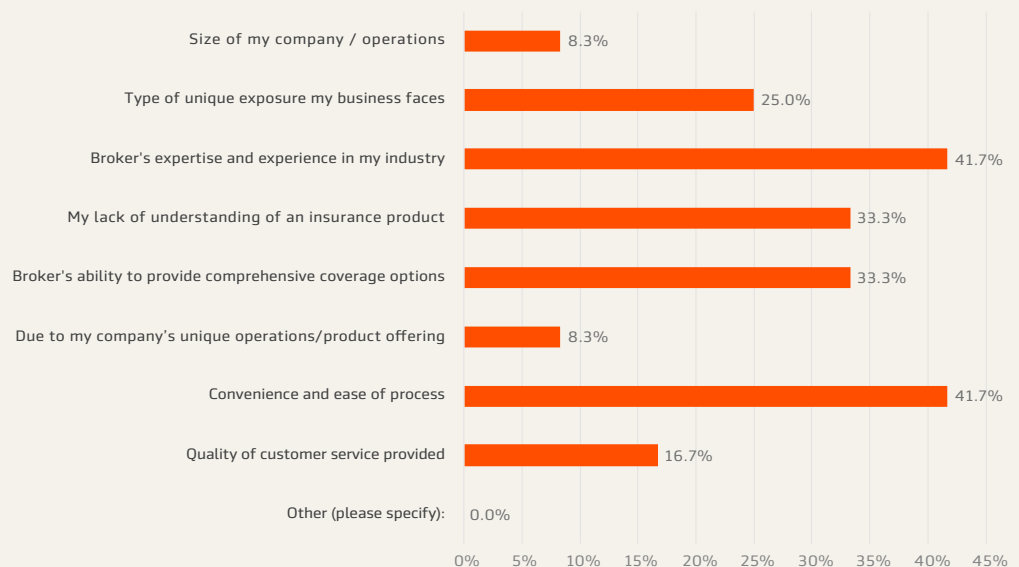
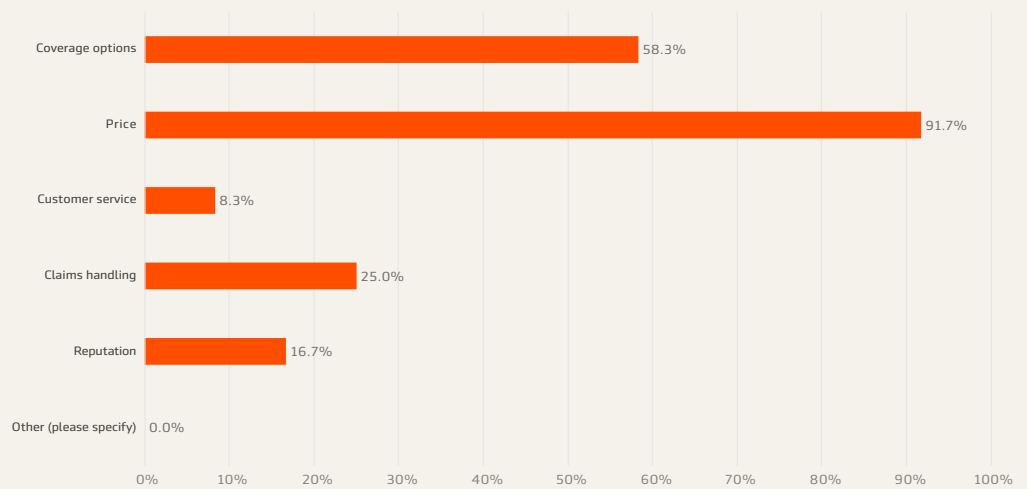
When it came to factors influencing the purchasing decisions of life science business, the overwhelming majority

(91.7%)

prioritise price as the most important factor, followed by coverage options, which are important for (58.3%) of respondents. Other considerations like claims handling (25%) and reputation (16.7%) are less influential but still relevant.

83%

of the businesses questioned use an insurance broker, and a variety of reasons were suggested as to what factors influences the choice of which broker to use.



Broker views

Confidence in dealing with life science risks broadly correlated with a broker's experience of the sector, but even more established brokers are less certain about dealing with emerging risks in areas such as R&D and AI.



Perspectives:

"I've worked in the sector for long enough. I know what I'm doing."

"I'm getting better at it... While I wouldn't say I'm fully confident... I'm getting there."

Broker placement and market strategies

When it comes to overall strategies for placing life science risks, four key themes are prevalent:

Expertise matters

Brokers tend to select insurers based on their expertise in specific life science segments.

Size & customisation

Many brokers customise their approach based on the client's size and specific needs. Smaller companies or startups are often matched with smaller insurers while larger insurers are chosen for bigger, more established, enterprises.

Flexibility

A flexible, case-by-case approach when placing risks is preferred by many brokers, a factor that can be more important than the insurer themselves.

Responsiveness

Speed and responsiveness from insurers play a key role in determining who gets the business, with several brokers using this as an overriding factor.



Perspectives:

"I work with whichever insurer responds the quickest, based on my position."

"It's crucial for us to have a clear picture of the market's appetite, and then we approach the relevant insurers."

Market and insurer selection

Looking at what factors influence which specific insurers brokers like to work with, five pointers emerged clearly.

- ✓ **Expertise and specialism**
Brokers prefer insurers who specialise in life science.
- ✓ **Cover**
Coverage is a top priority, with brokers wanting insurers that can provide comprehensive, tailored cover that fits the specific needs of life science clients. Flexibility in policy wordings and warranties is also important.
- ✓ **Premium**
While not always the top priority, premium cost is still a significant factor. Brokers need to strike a balance between getting the right coverage for clients and a competitive premium.
- ✓ **Experience**
The degree to which insurers have experience of the specific needs of their clients can be a factor.
- ✓ **Speed of responses**
Speed of response from insurers is critical. Many emphasise the importance of timely responses, both at the initial inquiry stage and throughout the relationship, including claims.
- ✓ **Flexibility & client centricity**
For most, there is no strict requirement to use a particular insurer, with decisions often made based on who can offer the best coverage, premium, and added value for the client.
- ✓ **Relationships**
Relationships with specific insurers play a key role. Brokers may focus on maintaining strong relationships with two or three insurers to ensure they get the best support and service, particularly in specialised areas like life science.
- ✓ **Added value**
Where coverage and premiums are similar, added value benefits offered by insurers can be a deciding factor.



Perspectives:

“Timely responses are crucial - How quick does an insurer respond to enquiries and not just at the new business stage.”

“Ultimately, it’s the policy, the wording, the warranties, the cover.”

“Premium and coverage are the main factors in decision-making, as most customers are primarily premium-driven.”



Preferred interaction methods when placing insurance

In an increasingly digital world, many want the convenience of digital placement. Whilst this isn't always possible with complex covers like life science risks, a combination of digital and non-digital is often preferred.

Our research shed some clarity on what brokers are looking for:

<p>Phone calls and emails</p> <p>Phone calls and emails are the preferred methods for transacting with insurers. These traditional communication methods offer flexibility and are seen as effective for both routine and complex transactions.</p>	<p>Direct access to underwriters</p> <p>Direct access to underwriters is essential for complex or high-value life science risks. Direct communication ensures clarity and minimises the risk of misunderstandings, allowing for more effective problem-solving.</p>	<p>Mixed use of digital solutions and traditional methods</p> <p>Brokers appreciate the balance between digital platforms for simple tasks and direct communication for more intricate transactions. This balance helps them navigate both routine and complex scenarios effectively.</p>	<p>Scepticism toward digital platforms</p> <p>Brokers are cautious about relying on digital platforms for life science risks, as they believe these platforms cannot handle the complexity of the industry. Personal interactions remain preferred for these cases.</p>
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Perspectives:

“For larger cases, direct access to an underwriter is crucial, allowing for phone communication rather than always needing face-to-face meetings.”

“Direct access via emails and phone calls. Some of these products can get really complicated and complex.”

“Life science insurance is more complex and doesn't allow for streamlined digital processes like general insurance. We rely on direct access to underwriters.”

“We really dislike online platforms and getting passed around between different analysts.”

Unsurprisingly, open market submissions with the use of manual proposal forms that allow brokers to present complex risks more thoroughly are preferred. The use of binders was a slight concern for this often complex sector with brokers generally feeling that insurers should take responsibility for rating risks and quoting.

“Open market takes longer, but any other option really does not work when it comes to life science.”

Preferred approach to renewals

When asked about preferences when renewing life science business, two stood out:



Preference for active renewal terms (manual acceptance)

Renewal terms that require manual acceptance rather than automatic renewals are preferred. This allows for a more controlled and strategic review of coverage, ensuring that client needs are thoroughly considered before renewal.



Occasional support for automatic renewals

Automatic renewals are useful for small or straightforward policies, but brokers generally avoid them for more complex life science coverage.



Perspectives:

“From an administrative point of view, automatic renewals are sometimes easier, but because our clients are usually growing so quickly, changing strategy, and diversifying, automatic renewals typically don't fit their business model anymore.”

“It's still better to handle renewals the traditional way – by getting soft extensions, doing a proper lead-up to the renewal, and providing updates along the way.”

Some brokers express frustration with complex and lengthy renewal forms, particularly when subtle changes require careful reading, making the renewal process feel overly complicated.



Cover requirements

The research asked both life science businesses and brokers to indicate the importance of different cover elements from their perspective.

Life science businesses' view

91.7%

of life Science business viewed PI and Products Liability coverage as mandatory, with 66.7% considering Employment Law Protection and Employers Liability mandatory.

D&O cover was considered mandatory by

58.3%

of life science business respondents.

66.7%

of the life Science business respondents deemed Product Recall Insurance as mandatory, with Property and Business Interruption coverage considered mandatory by 67.7%.

Brokers' view

Professional indemnity is considered crucial, especially for businesses offering professional advice, research, or services.

Other core coverages like public and products liability, and employers' liability were viewed as essential by all.

Cyber and D&O insurance are gaining importance, reflecting the evolving risk landscape.

There is a desire for more tailored and comprehensive packages, particularly around business interruption, stock deterioration, and equipment breakdown to meet the sector's unique needs.

Many emphasised that the scope of coverage should be tailored based on the specific activities of the company, such as whether they manufacture in-house, perform R&D, or manage physical products. For those involved in R&D or clinical trials, clinical trials insurance and errors & omissions are crucial.

Medical malpractice and specialised policies for companies working in high-risk areas are seen as important. There is a sentiment that existing coverage limits for certain risks, particularly stock (e.g. refrigerated goods) and equipment breakdown, may be insufficient for Life Science companies.



Broker Perspectives:

"Essential cover for life science companies depends on the business type."

"Professional indemnity, employee's liability, public liability, product's liability, especially in terms of the product's liability, if you're actually providing a physical product, as it were, and for me, legal expenses as well."

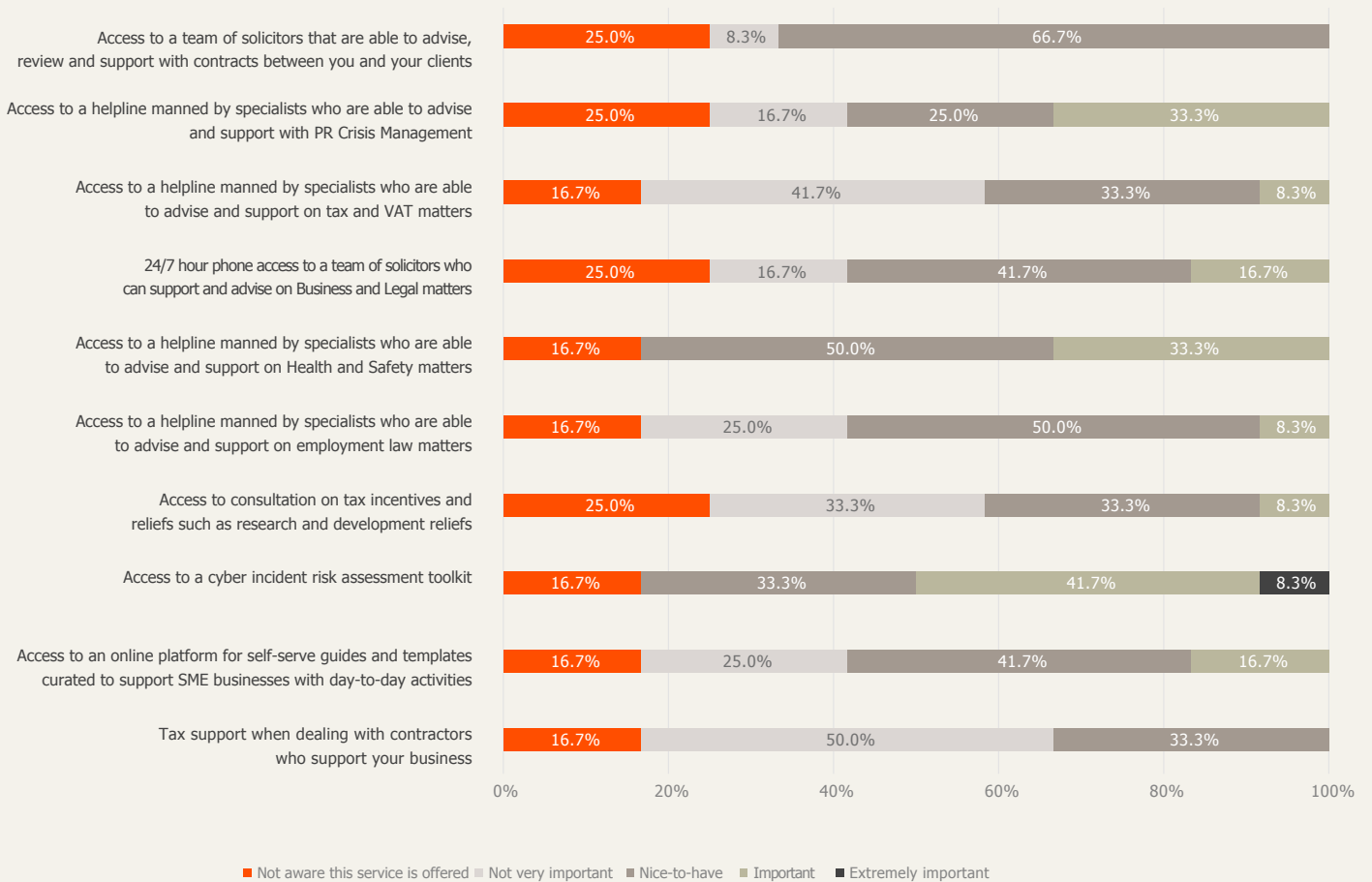
"Cyber insurance is becoming a necessity for all companies."

Value added services

Value added services are important to this market and can often be the difference between placing business with one insurer or another when terms are similar.



Life science businesses were asked how important they believed Market's valued added services were, revealing interesting results:



Introducing Life Science Combined from Markel

Life science is a challenging and competitive sector for those organisations that work within it and strive to make their businesses successful every day. Specialist insurance cover that goes beyond the policy is essential.

That's why Markel has developed Life Science Combined, a dedicated solution for the sector, based on insights in this report, and backed by experienced underwriters and a comprehensive suite of tailored value-added services.



With unique product and business interruption risks, and threats like cyber attacks becoming more prevalent, specialist insurance designed specifically for the sector will help to protect those operating within it and support their growth aspirations.

Life Science Combined is Markel UK's specialist insurance solution for businesses working in life science, biotechnology, pharmaceuticals, medical devices, cosmetics and vitamins and food supplements.


It protects organisations involved in the research, design, manufacture, distribution or support of life science products from early-stage development and testing through to production and sale. The product also covers supporting service providers such as contract research and manufacturing organisations, regulatory consultancies, laboratories and software developers.


Section of Cover	Description	Limits up to
Public and Products Liability (including efficacy)	Protects against claims for third-party injury or property damage caused by the insured's products or activities. Includes products efficacy.	£10,000,000
Professional Liability (including products liability financial loss, medical malpractice and intellectual property rights)	Covers claims for acts, errors or omissions in the performance of professional services and pure financial loss claims arising from products sold. Includes contractual liability.	£10,000,000
Clinical Trials Liability	Covers injury to participants or property damage arising from clinical trial activities. Includes 'no fault' compensation.	£10,000,000
Directors and Officers Liability	Protects directors and officers against claims for actual or alleged wrongful acts in the management of the company.	£5,000,000
Entity Defence	Covers legal costs and expenses in defending the company against civil, regulatory or criminal proceedings.	£5,000,000
Employers Liability	Provides compulsory cover for injury or illness sustained by employees during employment.	£10,000,000
Employment Law Protection	Covers legal expenses and awards from employment disputes including unfair dismissal, discrimination and redundancy.	£5,000,000
Property Damage	Covers buildings, machinery, equipment and contents against loss or damage caused by insured events.	Limit dependent on sum insured
Business Interruption	Covers loss of income and additional costs following an insured event that disrupts business operations.	Limit dependent on sum insured
Money and Personal Assault	Covers loss of business money and provides benefits following assault while handling or carrying cash.	Limit dependent on sum insured
Damage to Portable Property	Covers loss or damage to portable items such as laptops, tools or specialist equipment away from the premises.	Limit dependent on sum insured
Fidelity	Protects against financial loss caused by employee dishonesty or fraud.	£5,000,000
Cyber and Data Risks	Covers losses arising from data breaches, cyber-attacks or unauthorised system access.	£5,000,000
Transit	Covers loss or damage to goods or stock while in transit within the UK.	Limit dependent on sum insured
Legal Expenses	Covers legal costs associated with a wide range of disputes including contract, property and licensing issues.	£5,000,000

Enabling the science of tomorrow


The following 10 value-added services are highlights from our full suite of 20 offerings, designed to support life science businesses across growth, compliance, and risk management.


Support to grow, fund, and protect your ideas

 **Intellectual property rights review service**
Access legal and technical expertise to secure, document, and protect intellectual property, reducing risk to funding, exclusivity, and future value. Policyholders are entitled to one complimentary IP capture and review per contract duration.


 **Confidentiality terms review**
Guidance to create clear confidentiality terms, safeguarding sensitive assets when working with staff, partners, or suppliers. Policyholders have access to a two-hour complimentary review; pay as you go thereafter.


Business advice and support


 **Business and legal helpline**
24/7 access to solicitors for employment and business law matters, providing guidance and avoiding costly legal fees. Access to the business and legal helpline is included in a Markel Life Science Combined policy at no additional charge.


 **Business Hub**
Online access to over 900 DIY contracts, policies, forms, and templates covering health and safety, trading, cyber, and data – saving time and reducing legal costs. Access to the Business Hub is included in a Markel Life Science Combined policy at no additional charge.


Running a safe, resilient business


 **Business continuity, resilience, and compliance services**
Support to maintain operations during IT failures, staffing issues, or power outages, minimising downtime and maintaining confidence. Policyholders have access to preferential rates for pay as you go services.

 **Risk assessments, safety audits, and fire risk reviews**
Identify and address safety risks to meet HSE, COSHH, biosafety, and fire safety regulations. Policyholders have access to preferential rates for pay as you go services.

 **Health and safety policies and procedures**
Bespoke guidance to create clear policies that reduce errors, improve compliance, and protect staff. Policyholders have access to preferential rates for pay as you go services.

 **Cyber training lite**
Online training on ransomware, phishing, and email compromise to build awareness and resilience. Access to cyber training lite is included in a Markel Life Science Combined policy at no additional charge.

 **Cyber risk management toolkit**
Tools and self-assessments to proactively reduce cyber risk exposure. Access to the cyber risk management toolkit is included in a Markel Life Science Combined policy at no additional charge.

 **Cyber incident response service (24/7)**
Round-the-clock access to specialists to respond quickly to breaches, minimising financial, operational, and reputational impact. Access to the cyber incident response service is included in a Markel Life Science Combined policy at no additional charge (claims-activated service).

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All information accurate at the time of production January 2026.

This document is not a policy document and contains only general descriptions. Policyholders must refer to the actual policy issued for the binding terms, conditions and exclusions of cover.

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