

Practice Leader Insights From Covington's Sonia Campbell

By **Sonia Campbell** (March 17, 2025, 2:38 PM GMT)

In this Law360 U.K. Expert Analysis series, practice group leaders share thoughts on keeping the pulse on legal trends, tackling difficult cases and what it takes to make a mark in their area.

In this installment, Sonia Campbell, head of the U.K. insurance recovery practice at Covington, discusses the challenges of working during the COVID-19 pandemic, why cyber underwriting risk will be critical for sector reform, and how junior lawyers need to be resilient and tenacious.

The Most Challenging Matter I've Worked On

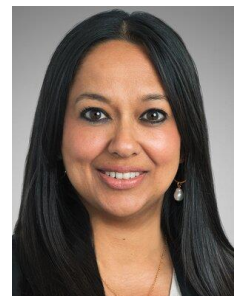
I've been fortunate enough to work on many interesting and challenging cases during my career. I'd say the one that jumps out as being most challenging was my involvement in the Financial Conduct Authority's test case on COVID-19 business interruption losses: *The Financial Conduct Authority v. Arch Insurance (U.K.) Ltd.*, before the High Court of England & Wales in 2020.

With my team, I represented the Hospitality Insurance Group Action, which was one of only two groups granted permission to intervene in the case. We regularly worked 16-hour days remotely, during the lockdown periods, in conjunction with the FCA's team of solicitors and counsel, while trying to juggle home-schooling and other challenges resulting from our lives being locked down.

The way that the divisional court managed the proceedings was truly remarkable. Businesses were failing left, right and center, and there was an urgent need for policyholders to establish coverage for COVID-19 losses under their business interruption policies.

To ensure the case was heard as quickly as possible, the FCA made an application, supported by the defendant insurers, for the matter to be heard under the financial list, which is a specialist list set up to handle claims related to the financial markets. These cases are managed and heard by specialist judges, with expertise in financial markets, which raise issues of general importance and where immediately relevant authoritative English law guidance is needed. The application was granted, and this was the first case to proceed under the financial markets test case scheme.

Although proceedings were only issued on June 9, 2020, the trial took place just a month later in July,



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and judgment was delivered on Sept. 15, just three months after issue. That alone is remarkable. This was a case where the case management conferences and trial took place wholly remotely using business Skype, and the proceedings were livestreamed pursuant to Schedule 25 of the Coronavirus Act 2020. While submissions related to 21 lead policies, it was estimated that in addition to the 21 policies chosen for the test case, around 700 policies issued by 60-plus different insurers to 370,000 policyholders would be potentially affected by the test case.

The judgment has resulted in numerous other COVID-19-related claims being brought on issues concerning causation and aggregation. It also resulted in the commercial court establishing the so-called test and grouped claims active case management system, including for COVID-19 claims, which is designed to actively manage suitable sets of cases, either via a test case or a sublist of cases where linked cases can be managed together.

Laws and Regulations in Need of Reform

In its Dear CEO letter of Jan. 9, eight specific points were identified by the Bank of England's Prudential Regulation Authority as priority points for the U.K. insurance sector, which the PRA will focus on during 2025.

These include:

- Implementation of solvency U.K. reforms and policies on insurance of special-purpose vehicles;
- Funded reinsurance affecting life insurance firms entering into or holding funded reinsurance arrangements as cedants;
- Cyclicity in the general insurance market, noting the need for insurance firms to remain vigilant to pricing changes, and with natural catastrophes and cyber underwriting risks continuing to be a priority for the PRA;
- Disclosure of individual firm results to enable stress-testing for firms captured by the life insurance stress test 2025 exercise;
- Feedback sought by the PRA on liquidity reporting proposals;
- Solvent exit planning for insurers;
- The PRA's expectation for boards and senior managers to monitor and manage operational resilience, cybersecurity and outsourcing risks; and
- Insurance firms embedding the PRA's climate expectations, including progress on scenario analysis and risk management.

It's clear that cyber underwriting risk will continue to be a focus for the PRA in 2025. This isn't surprising, given that this is an area of the insurance market where risk and availability of coverage for policyholders is continuing to evolve rapidly. It will be critical for sector reform and regulation to ensure proper identification, quantification, management and monitoring of cyber exposures across different business portfolios to ensure that the insurance market is sufficiently resilient to respond to growing cyber threats and exposures.

Important Developments and Trends I'm Tracking

Environmental, social and corporate governance financial risk is one of the most significant risks affecting the business operations of corporate policyholders. The United Nations' Global Climate Litigation Report of 2023 contains a wealth of information relating to the rise of global climate-related litigation. The correlation between the increasingly severe rate of natural disasters and global failures to respond to climate change risks seems evident. In turn, including in the U.K., we are seeing development and growth in claims relating to emissions, greenwashing and forced labor.

We know that one of the PRA's focuses in 2025 is ESG risk management. The growth in shareholder activism and a desire to hold corporations to account in relation to ESG-related issues is likely to result in the development and growth of ESG claims. The impact of such claims will necessarily be linked to issues of legal causation, and whether policyholders are ultimately held to be accountable and face financial exposure because of such claims. If policyholders face financial liabilities linked to ESG-related breaches, we would expect also to see a corresponding growth in ESG insurance coverage disputes.

A Lawyer I Admire

Many lawyers within the insurance sector have impressed me, but the person I would like to mention is Leigh-Ann Mulcahy KC of Fountain Court Chambers. Leigh-Ann's path first crossed with mine through our involvement in the FCA's test case mentioned above, where she was one of only two silks retained by the FCA.

Leigh-Ann was recently recognized by peers and clients within the insurance legal market when she was awarded Chambers and Partners' Insurance Silk of the Year 2024 award. Leigh-Ann's determination to break into this area of the legal market, which traditionally has been, and still is, to a large degree, dominated by a small number of leading commercial sets and silks, demonstrates the high regard in which she is held.

Leigh-Ann is not only instructed in some of the most high-profile insurance coverage cases, but is also regularly appointed as an arbitrator, having spent several years sitting as a deputy High Court judge.

She is also heavily involved in diversity, equity and inclusion initiatives, and champions equality of opportunity for women in the legal profession, having initiated the popular female advocates' breakfast event. In her role as coconvenor of the Inns of Court Alliance for Women, she has also facilitated events on important issues like the gender pay gap.

Having worked alongside Leigh-Ann over several years, she consciously seeks to create collegiate legal teams, encouraging more junior team members to voice their opinions, while always displaying strong leadership skills and work ethic.

In my experience, Leigh-Ann always puts clients' interests first and the resolution of disputes is always on her radar. That said, where resolution isn't an option, she fights her client's corner to the hilt and has the power to carry her arguments before a court or tribunal.

My Advice to Junior Lawyers

I would say that you need to be resilient, with a can-do approach, never giving up. Be tenacious and have a strong work ethic. As a junior lawyer, you should come into the profession expecting to work

hard, with a desire to learn. After more than 25 years of practice, I still love the fact that I learn new things every day. Be prepared for knock-backs, be willing to be told your work needs improvement, and bounce back with energy and enthusiasm.

In terms of practice as a policyholder coverage lawyer, I would say that insurance is full of surprises. Every policyholder dispute I deal with is different, as are the underlying facts and dispute that form the basis for any coverage claim. This means that one is constantly learning about new sectors and products. I often tell juniors that insurance makes the world go round; everyone needs it, and without it, things would come to a standstill.

Sonia Campbell is a partner and head of the U.K. insurance practice at Covington & Burling LLP.

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