

NEWS BRIEF



Legal system abuse added between \$231.6 billion and \$281.2 billion in estimated liability insurance losses over the past decade, a sum that exceeds what can be explained by standard economic inflation, according to research from the Casualty Actuarial Society and the Insurance Information Institute (Triple-I).

“The data clearly show that insurance loss inflation has its own unique drivers,” said James Lynch, FCAS, MAAA, who co-authored [the study](#) with Triple-I Senior Actuary William Nibbelin. “While general economic inflation is an important factor, legal trends, ranging from litigation financing to larger jury verdicts, have amplified costs well beyond what the CPI-U [Consumer Price Index] would suggest.”

CAS and Triple-I have previously evaluated the impact of legal system abuse on personal and commercial auto liability. This new research expands the analysis to general liability and product liability lines.

“Expanding this analysis to broader general liability lines will allow us to quantify inflationary pressures across even more of the insurance landscape, especially given what we’ve observed in civil case trends,” added Lynch.

The auto lines face higher inflationary pressures, accounting for \$143.6 billion in added losses at the lower end of the estimate, \$173.1 billion at the upper end of the range. This broke down into \$91.6 billion to \$102.3 billion for personal auto, or between 8.7% and 9.7% of booked losses for the line, and \$52 billion to \$70.8 billion for commercial auto (22.6% to 30.8% of booked losses and defense containment costs (DCC)).

Impacts on the general liability lines ranged from \$88 billion to \$108.1 billion, with \$83.4 billion to \$103.3 billion attributed to other liability-occurrence lines, and approximately \$4.6 billion to \$4.8 billion attributed to product liability.

Researchers found that claim severity primarily drives increasing inflation in the commercial auto liability line, noting that while long-term frequency across the lines analyzed fell, severity rose.

“Claim severity has risen relentlessly—93.5% from 2015 to 2024, a compound annual growth rate of 7.6%,” said the authors of the report. By comparison, the CPI across all urban consumers rose just 3.25% annually.

Loss development factors began increasing between 2008 and 2018, according to the report, and dropped during the pandemic but have rebounded to pre-pandemic levels.

Triple-I and CAS cited increasing litigiousness of society, high jury awards, third-party litigation funding, and increased attorney advertising as key drivers of social inflation.

“This analysis illustrates that the severe spikes in liability insurance claims losses go well beyond normal economic inflation,” said Sean Kevelighan, CEO of the Triple-I, in a statement. “Legal system abuse, manifested through excessive verdicts and litigation behaviors, has fueled a structural rise in claim costs that continues to increase costs for insurers and policyholders alike.”

Another recent Triple-I report examined the number of auto-related tort cases in state and federal courts, finding that federal court filings increased by 4.9% annually between 2014 and 2023, while state court filings rose by 2.8%. The “excess value” achieved via settlements and plaintiff wins totaled \$42.8 billion across the years studied.

“This isn’t just about prices rising in the economy, it’s about the cost of our legal system escalating beyond sustainable levels,” Kevelighan said. “Recognizing and addressing legal system abuse is essential to managing costs and protecting consumers.”

The authors of the Triple-I and CAS report warned that the problem does not appear to be abating.

“As insurers navigate this complex landscape, understanding the multifaceted nature of inflation and its evolving influence on claims development will be critical for managing insurance operations,” they wrote. “Until the inflationary environment ebbs, consumers will face the prospect of ever-rising premiums.”

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