



22 April 2025

Chaucer co-develops new insurance product with Armilla AI

Chaucer Group (“Chaucer”), the global specialty (re)insurance group, today announces the launch of a new, standalone third-party liability (TPL) insurance product in collaboration with Armilla AI (“Armilla”). It was created to address the evolving risk of the mechanical underperformance of AI systems and models, and their associated liabilities.

The product is available to US insureds with global territorial limits, with the binder led by Chaucer. It will cover hallucinations (false or misleading AI outputs), model drift (performance degradation over time), other mechanical failures or deviations from expected AI behaviour and legal defence and liability protection for claims arising from such underperformance.

This new TPL product builds on an earlier collaboration between both companies on a warranty style product which responded to increased market appetite for broader liability protection. The relationship began when Armilla was selected to join a Lloyd’s Lab cohort focused on Insurtech innovation, and Chaucer has actively supported Armilla’s growth since. This support included sponsorship of Armilla’s coverholder application at Lloyd’s.

Tom Graham, Head of Partnership and Innovation, Chaucer: “At Chaucer, we believe that AI is reshaping the risk landscape — and that requires fresh thinking from the insurance market. Our partnership with Armilla AI has enabled us to co-develop a product that not only recognises the complexities of AI underperformance but provides meaningful coverage that supports innovation, transparency, and accountability. This launch marks a pivotal step in how we insure the technologies of tomorrow.”

Karthik Ramakrishnan, CEO, Armilla AI: “Partnering with Chaucer marks a major milestone in our mission to make AI safer for everyone. Our new AI liability coverage empowers organizations to adopt cutting-edge technology; while knowing they’re protected against the unique risks AI can bring. At Armilla, we’ve pioneered advanced methodologies to identify and mitigate AI-related vulnerabilities—from early development to deployment at scale. We’re putting these insights into action through robust insurance coverage, enabling organizations to adopt AI responsibly and confidently push the boundaries of innovation.”

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About Chaucer

Chaucer are a leading specialty (re)insurance group working with brokers, coverholders and clients to protect and support business activities around the world. Our services are accessed both through Lloyd's of London and the company markets.

We are defined by an enterprising, bespoke approach to (re)insurance, enabled by the individual character, experience and imagination of our expert teams.

Chaucer is a member of the China Re Group and backed by their financial and operational resources. China Re is one of the world's largest reinsurance companies whose outstanding and comprehensive strength is rated A (excellent) by AM Best and A (strong) by S&P Global Rating.

For more information, visit www.chaucergroup.com

About Armilla AI

Armilla AI is a leading authority of AI risk assessment and assurance, offering tools for evaluating and benchmarking AI model performance. Its platform enables transparent, auditable and quantifiable assessments of AI systems, which are essential for underwriting complex AI risks. It is well positioned at the intersection of AI development and responsible deployment, ensuring risk can be effectively managed and transferred.