Swiss Re Institute

Press release

Global economy set to grow 2.8% in 2027, but growth is based on narrow foundations, says Swiss Re Institute

- **Global growth increasingly dependent on AI investment, financial markets, spending by wealthier households and investments in infrastructure and defence, making it vulnerable to setbacks**
- **AI is estimated to contribute around 0.4 percentage points to global real GDP growth forecast of 2.8% in 2027**
- **Global non-life premiums set to grow by 1.0% in real terms in 2027 and 2.0% in 2028, while life insurance premiums are forecast to increase by 2.1% annually over 2027 and 2028**

London, 17 November 2026 – The global economy is expected to strengthen in 2027, but growth increasingly depends on a relatively small number of sectors and sources of demand: AI investment, strong financial markets, spending by wealthier households and strategic investments in infrastructure and defence. The key question is whether AI investment will deliver broader productivity and income gains across the wider economy before rising borrowing costs put more pressure on businesses, according to Swiss Re Institute's latest *sigma* "Searching for resilience – Global Economic and Insurance Market Outlook 2027–2028".

Swiss Re Institute forecasts global economic growth of 2.8% in 2027, up from an estimated 2.6% in 2026, followed by 2.6% in 2028. However, stronger growth does not necessarily mean greater economic resilience. AI investment and government-backed projects are driving activity in selected industries, while consumer spending, particularly in the US, is increasingly supported by gains in financial wealth rather than strong employment growth. This makes economic growth more vulnerable to a downturn in financial markets.

Jérôme Jean Haegeli, Swiss Re's Group Chief Economist, said: "AI is a transformational technology that is here to stay and a powerful engine of global growth. But stronger economic growth does not necessarily mean greater resilience. The real test is whether AI investment translates into broader productivity gains before refinancing pressures intensify. The same forces driving today's expansion could also amplify the next downturn."

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Jason Richards, CEO P&C Reinsurance UK & Ireland at Swiss Re, said: "The insurance industry is well capitalised, putting it in a strong position to provide protection in an increasingly complex risk landscape. But having capital available is not the same as underwriting every risk. As risks become more interconnected, understanding how they accumulate is key to the industry deploying capacity where it can make the greatest difference and providing sustainable protection."

AI's productivity gains face a test as debt comes due

AI-related investment is supporting economic growth, particularly in the US and technology-intensive Asian economies. Swiss Re Institute estimates AI to contribute around 0.4 percentage points to global real GDP growth of 2.8% in 2027 through infrastructure investment, positive wealth effects, Asian technology exports and gradually broader enterprise adoption.

However, its benefits remain concentrated in a relatively small number of industries. While early signs of higher productivity are emerging, it remains uncertain how quickly these gains will spread to other businesses and translate into higher incomes and broader economic growth.

At the same time, strong demand for investment capital, government borrowing and persistent inflation are keeping interest rates elevated. Large technology companies have so far been relatively protected by strong cash flows, while businesses that depend more heavily on borrowing face increasing pressure as existing loans come due.

According to Moody's, nearly USD 2 trillion in US speculative-grade debt and loans is expected to mature over the next five years, including USD 438 billion by the end of 2028. A setback in AI investment or financial markets could weaken consumer spending and business investment just as more companies face higher refinancing costs.

Growth depends on fewer sectors and wealthy consumers

In the US, financial market wealth gains have become an increasingly important support for consumer spending. The wealthiest 10% of households gained almost USD 33 trillion in net worth between mid-2023 and mid-2026, accounting for roughly three-quarters of the increase in total household wealth. Swiss Re Institute estimates that the resulting wealth effects will add 0.3 percentage points to US economic growth in 2027, assuming no sharp stock market correction.

In Europe, recovering purchasing power and public investment will be supporting growth. Swiss Re Institute estimates that Germany's additional spending on infrastructure and defence will add 0.8 percentage points to German real GDP growth in 2027.

Non-life insurance: New risks require more protection

Global non-life insurance premiums are forecast to grow by 1.0% in real terms in 2027 and 2.0% in 2028, recovering from 0.5% in 2026. However, competition is driving insurance prices lower in some markets

even as risks become more complex and claims costs remain elevated. Since late 2019, construction costs have risen by 43% in the US and 54% in Germany. Growth will increasingly come from more assets and businesses needing insurance rather than higher prices.

Swiss Re Institute expects non-life insurers' return on equity to decline to 10.3% in 2027 (2026:12.7%) and towards the estimated cost of capital of approximately 7.3% over the medium term, as underwriting margins deteriorate despite continued support from investment income.

Life insurance: Retirement savings support growth

Global life insurance premiums are forecast to grow by an average of 2.1% annually in real terms over 2027–28, supported by ageing populations, growing retirement savings and higher interest rates.

In Europe, private pension and annuity inflows through life insurers in key markets could exceed EUR 100 billion annually by the early 2030s, as pension reforms and accumulated retirement wealth support demand.

Higher interest rates are also improving life insurers' investment returns. However, a sharp financial market correction could weaken retirement savings and demand for investment-linked products, while increasing pressure on insurers' investment portfolios.

How to order this *sigma* study:

The English version of the *sigma* 5/2026, "*Searching for resilience – Global Economic and Insurance Market Outlook 2027–2028*", is available on our sigma explorer, where you will find all research from Swiss Re Institute under one roof. To gain free access to Swiss Re Institute's macroeconomic and insurance market data, forecasts and research publications, please register at *sigma explorer.* You can download an executive summary of the *sigma* 5/2026 here.

About Swiss Re

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