

10th Discussion Forum
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US Casualty

Local Perspectives, Global Impact

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US Casualty - Local Perspectives, Global Impact



**General
Liability**



**Commercial
Umbrella**



Auto/Motor



Rising Severity



**Claim Case
Studies**



Outlook

US Casualty Overview

2014-2018



Large limits
Under-priced for the capacity provided

2019-2020



Double digit rate increases
Lead umbrella & excess are harder to place
Lower limits

2021-2022



Rate increases slow to low-double digits
2014-2019 under-pricing starts to show (adverse development)

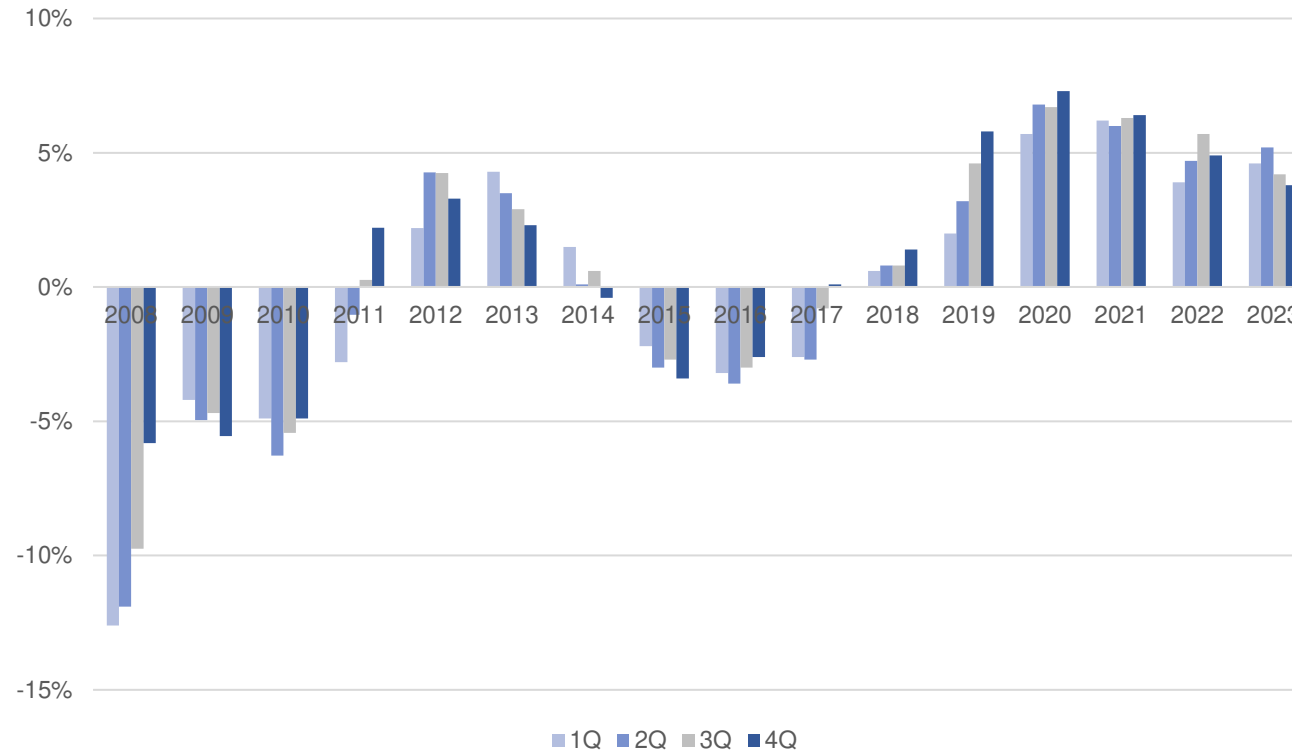
Mid 2023 – Now



Primary prices at trend?
Deterioration continues (including recent years)
Portfolios now 'right-sized' (limits and attachment points)

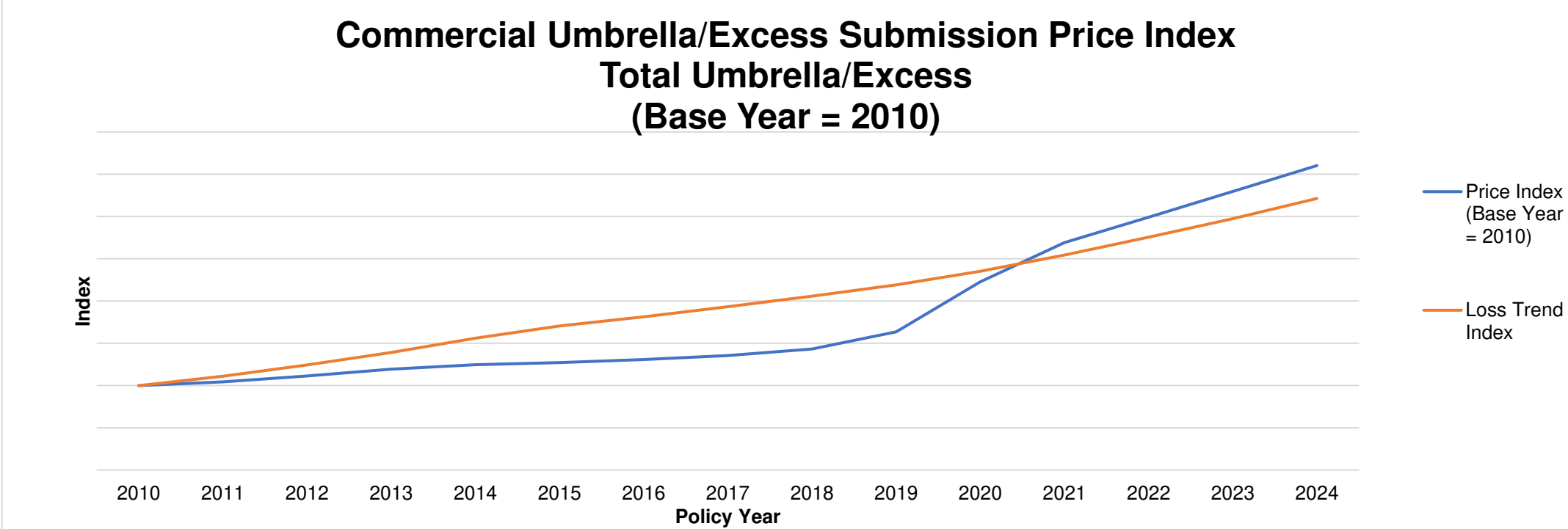
General Liability– Market Trends

CIAB Survey Quarterly GL Rate Changes
2008-2023 By Quarter



Source: CIAB

Commercial Umbrella/Excess - Market Trends



Source: CIAB



Auto – Market Trends

CIAB Survey Quarterly Auto Rate Changes 2008-2023 By Quarter



Source: CIAB

Calendar Year Combined Ratios

- Over 100% for past 12 years
- 2015-2019 average = 110%.
- 2020-2021 some improvement
- 2022 back up to 104% (COVID-19)
- Severity trends, deterioration on older years and nuclear verdicts continue
- Rate increases = mid- to high-single digits
- New capacity threatens needed rate rises
- Telematic optimism fading



US Casualty Select Insurer Results 2015 – 2019 Accident Years

Review of 10 Large US Companies' Reserve changes

Total movement 2015 to 2019 AY \$9.4bn on \$93.5bn of income

Average loss ratio points movement +10% for each AY

Slow walk of loss ratio deterioration

No starting loss ratio projections above 70% initially

All loss ratios for all years now $\geq 70\%$



Social Inflation



Believe corporate executives lie and cover up



Believe it takes "billions" to send a message to corporations



Do not believe there should be caps on jury awards

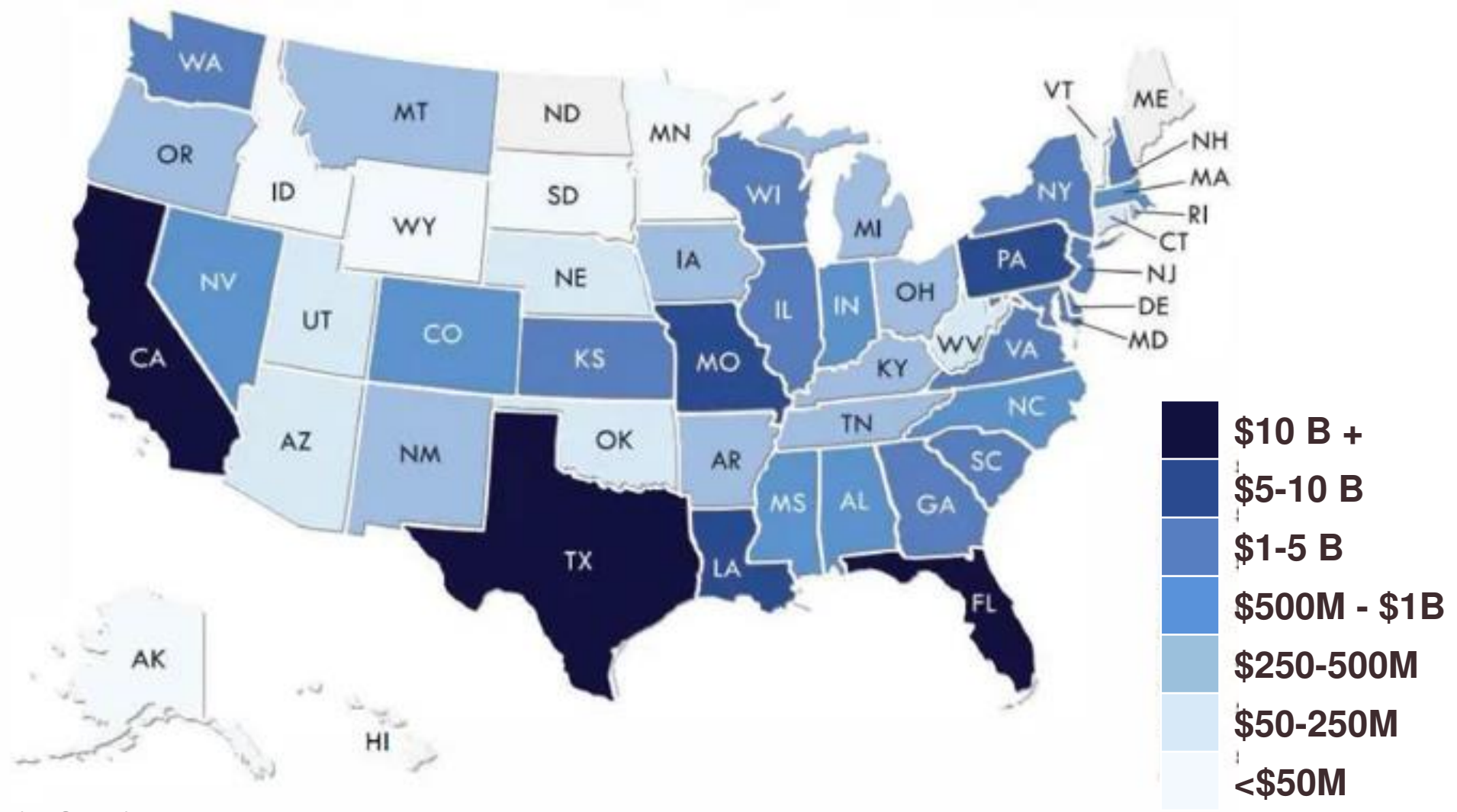


Will ignore the judge's instructions

The key drivers of social inflation:

- Declining trust in large corporate institutions
- Shifting demographics/attitudes/defense counsel
- Plaintiffs' Reptile theory
- Litigation funding/lending
- Normalization of mega-verdicts/settlements
- Threat of bad faith; ECO and/or XPL awards

Top States For Corporate Nuclear Verdicts



Source: Marathon Strategies



JUDICIAL Hellholes®

2023
2024

- 1 GEORGIA
- 1 THE SUPREME COURT OF PENNSYLVANIA & THE PHILADELPHIA COURT OF COMMON PLEAS
- 2 COOK COUNTY, ILLINOIS
- 3 CALIFORNIA
- 4 NEW YORK CITY
- 5 SOUTH CAROLINA ASBESTOS LITIGATION
- 6 LANSING, MICHIGAN
- 7 LOUISIANA
- 8 ST. LOUIS



Loss Examples



\$977m wake-up call



THE CORNER



FLORIDA

\$95 MILLION

Bar served driver alcohol.

Drunk driver killed/severely injured a brother and sister.

Drunk driver convicted of vehicular manslaughter = prison time

Family sued drunk driver and the bar that served him.

Brother awarded \$58M, sister \$37M.



WISCONSIN

\$38 MILLION

Driver paralyzed in low speed, rear-end collision.

Claimed his own car was responsible for injuries (headrest design).



ILLINOIS

\$91 MILLION

Man struck by car outside his local 7-Eleven.

Sued 7-Eleven, argued they should have installed safety bollards

Judge did not allow

Any expert testimony on need for bollards

Any defense argument that victim was not a customer, just passing



GEORGIA

\$125 MILLION

Punitive damages cap \$250,000, unless willful intent to cause the harm is proven (benefit splits 25% injured, 75% to state)

Jury awarded

Wrongful Death	\$35 million
Pain & Suffering	\$15 million
Punitive Damages	\$50 million
Attorney Fees	\$25 million

Look Beyond the Headlines

Charter Communications ordered to pay \$7 billion in punitive damages for customer's 2019 murder

Union Pacific Hit With \$557 Million Train Collision Verdict

Takeda, Lilly Hit with \$9 Billion Punitive Damages in Actos Lawsuit

Texas jury awards \$352 million to family of paralyzed airport worker

America/ROW:



Why expect a similar outcome?

Other Countries



AUSTRALIA

A\$ awards catching up with US (#2)

Class Actions

Litigation Funding



CANADA

Domestic awards significantly lower (for now), BUT
how different are some of the exposures?

Significant US Exposures

Canadian Pacific = 15,000 miles of track

Canadian National Railway = 20,000 miles of track



Where Next?





Punitive Damages,
Extra Contractual Obligations,
and Losses In Excess
of Policy Limits

JULY 2023



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