Tort Reform & Claims Costs

Sean Kevelighan, CEO, Insurance Information Institute



Insurance Information Institute (Triple-I) Mission

The trusted voice of risk and insurance; providing unique, data-driven insights to educate, elevate and connect consumers, industry professionals, public policymakers, and media.

2

The Company We Keep

Moving insurance and risk management forward through collaboration

The Institutes®
Educate Elevate Connect

The Institutes Agent & Broker Group™

The Institutes® CPCU Society

The Institutes Knowledge Group™

The Institutes® Griffith Foundation

The Institutes RiskStream Collaborative™

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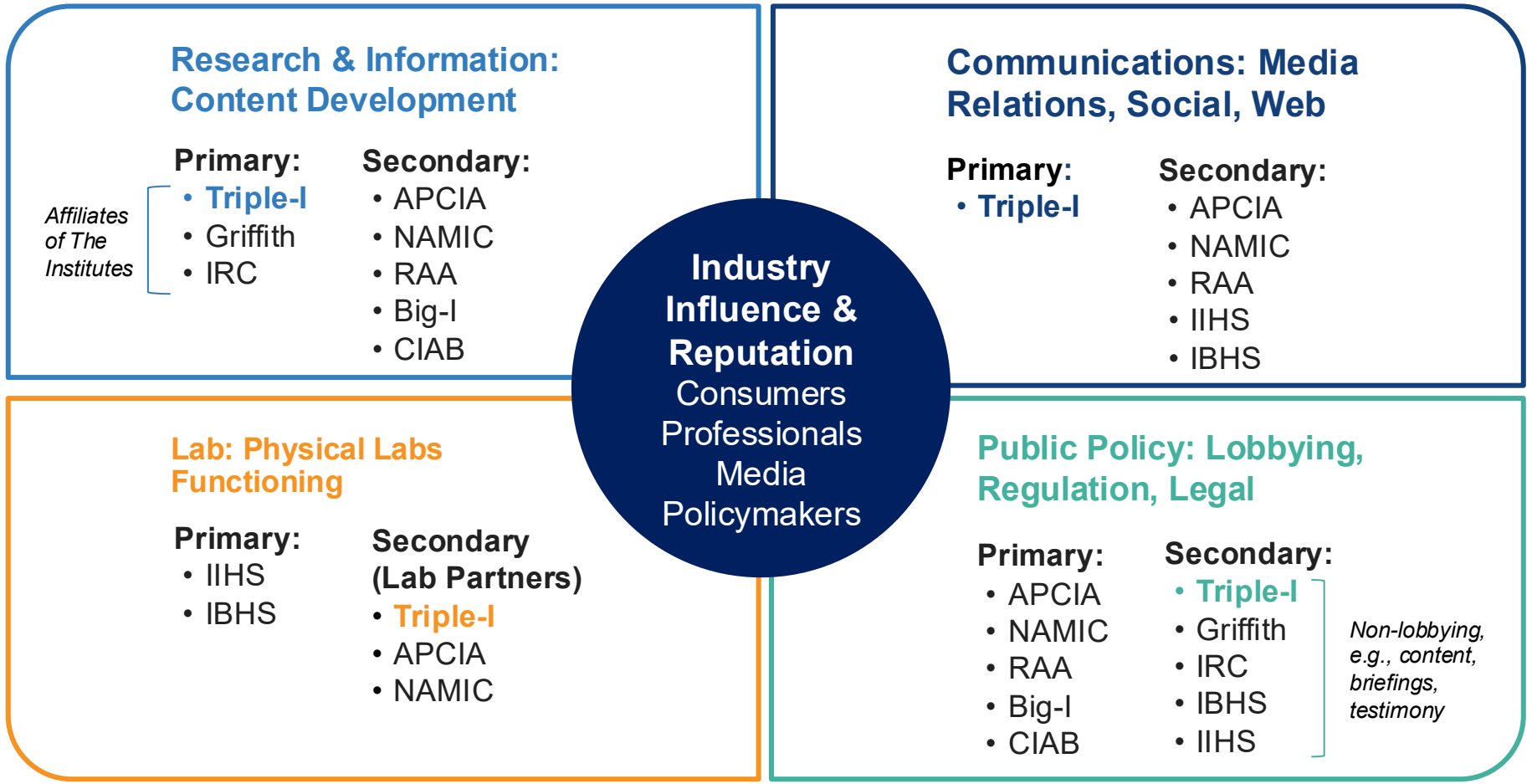
National Ergo
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PACIFIC INSURANCE CONFERENCE
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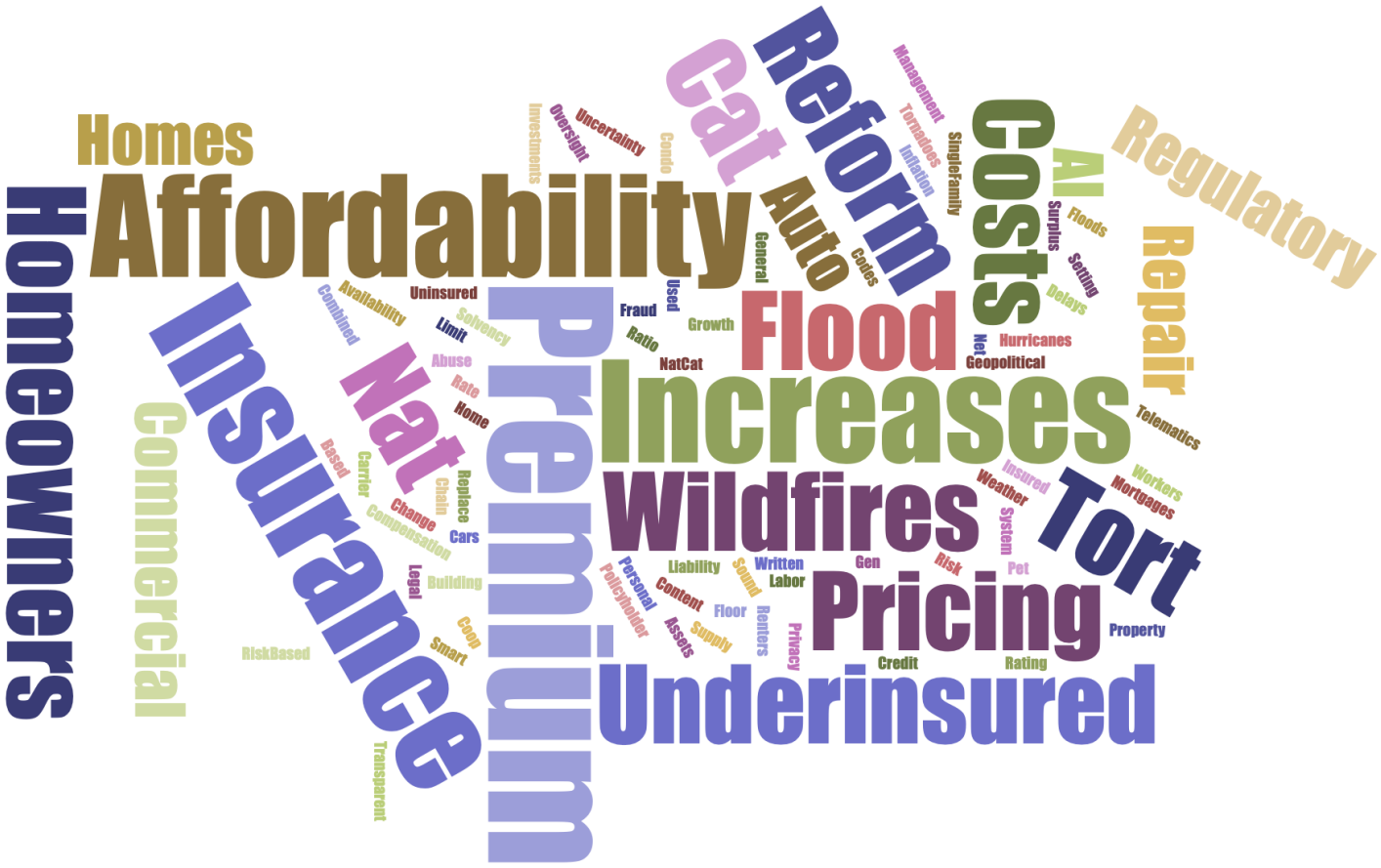
Driving Influence for Insurance Trades

Triple-I plays a supporting and collaborative role in all



More Media on Insurance; Listening Opportunity

Record Breaking 22,000+ Triple-I Media Citations in 2025



AP
5 citations

CNN
5 citations

Bloomberg
4 citations

npr
6 citations

NBC NEWS
4 citations

The New York Times
5 citations

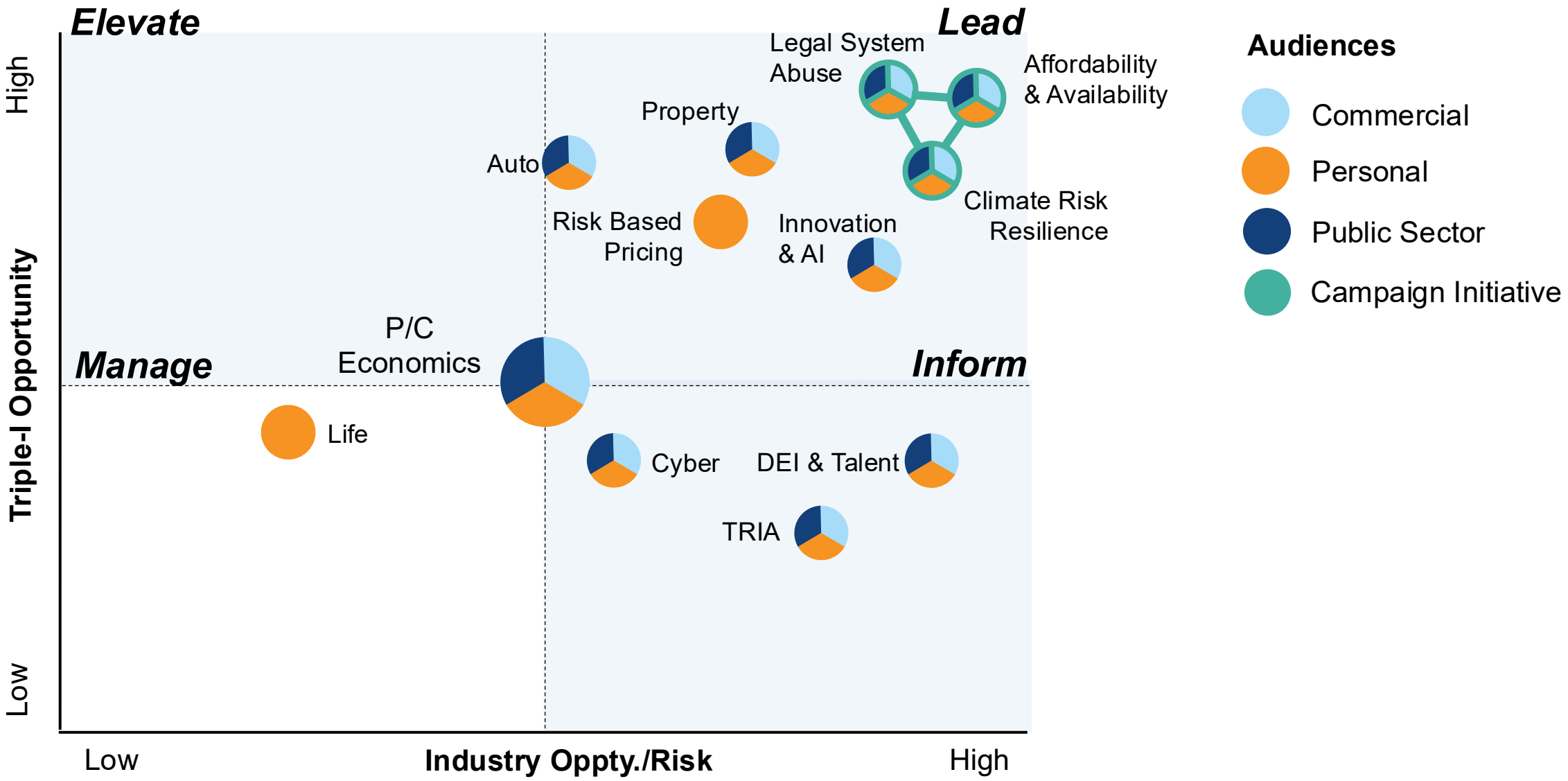
CBS NEWS
10 citations

The Washington Post
5 citations

THE WALL STREET JOURNAL.
14 citations

Issue Management

Balancing Opportunity & Risk



The Legal System Abuse Problem

Legal System Abuse refers to the exploitation of the civil justice system to extract inflated or fraudulent claims from insurers — including staged accidents, exaggerated injuries, manufactured litigation, and attorney-driven fraud schemes.

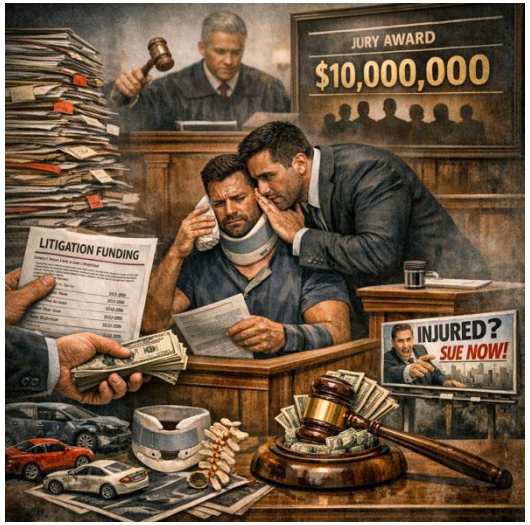
Hard Fraud



Soft Fraud



Legalized Fraud



Defining Litigation Abuse, a.k.a. Legalized Fraud

What Is It?

Plaintiff attorney practices are encouraging American consumer to look at litigation first, rather than a last resort; which increase costs and time to settle insurance claims to the detriment of policyholders.

- Exploitative Plaintiff Advertising — "The Billboard Effect"
- Increasing Plaintiff Attorney and Contingency Fees
- Eroding Caps on Damages
- Bad Faith Trapping
- Shadowed Third-Party Litigation Funding (TPLF)

Why Does It Matter?

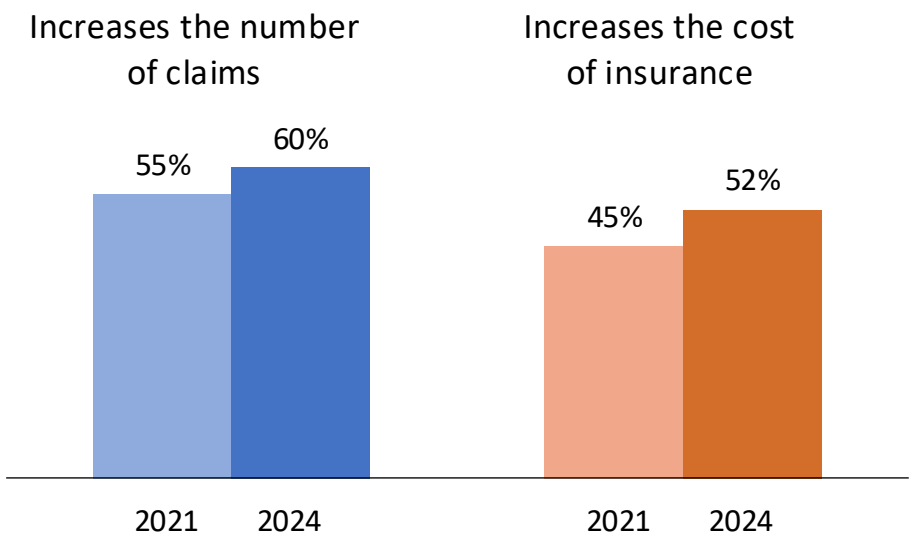
- Claimants receive less
- Higher costs for all consumers and businesses

What Can Be done?

- Increase and inform understanding of its dangers
- Foster legislative and judicial reform
- Mandate transparency of TPLF

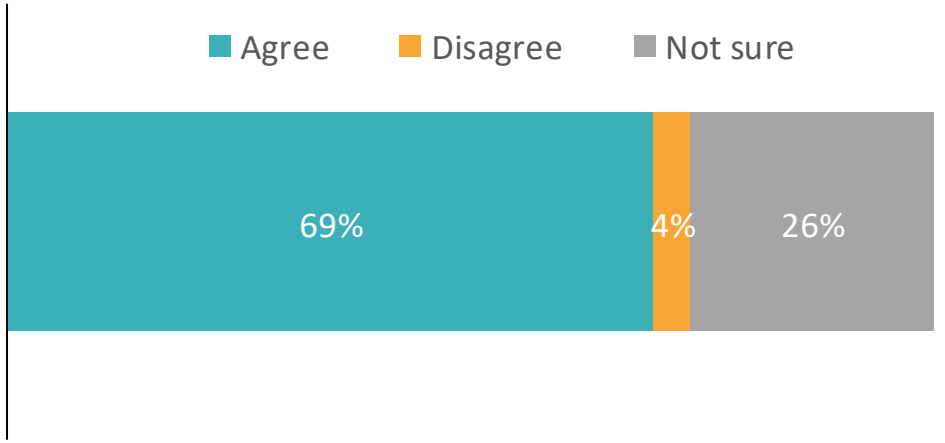
Public Opinions on Attorney Involvement in Insurance Claims Evolving

Perception of Attorney Advertising's Effect on Litigation and Cost of Insurance



Opinions on Need for Transparency in Litigation Financing

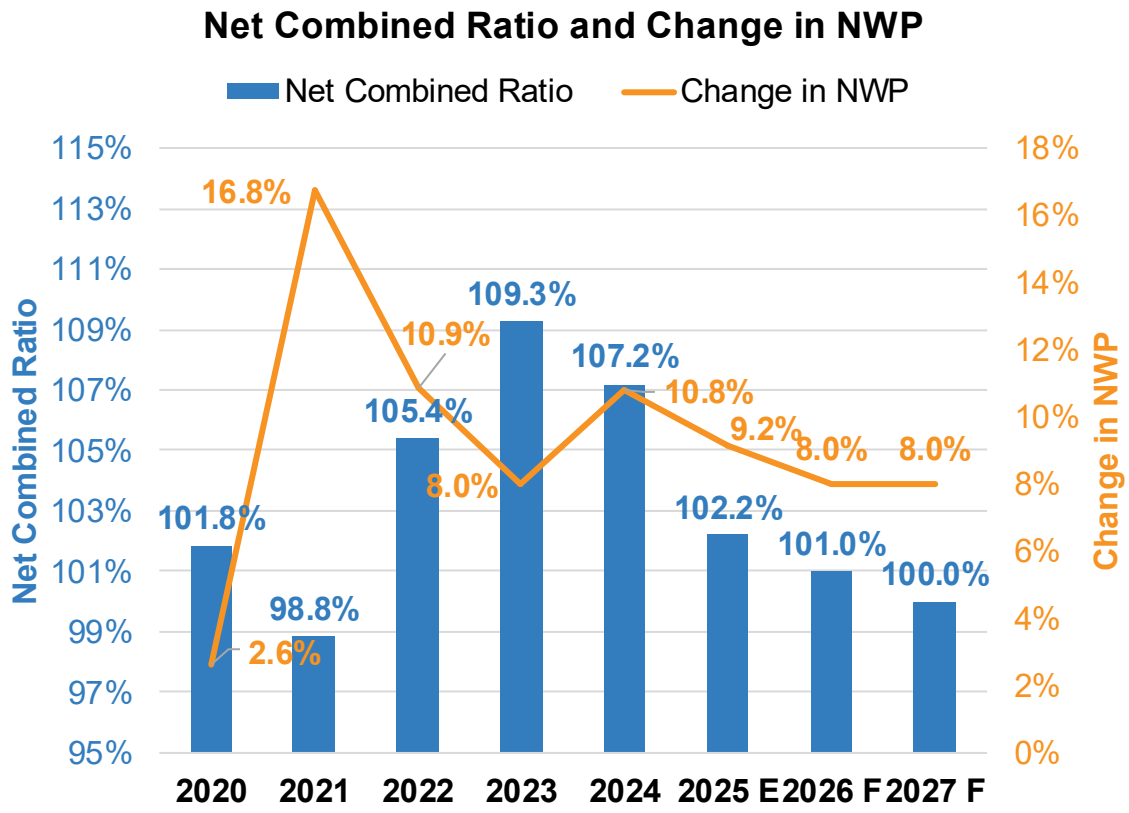
Participants in a lasuit should be informed when outside investors are financing the litigation

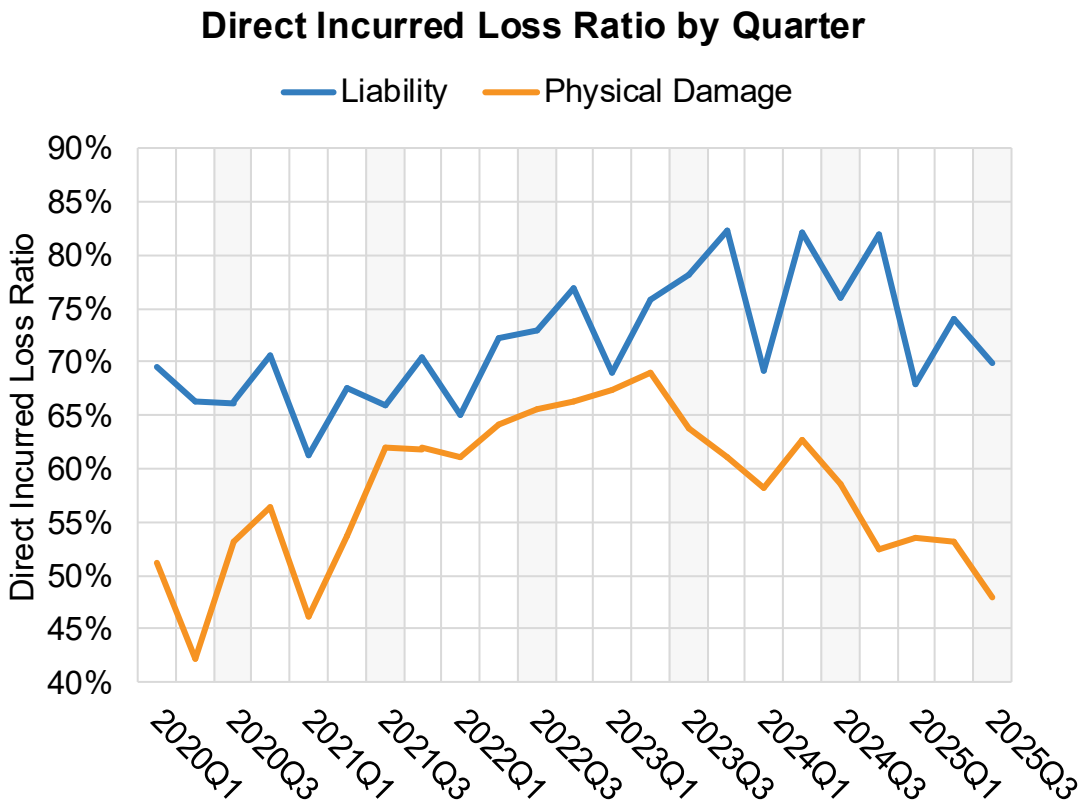


Most Believe Attorney Ads Increase Claims, Lawsuits and the Cost of Insurance

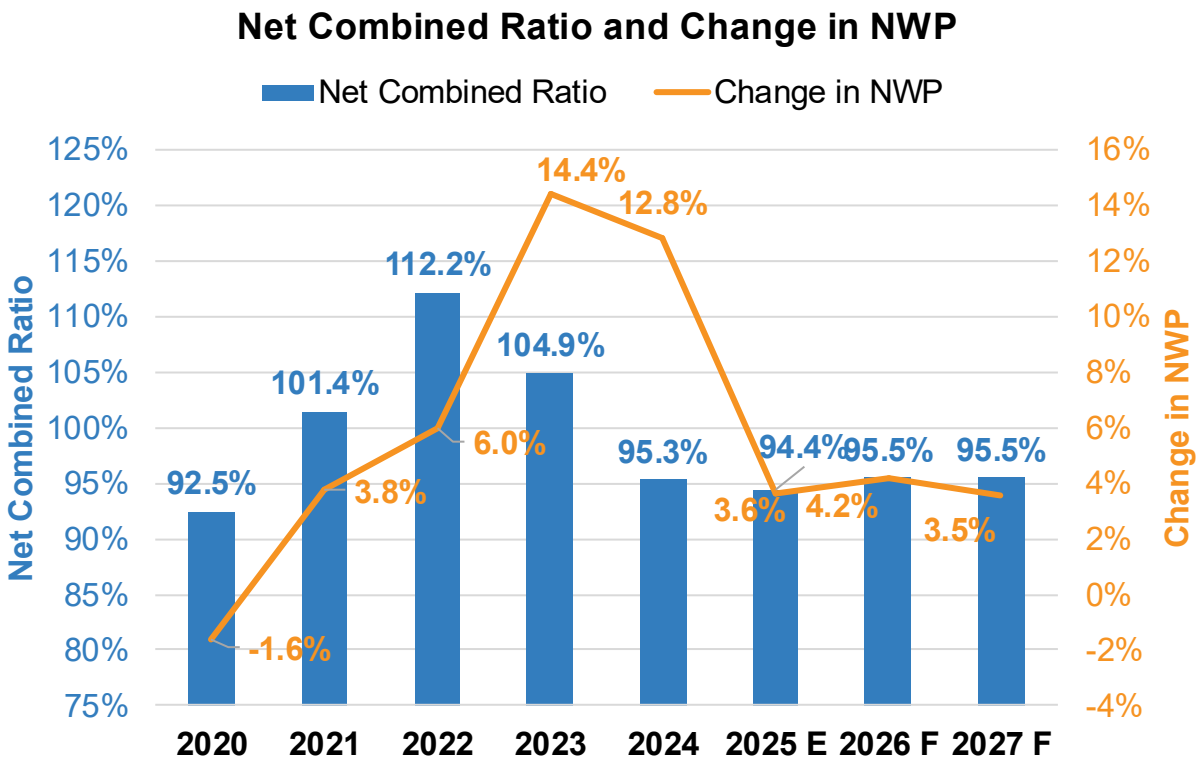
Source: Insurance Research Council

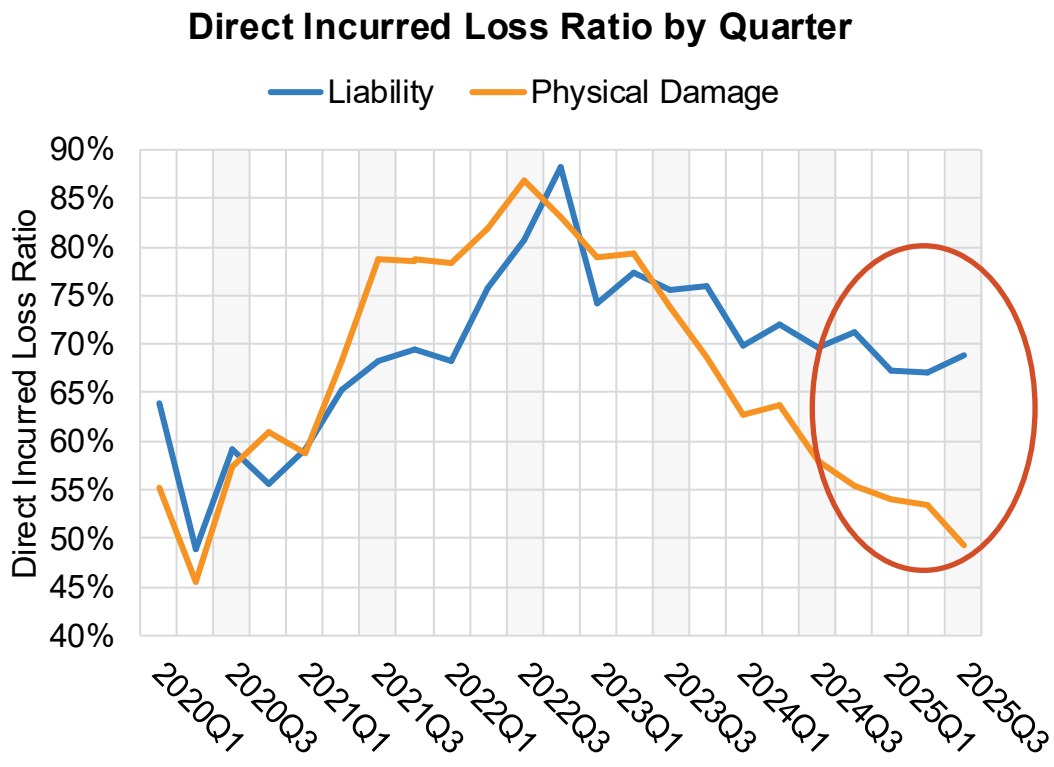
High-Risk Line: Commercial Auto





EMERGING High-Risk Line: Personal Auto





Auto Insurance Litigation: An Increasing Problem

… *"the **big business of U.S. law** is only getting bigger, and it's increasing insurance costs for all Americans."*

*"**Billboard attorneys** and their billions spent on advertising to exploit and **drive consumers toward litigation** are not just annoying, they are **making everyone victims of legal system abuse.**"*

Triple-I CEO Sean Kevelighan

By The Numbers: Key Findings 2014-23

Federal

- 33.8% — Growth rate of total federal tort filings; up from 18.8% 1994-03
- 4.9% — Compound Annual Growth Rate (CAGR) of auto tort filings
- 52.8% — Cased resolved through settlement — only 7.4% resulted judgment *(cannot track settlements)*
- $984.6 million — Total excess value of court for motor torts

State

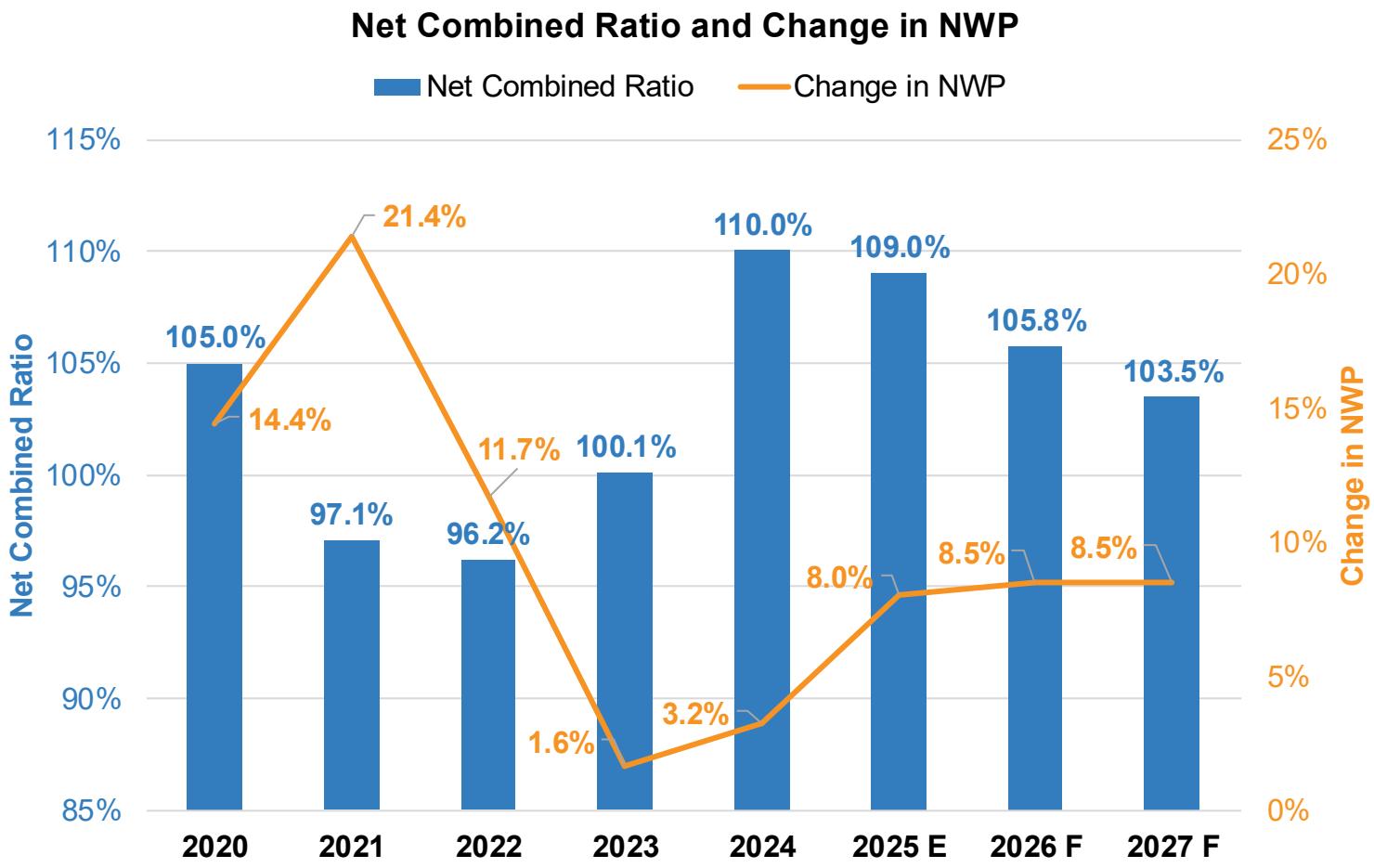
- ~ 5 million — State motor torts filed
- $41.8 billion — projected value based on extrapolated data from 18 states covering 62% of the U.S. population

Total National Impact

- 42.8 billion — Combined, state and federal filings

*Triple-I Society federal and state court filing, Nibbelin, W., September 2025

High Risk Line: General Liability

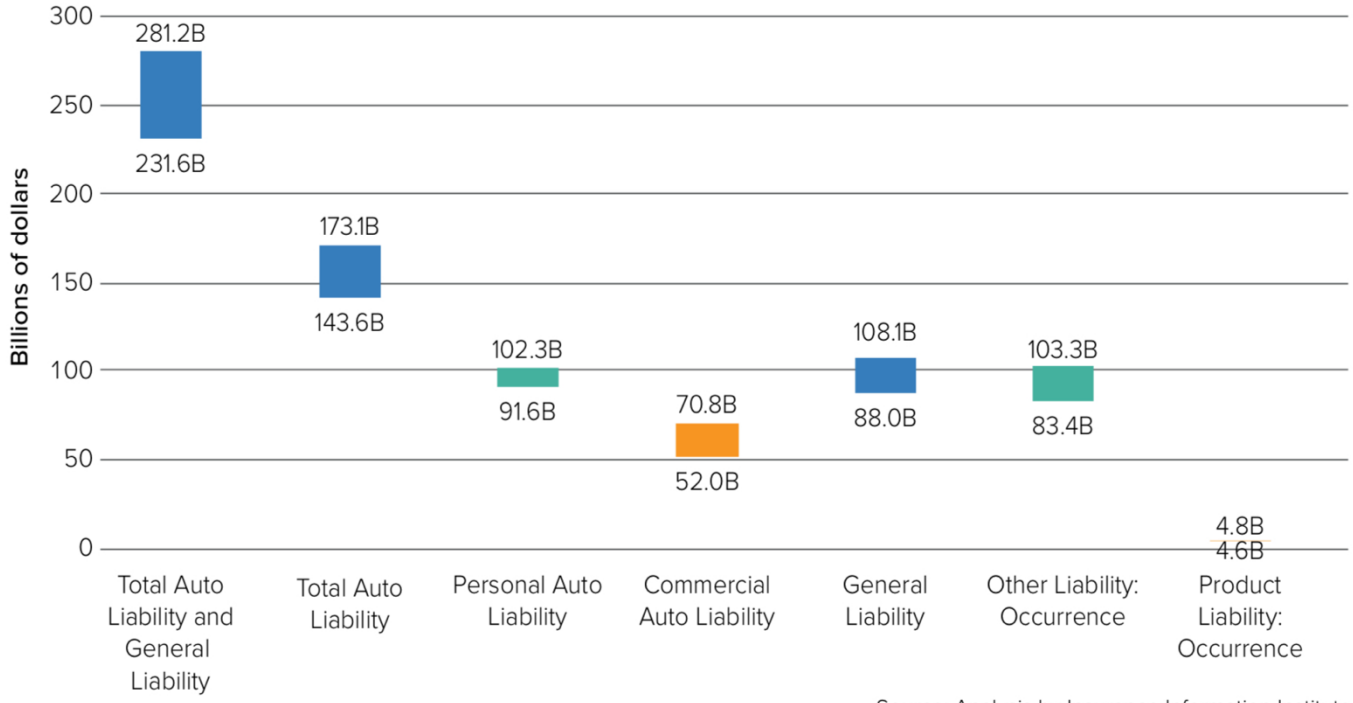


Adding Up Liability Risk: A ~$230-280 Billion Problem

"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 would suggest."
James Lynch, FCAS, MAAA, Study Co-Author

Key Findings 2015-24 (billions):

- **Personal Auto Liability**: $91.6 – $102.3 *(vs. $76.3 — $81.3 — 2013-24)*
- **Commercial Auto Liability**: $52.0 –$70.8 *(vs. $42.7 — $55.8 — 2013-24)*
- **Other Liability**: $83.4 –$103.3
- **Product Liability:** $4.6 — $4.8
- **TOTAL**: $231.6 - $281.2

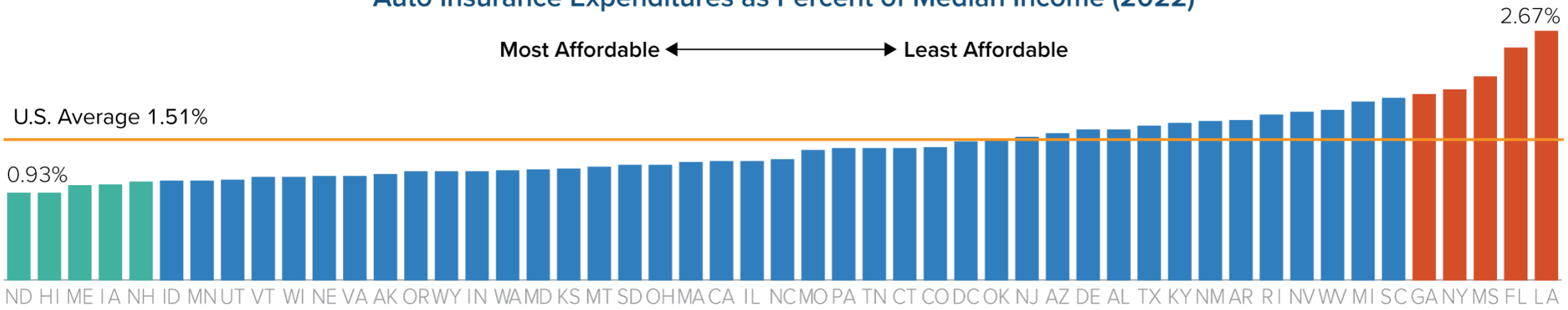


Source: Analysis by Insurance Information Institute

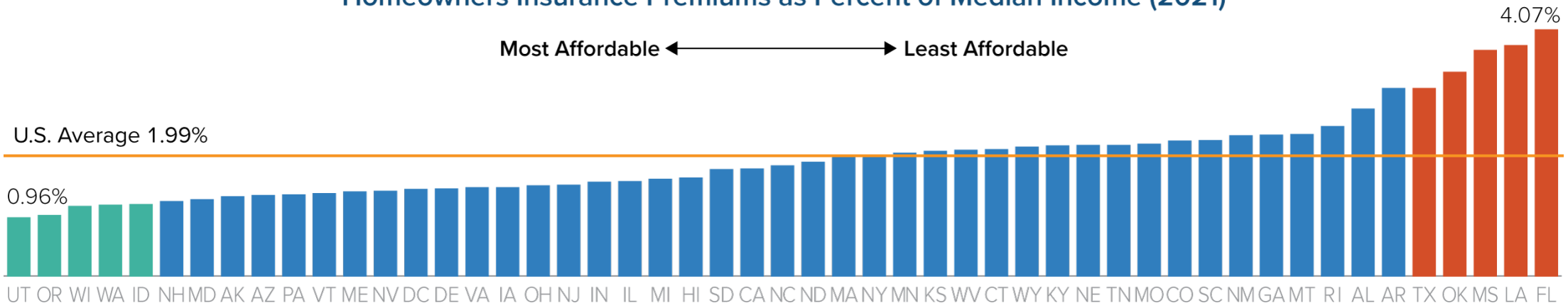
*Triple-I and Casualty Actuarial Society analysis of National Association of Insurance Commissioner (NAIC) data, Lynch, J., Nibbelin, W,, October 2025

Legal System Abuse & Insurance Premium

Auto Insurance Expenditures as Percent of Median Income (2022)



Homeowners Insurance Premiums as Percent of Median Income (2021)



Source: Insurance Research Council

Taking On The Problem

Triple-I FAIR Campaign During COVID Took On Legal System Abuse in Live Action



- The "Future of American Insurance & Reinsurance (FAIR)" campaign, launched during a pivotal week of increased scrutiny for the industry, has been critical in the business interruption debate.
- Over two years, FAIR's platform grew to include a collection of valuable digital assets, presenting key messaging in a digestible manner to stakeholders via various channels (i.e. website, outreach, social media, digital campaigns).

Moving Forward, We Used the FAIR Platform to Engage Proactively on Legal System Abuse More Broadly

FAIR 1.0

- "Rapid Response" combined with proactive digital campaign to contain negative media and shape positive, informed cycles
- Laser-focused activity on business interruption insurance issue and COVID-19

Carry-Over

- Existing brand and infrastructure
- Targeted audience of media and policymakers
- Leeway to take more pointed tone on key issues
- Frequent monitoring and engagement in news cycles
- 6K audience on FAIR e-blasts distribution

Legal System Abuse

Proactive, longer-term engagement on strategic industry priority:

- Target states with most reform potential -- “Fire with Fire” tactics, but with polish and transparency

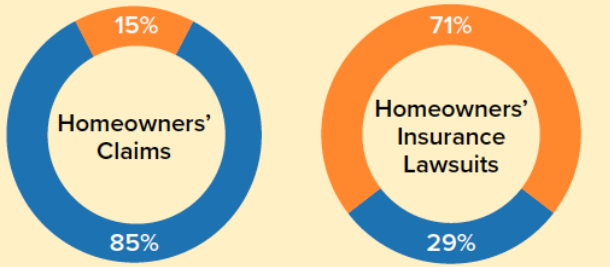
Legal Reform Can Settle Market Crisis(es)

Hurricane Ian Sent a Jarring Final Message to Florida About Insurance Stability

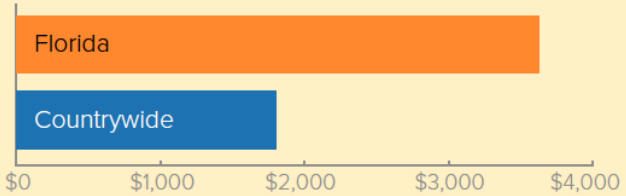
2022

Florida By the Numbers

Florida leads the nation in homeowners' insurance-related litigation, despite accounting for less than 10 percent of claims, with a corresponding impact on policyholder premiums.



Average 2024 Homeowners' Insurance Premium (projected)



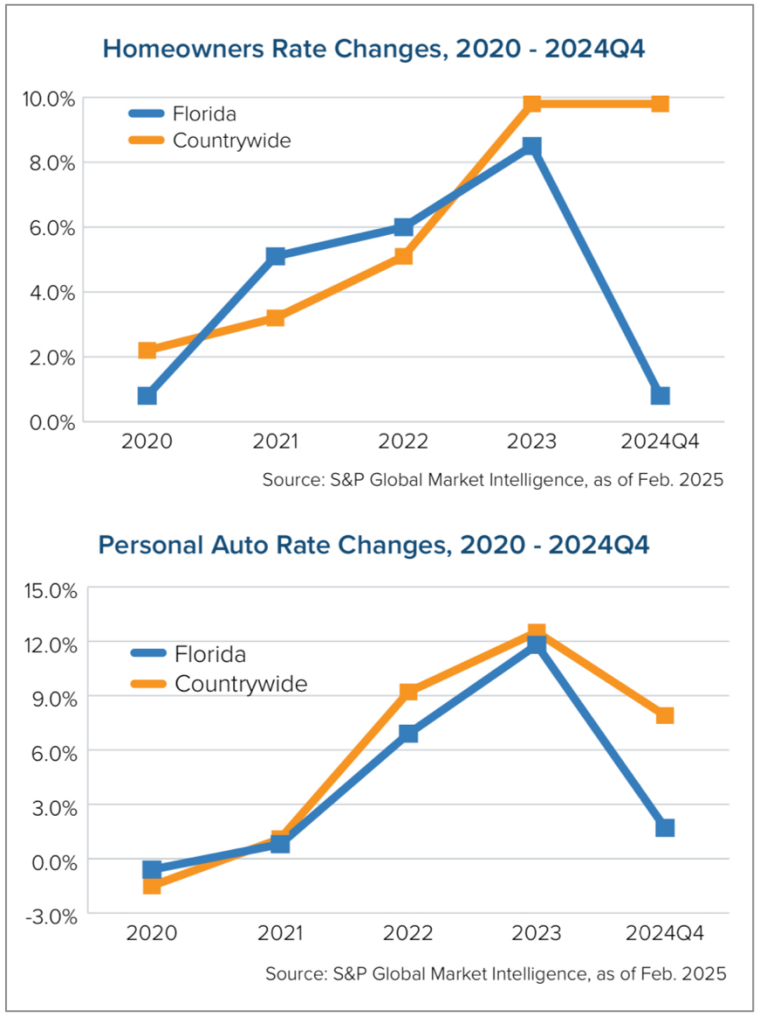
Source: Triple-I analysis of Florida Office of Insurance Regulation and National Association of Insurance Commissioners data

ELIMINATE

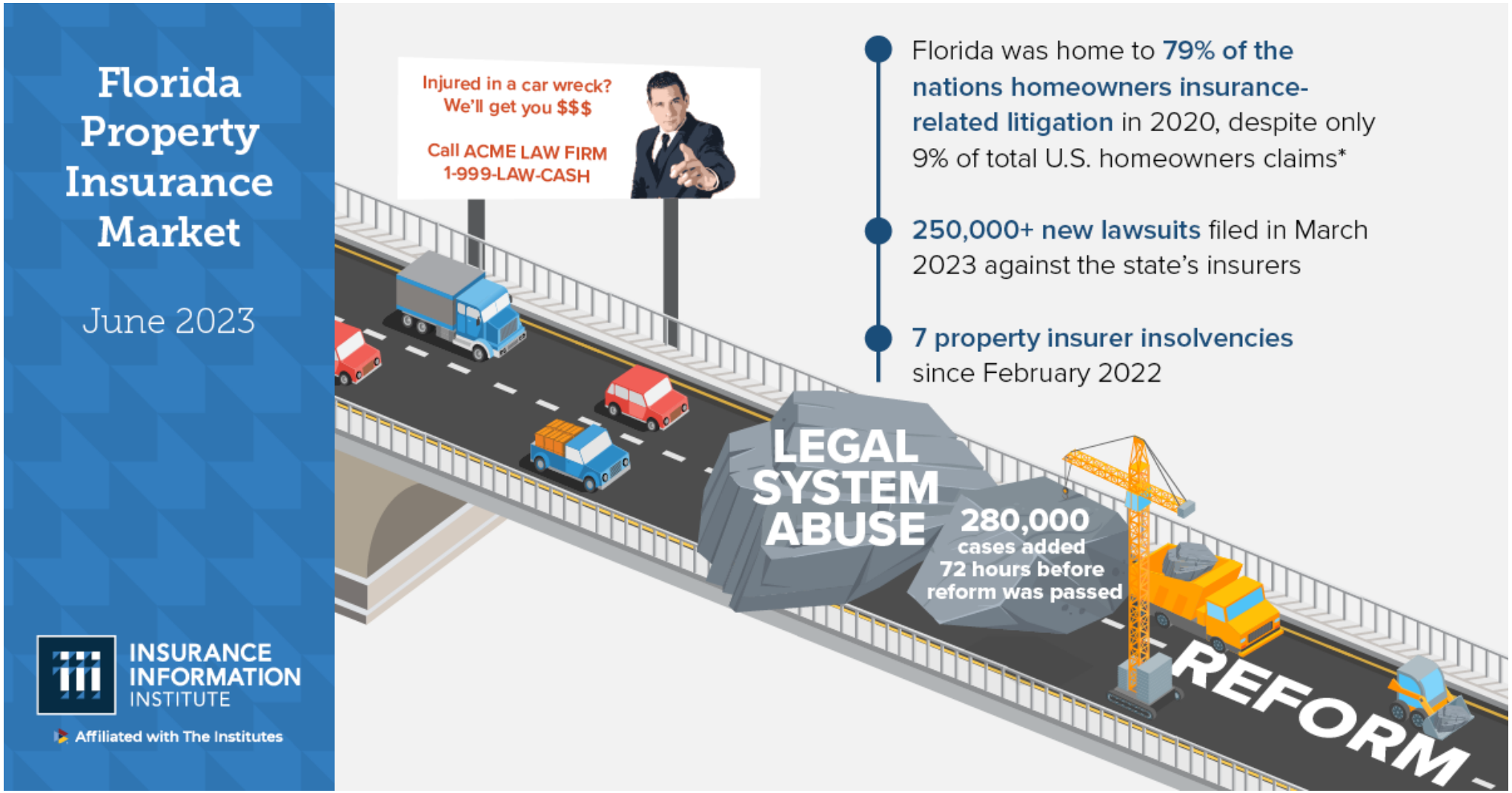
One-way attorney fees

Assignment of Benefits, aka "Legalized Fraud"

Limit damages and liability



Florida: Coming to a State Near You…



Triple-I Legal System Abuse Campaign



“Legislation to address legal system abuse is essential to curb practices which are negatively impacting households and economies across the country.”
~ Mark Friedlander, Senior Director Media Relations

Goal:

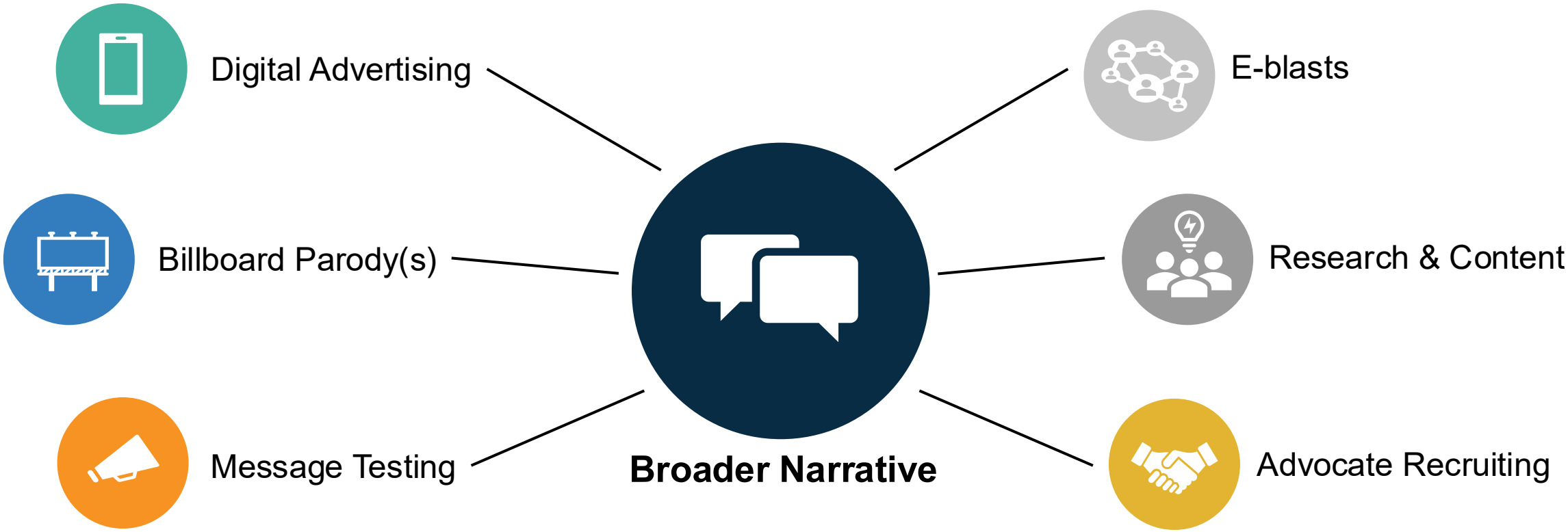
- Achieve Broad Legal Reform – Federal, States, Jurisdictions

Strategy:

- Create a Broader Narrative that Resonates with Consumers, Constituents, Policymakers, Media, and Professionals
- Re-Apply and Expand What Has Worked
- Add New Tactics To Broaden Narrative

Triple-I Strategic Approach

"Surround Sound" Approach with Consistent, Effective Vernacular



Messaging is Key: Words Matter…

Social Inflation

vs.

Legal System Abuse

vs.

Legalized Fraud



Billboard Attorneys

2025 State Campaigns: Georgia, Louisiana & Florida

Ragan Communications Week ZENITH AWARDS

Tactical Formula Working

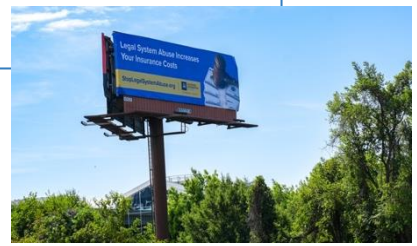
Double-Digit Ad Engagement & Award-Winning Campaigns Signal Consumers Are Listening

Triple-I Honored with 2025 MARCOM Awards

Georgia Legal System Abuse
- Advertising Campaign
- Display Ad Campaign

2025 MARCOM GOLD WINNER

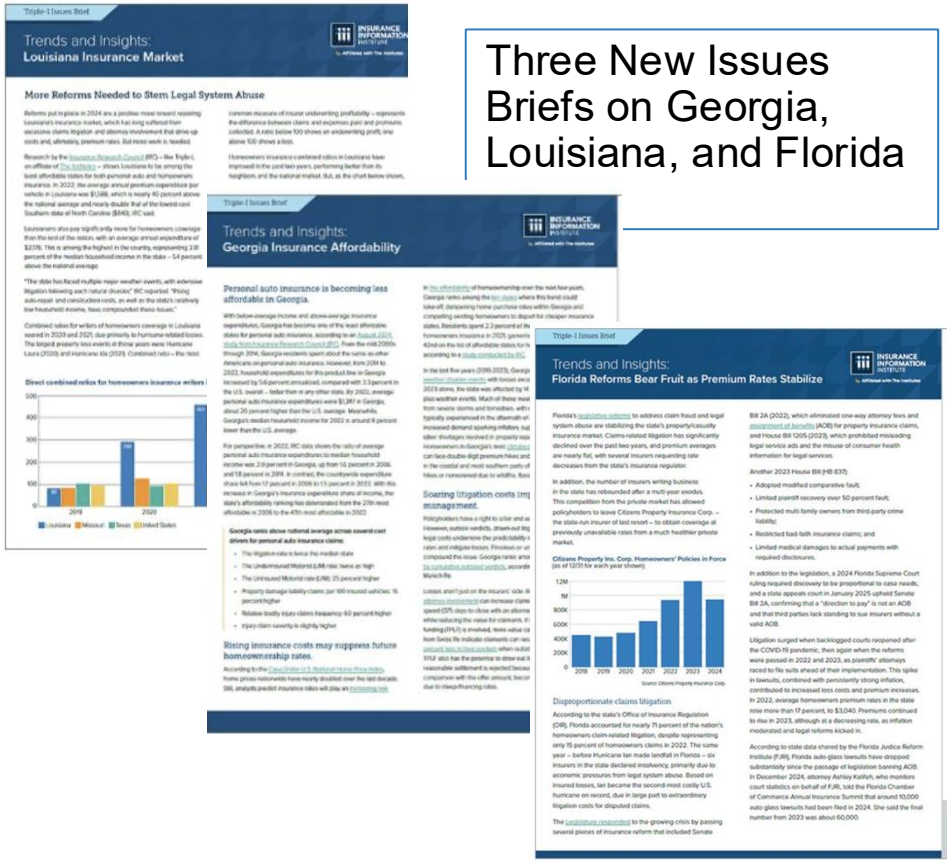
Billboards in Atlanta and Baton Rouge



Digital "Billboard Attorney" Ads in Bus Stops & Urban Panels



Three New Issues Briefs on Georgia, Louisiana, and Florida



Microsite with States Econ. Facts & Letter Writing Tool



Digital Ads and Target Social Media



Legislative & Regulatory Landscape

State Legislative Reforms

Passed

2025



Georgia
Addressed phantom damages, medical billing transparency, and litigation finance disclosure



Louisiana
Ongoing tort reform targeting direct-action statute, venue manipulation, and excessive jury awards

Promising

2026



New York
Per Governor Hochul, hones in on state's fraud problem; limits at-fault payouts; adds time to investigate claims



Missouri
Shortens statute of limitations in personal injury claims; Aligns class actions to federal standards; TPLF

Federal Activity

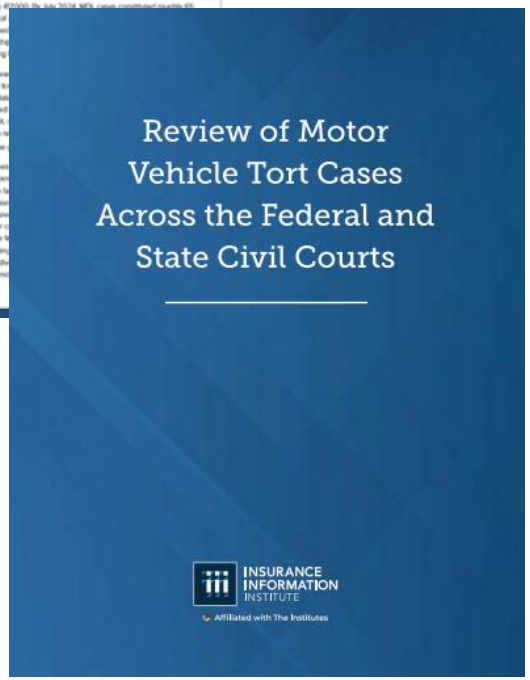
TPLF Congressional Interest
Bipartisan support growing for federal TPLF transparency legislation; Taxation

DOJ / FBI / NYPD Fraud Task Forces
Joint task forces targeting organized auto insurance fraud rings, no-fault clinic schemes, and staged accidents

Latest Content



Attorney Advertising



Vehicle Tort Cases

Consumer Toolkit



Liability Inflation

2026 Line-Up

Continue with What Works; Explore New Campaigns and States



Collaboration

Top-Down, Bottom-Up

- Quarterly Trades Meetings
- Outside Industry Trades



Communications

New Focus Area & Next Target State(s)

- The Big Business of US Law
- High-risk Jurisdictions Billboard Campaigns
- Reform States Billboard Campaigns



Research

Two Major Research Studies in Progress

- International Tort [publishing 2026Q1]
- Attorney and Litigation Involvement [publishing 2026Q1]

Emerging Risks

As Our World and Risks Evolve, So To Will Legal System Abuse

AI-Driven Fraud
Deepfake accident videos, AI-generated medical records, automated claim inflation bots



Mass Tort Expansion
PFAS, talc, opioids — mass torts increasingly funded by TPLF with cross-line P&C exposure



Climate Litigation
Attribution science enabling class action claims against insurers for denial of climate-related claims



Biometric & Cyber Claims
BIPA-style statutory damages spreading to other biometric and privacy frameworks



The Path Forward

- ❑ Legal system abuse is a structural, multi-billion-dollar cost driver across P&C lines
- ❑ Nuclear verdicts, TPLF, and attorney advertising form a self-reinforcing ecosystem
- ❑ Reform momentum is real but uneven — Florida is a model; other states lag
- ❑ Technology and data analytics are the next frontier in fraud detection and defense
- ❑ Insurers that engage legislatively

Thank You!

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