

# Annual Letter — 2026

From the Founding Partners

To our clients and partners,

This past year offered a lesson that extends well beyond politics.

Setting aside any policy preference, the 2024 election made one thing unmistakably clear: the party that shaped the narrative, connected directly with stakeholders, and engaged decisively shaped the outcome.

The first year of the new administration reinforced this from a different angle. Policy, markets, and technology moved quickly. Institutions positioned ahead of those shifts had options. Institutions monitoring and reacting found themselves managing consequences with limited leverage. Insurance has too often fallen into the latter category — and the cost of that posture is rising.

The January 2025 Los Angeles wildfires were not a black swan. The models contemplated events of that magnitude in those locations. Yet the fires — generating an estimated \$40 billion in insured losses — struck a market already destabilized by nearly a million non-renewals over several years, a FAIR Plan carrying \$724 billion in exposure, and a federal disaster architecture being restructured in real time. Non-renewals were disciplined portfolio management. But because those decisions were treated as financial exercises rather than public affairs vulnerabilities, the narrative was left undefended. When the fires came, market discipline was reframed as retreat, rate necessity as opportunism, and residual market expansion as moral failure. The business logic was sound. The public legitimacy was thin. That gap is strategic, not cosmetic.

Broader policy shifts compounded the pressure. Tariffs raised claims severity mid-cycle. FEMA restructuring widened the structural gap in the public-private risk architecture. And secondary perils were redefining loss experience at the same time — wildfires and severe convective storms now drive the majority of insured losses. The industry's public affairs architecture was built around hurricane season. The risk profile evolved. The engagement model did not.

Last year also witnessed the escalation of long-brewing public grievances with private health insurance practices. By the end of the year, fifty insurers signed a prior authorization reform pledge under pressure — a step that, taken proactively and on the industry's own terms, could have strengthened trust rather than repaired it. When trust erodes quietly, it eventually reasserts itself loudly.

What connects these episodes is not poor business judgment. Carriers made rational underwriting decisions in California. Health insurers managed costs within a system none of them designed. The pattern was structural: underwriting logic, regulatory strategy, stakeholder engagement, and communications operated as adjacent functions rather than a single integrated discipline. Each did its job. None of them were the same job. By the time the narrative shifted, leverage had already been lost.

There are counter examples. Florida's litigation reforms demonstrate what happens when underwriting logic, legislative engagement, and public narrative align. The reduction in property litigation and the depopulation of Citizens did not occur because the weather improved. They occurred because carriers, legislators, and industry advocates built and sustained a coherent policy and communications architecture together. That window did not open by accident, and it will not remain open indefinitely.

A similar window is open now in litigation. Third-party litigation funding disclosure legislation advanced in multiple states in 2025. A federal reform window exists under political conditions that may not persist. Capitalizing on it requires more than legal strategy — it requires making the public case that TPLF is a structural driver of the affordability pressures every legislator is already hearing about from constituents. Carriers that integrate underwriting data, affordability messaging, and coordinated legislative engagement can shape durable outcomes. Those that treat it as a courtroom issue alone will not.

Life insurance faces a version of the same structural challenge from a different angle. The retirement security crisis — the erosion of defined benefit pensions, the long-term funding pressure on Social Security, and the growing gap between what Americans have saved and what they will need — is one of the most significant public policy problems of the next decade. Life insurers and annuity providers sit at the center of that problem in ways that are not yet reflected in how the industry engages legislators, regulators, or the public. The window to shape the retirement income policy conversation is open. It will not remain open once the political urgency peaks and the frameworks harden.

Meanwhile, the AI-driven transformation of life underwriting — accelerated mortality modeling, behavioral data, the unresolved questions about what carriers can and cannot use to price risk — is moving faster than the regulatory architecture that governs it. The examination process will set the rules before the legislation does. Life carriers that engage that process proactively, with a coherent position on fairness, accuracy, and consumer protection, will write better rules than those that wait to respond to them.

2026 will not be calmer. The forces that defined 2025 — secondary perils, federal policy volatility, AI regulatory uncertainty, health market pressure, and litigation reform windows — will persist and in many cases accelerate.

The carriers that outperform will not be the ones with the most persuasive talking points after the fact. They will be the ones that treat narrative architecture, government relations, underwriting strategy, and stakeholder engagement as a single discipline — and position themselves ahead of the next wave rather than waiting to see how it breaks.

That is the work we exist to do. Insurance-native, strategic public affairs. If you'd like to learn more, we look forward to hearing from you.

We wish everyone success in the year ahead.

Onward and upward,



*Stefan Mueller*



*Stephen Bushnell*

### About the Authors:

**Stefan Mueller** has spent 20+ years advising insurers on corporate communications, government relations, and external affairs. Before founding Bushnell Mueller, he led a strategy consulting group serving financial services, real estate, energy, infrastructure, and the public sector. Stefan has served on various boards including as Chairman of a leading global environmental policy think tank. Stefan studied applied economics and management at Cornell University and the University of St. Gallen in Switzerland. He is based near Munich and travels regularly to the firm's office in Washington, DC.

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### About Bushnell Mueller:

Bushnell Mueller is a boutique, insurance-native strategic public affairs firm. We help (re)insurers and their distribution and risk partners proactively shape the policy, regulatory, and reputational context in which they operate, compete, innovate, and grow. For more information, visit [www.bushnellmueller.com](http://www.bushnellmueller.com).