# Legal System Abuse

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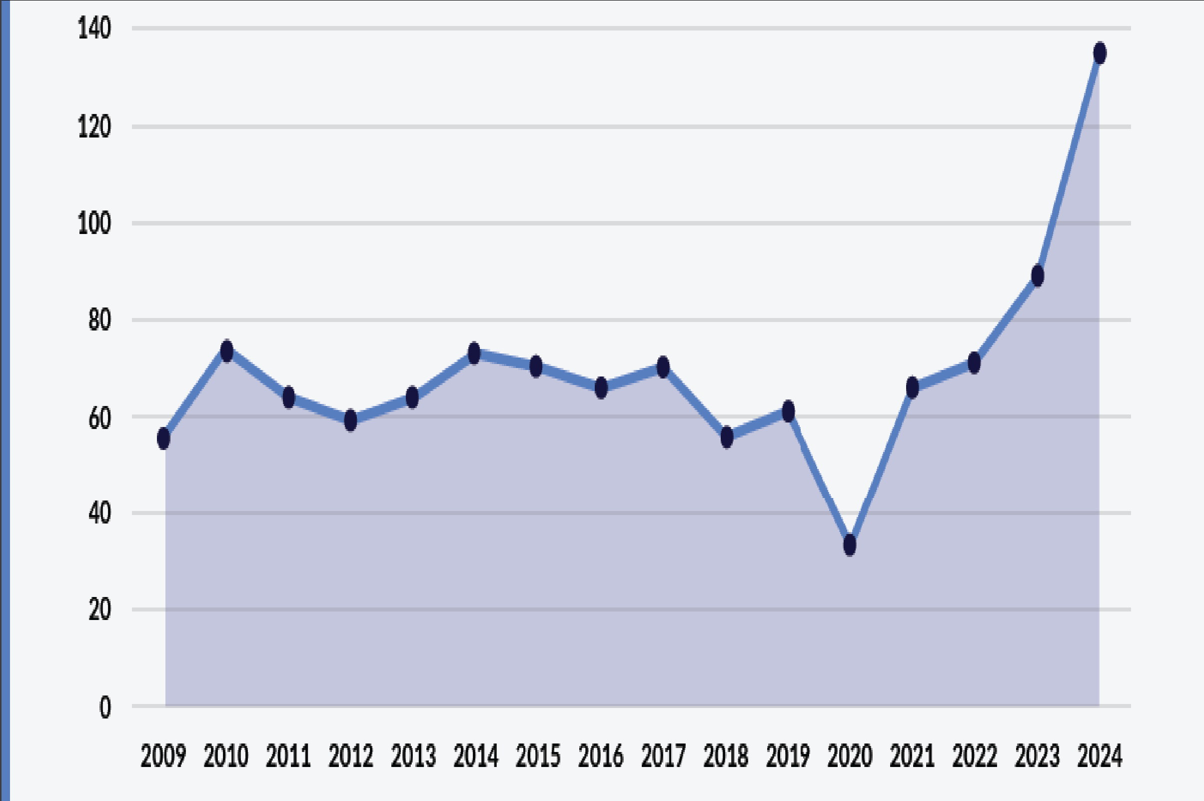
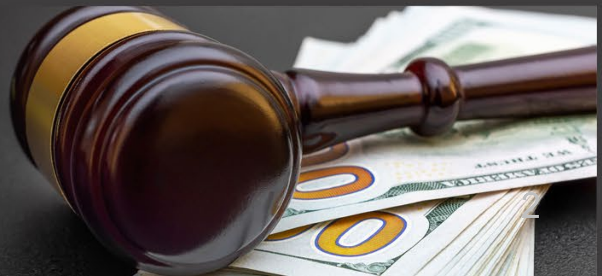
# Costs of Legal System Abuse

**Number of Corporate Nuclear Verdicts: 2009-2024**



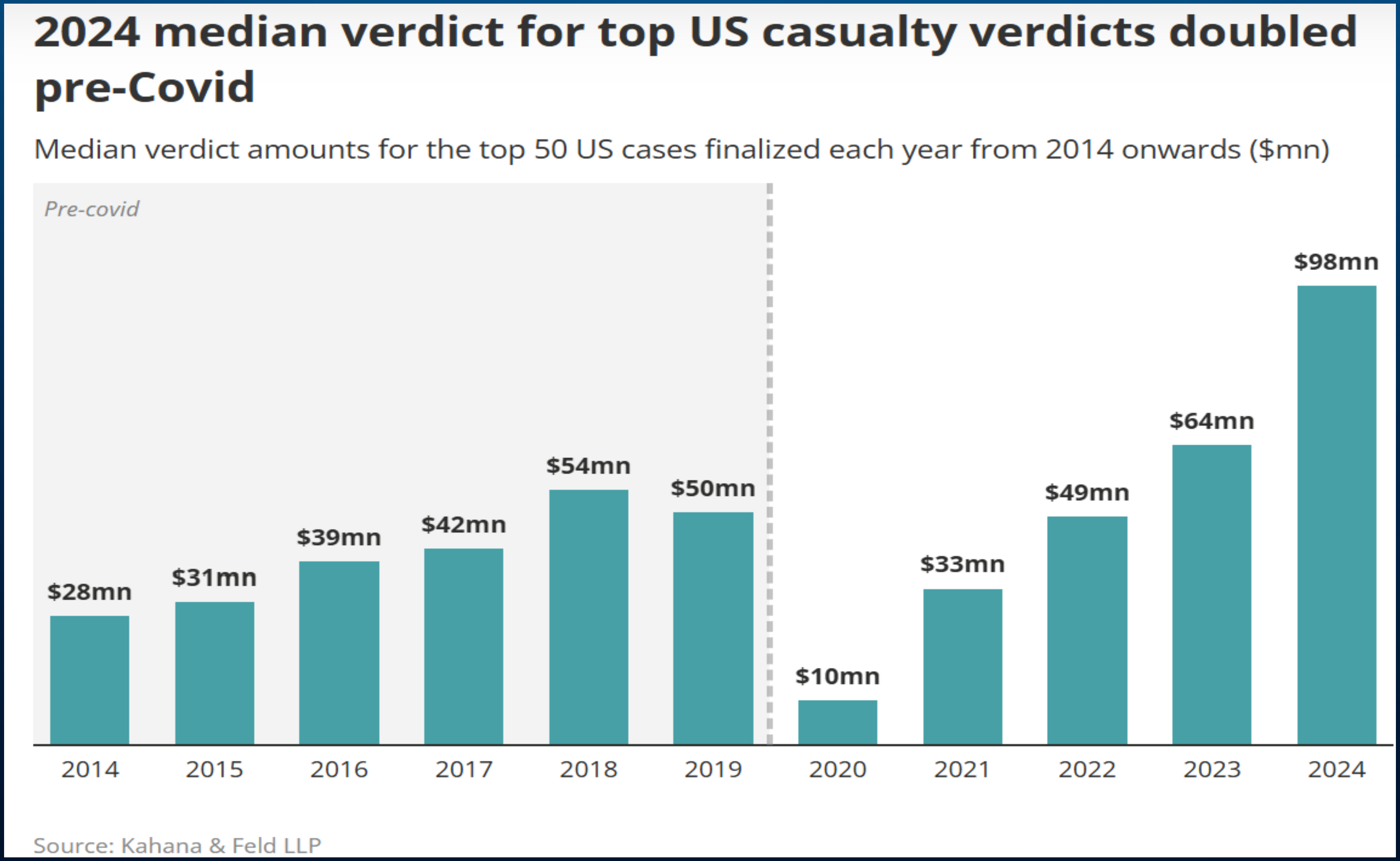

Source: Marathon Strategies.

- $4,207 annually in higher costs of goods and services per household
- 4.8 million jobs lost
- $160 billion higher small business costs
- 220% increase in typical personal injury awards between 2010 ($39,300) and 2020 ($125,366)
- U.S. liability claims as a % of GDP are more than twice as high as most EU countries
- Plaintiffs receive only 53% of legal expenditures

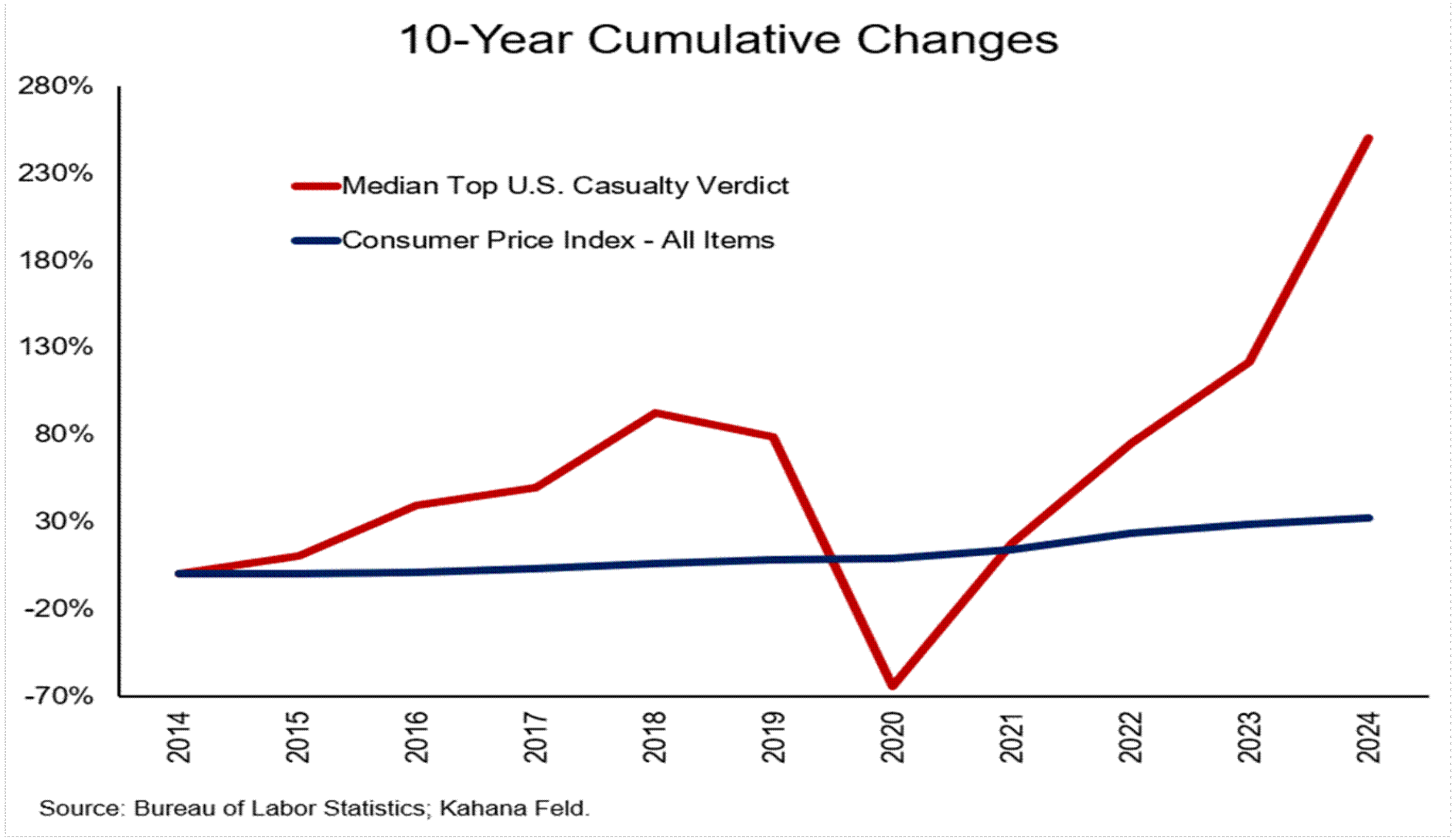


# Top 50 Casualty Verdicts Nearly Quadruple Over Last Decade

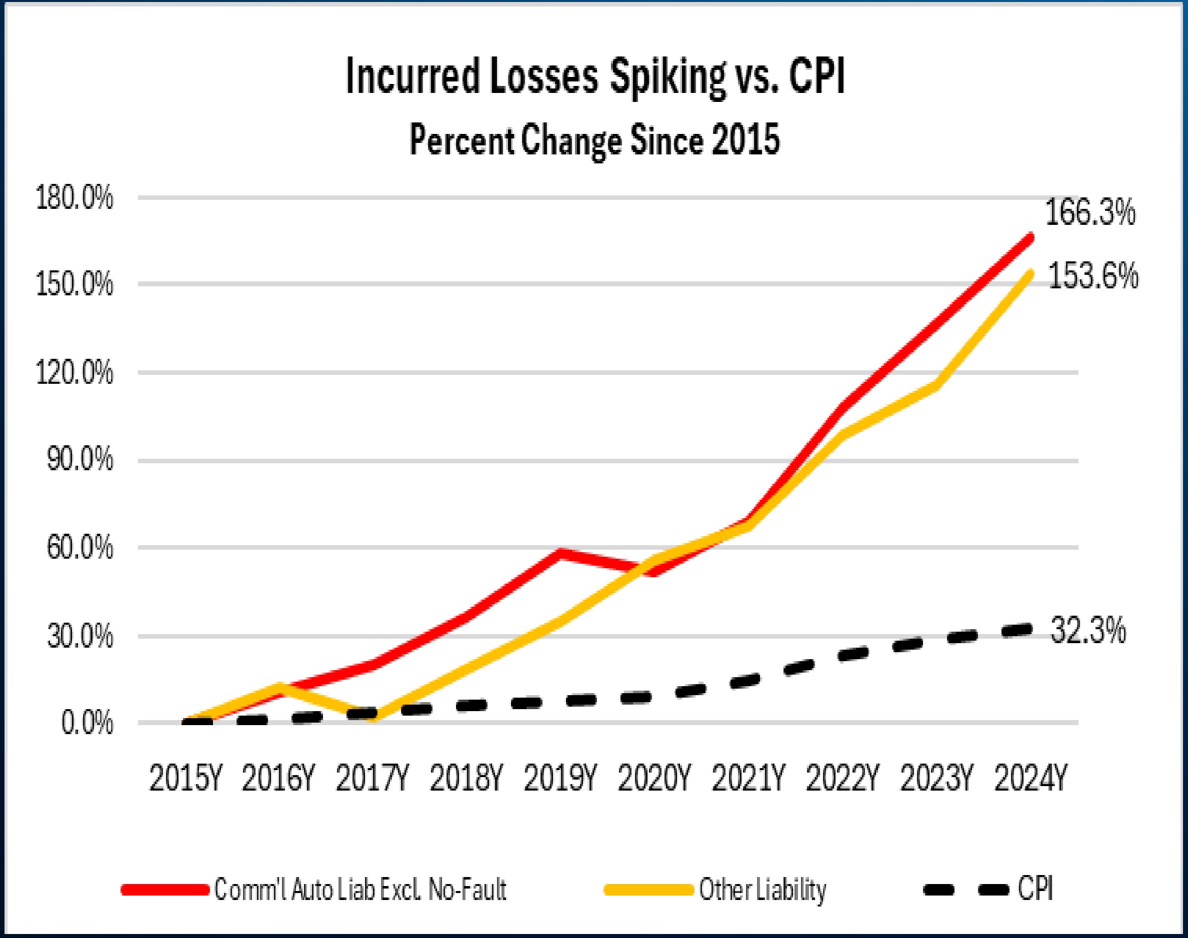
**Median verdicts for most extreme US casualty verdicts nearly doubled over each of the last 5 years**



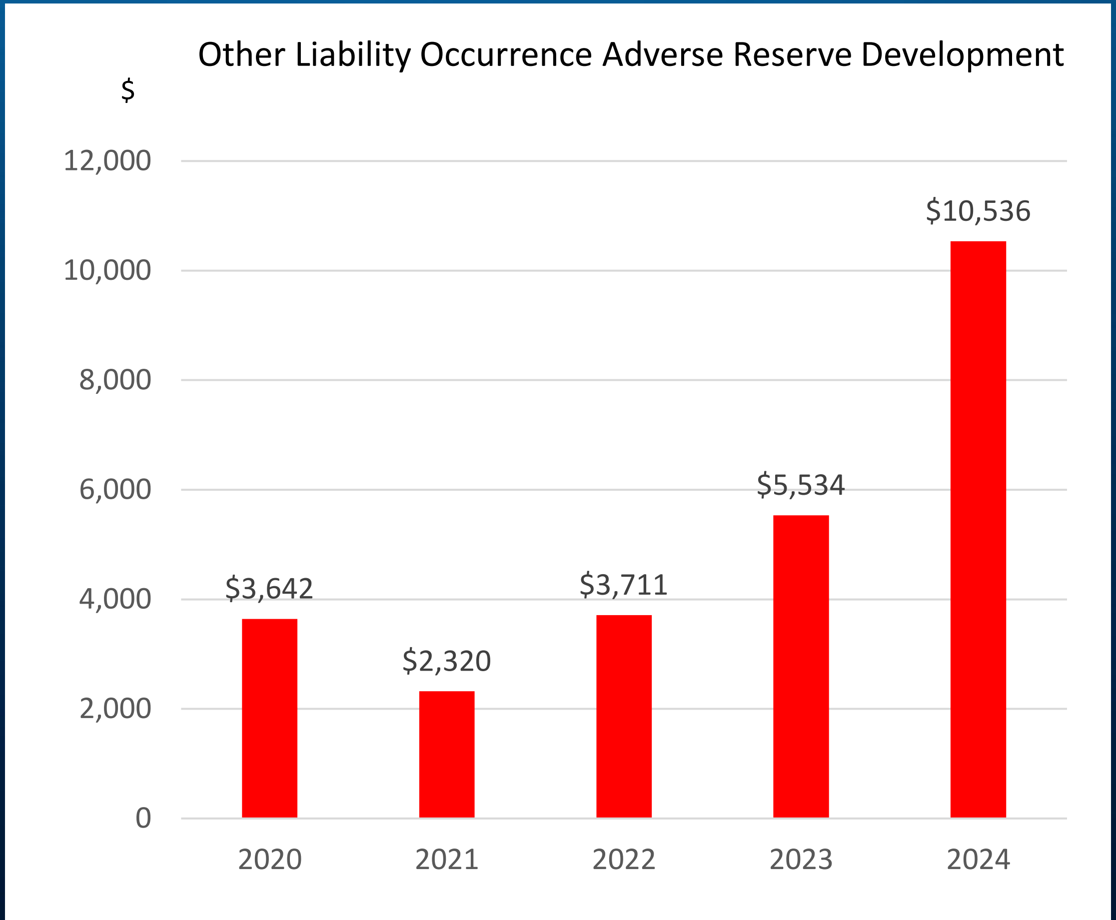
# Median Top 50 Casualty Verdicts v. Consumer Price Index



# Setting the Record Straight on Insurance Losses

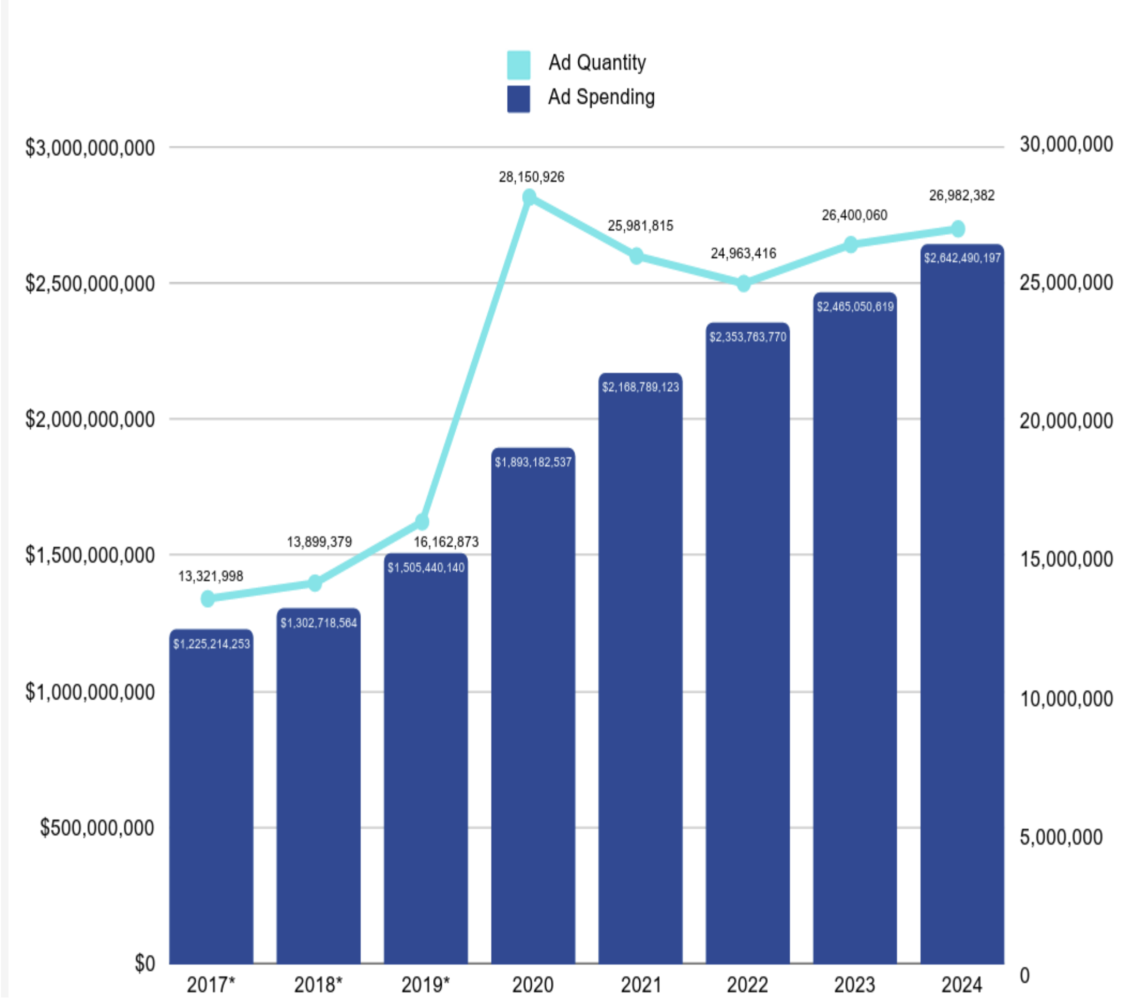



Source: APCIA via S&P Global Market Intelligence and BLS Consumer Price Index

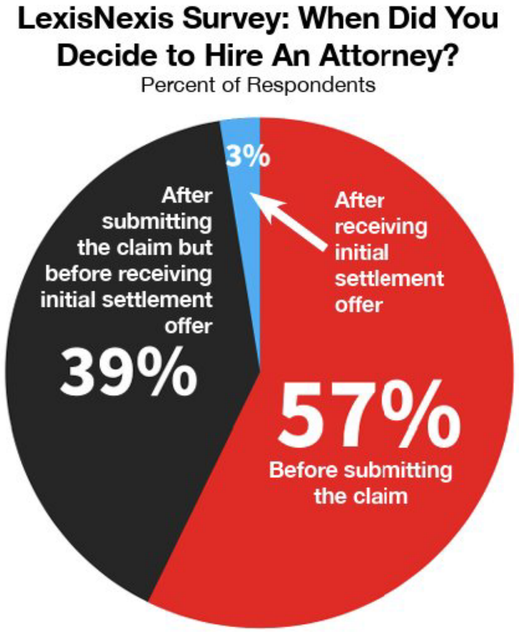



Source: APCIA via IBNR/Dowling.

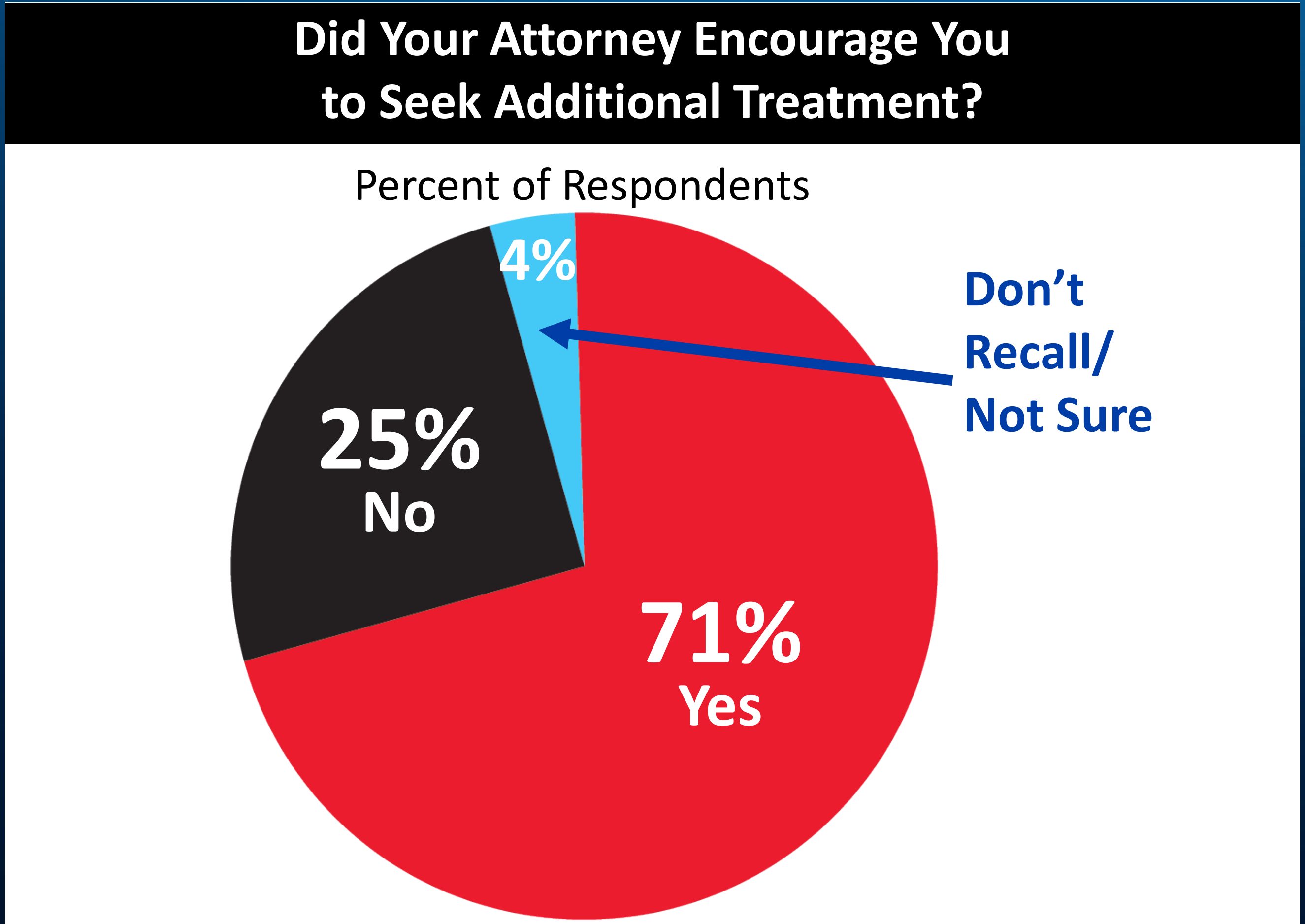
# Lawyer Advertising Attacking Insurers




**Billboard Attorney False Narrative:**
- Insurers are your adversary.
- Trial lawyers are your ally.
- We can help you get rich.



# Attorney Directed Medical Treatment is Pervasive




Source: LexisNexis Risk Solutions 2023 survey of 555 auto insurance claimants who hired an attorney

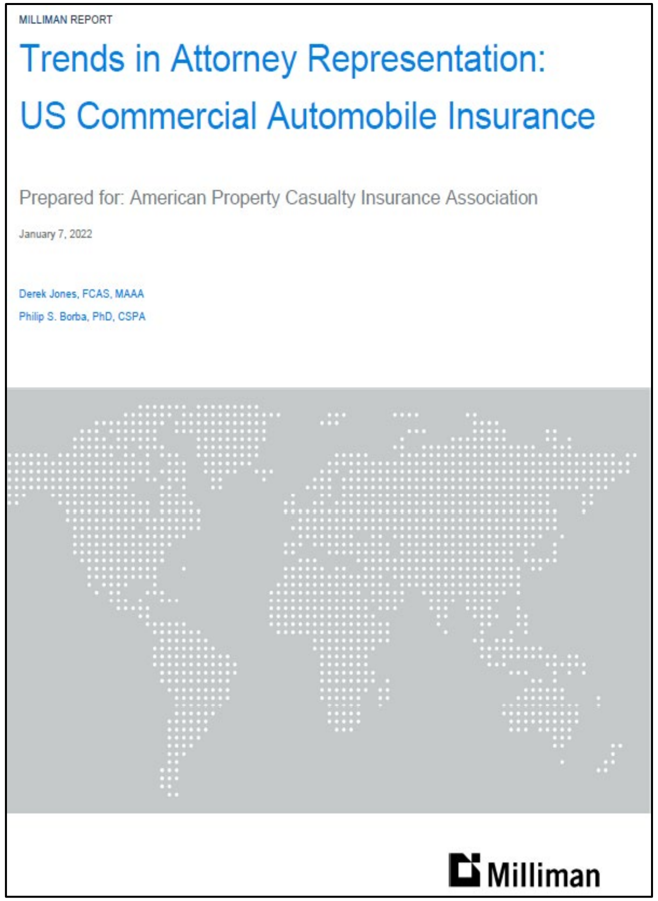
# The Rising Tide of Insurance Fraud - By the Numbers

- Insurance fraud is a federal offense and is a specific crime in 48 states.
- **$308.6 billion** annually is lost to insurance fraud in the U.S. each year.
- Insurance fraud costs consumers an estimated **$900 per household per year.**
- **78% of consumers** are concerned about insurance fraud.
- **Insurance fraud increased by 14% from 2022-2023** – over 4 times the CPI inflation rate of 3.4% during this timeframe.
- **RICO suits are mounting** (e.g., filed by Uber, Tradesman, GEICO, State Farm, Union Mutual, American Transit, Allstate)

Source: Coalition Against Insurance Fraud
https://insurancefraud.org/fraud-stats/

# APCIA Commissioned Milliman Study-

# Impact of Attorney Involvement in Commercial Auto


MILLIMAN REPORT

Trends in Attorney Representation:
US Commercial Automobile Insurance

Prepared for: American Property Casualty Insurance Association

January 7, 2022

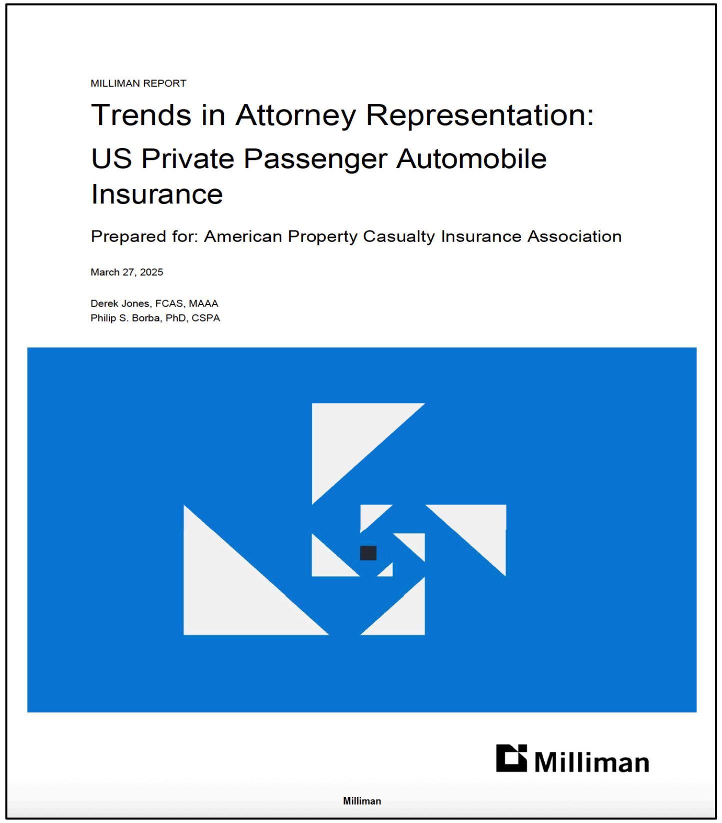
Derek Jones, FCAS, MAAA
Philip S. Borba, PhD, CSPA

Milliman

- Average cost of claims with a plaintiff attorney was **14.3 times higher** than those without an attorney.
- Average cost to resolve a claim with an attorney **34 times higher** than to resolve a claim without an attorney.
- Average total loss and allocated loss adjustment expenses for claims with an attorney was **15.3 times** higher than claims without an attorney.
- In five years, there was a **50% increase** in claims of more than $500,000.

# APCIA Commissioned Milliman Study – Impact of Attorney Involvement in Private Passenger Auto

- **Attorney involvement has increased over 25%** from 2012-2022.
- Claims with attorney involvement have **loss payment over 5 times higher** than when claimants do not have attorneys
- Average **cost to resolve a claim with an attorney is 15-20 times higher** than those without an attorney
- In five years, the number of claims > than $50,000 has doubled
- Time from claim report to claim closure is much longer when claimants have attorneys
  - **No attorney**: two-thirds of claims are closed within 90 days of report and only 2% are open after two years
  - **Claims with attorney involvement**: less than 9% are closed within 90 days of report and over 20% remain open after two years


MILLIMAN REPORT

Trends in Attorney Representation: US Private Passenger Automobile Insurance

Prepared for: American Property Casualty Insurance Association

March 27, 2025

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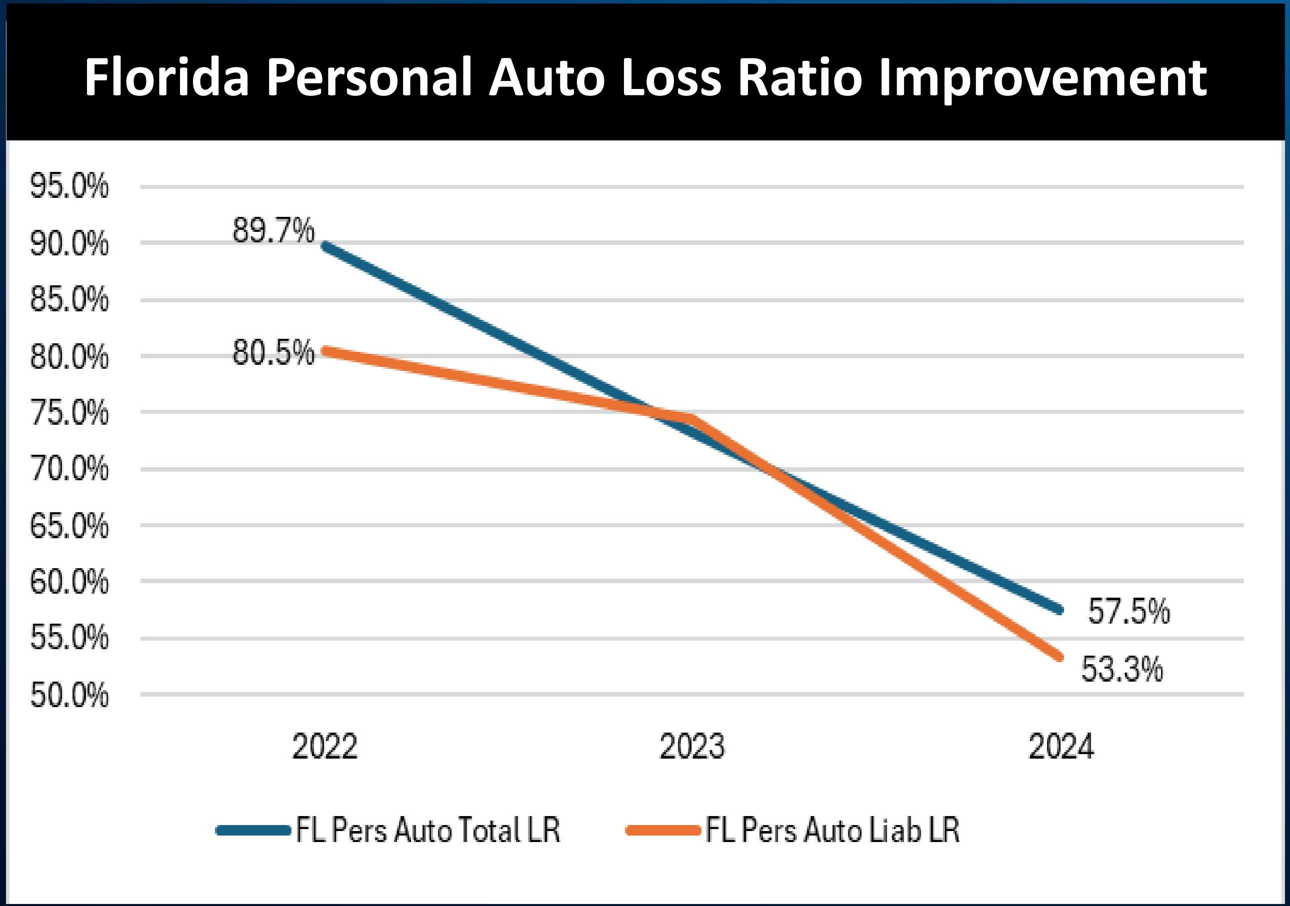
# Proving the Benefits of Reform (Florida)



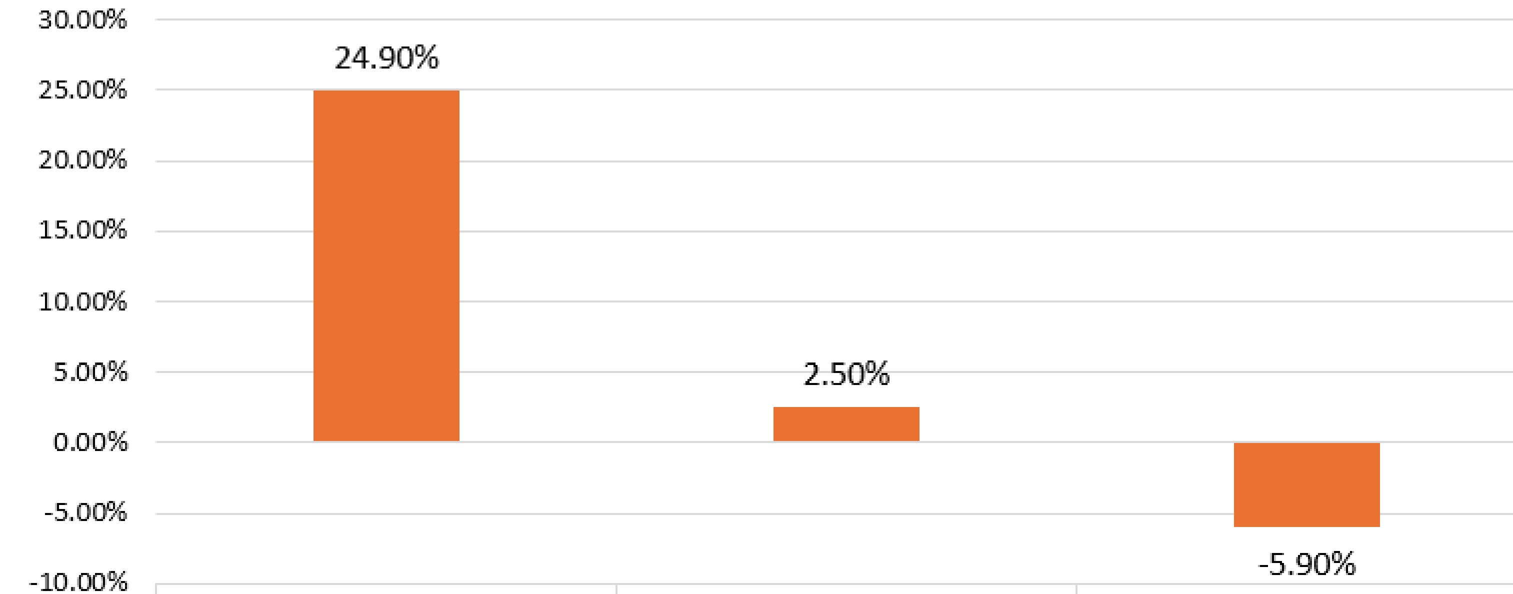

Source: APCIA via Auto Insurance Report, June 16, 2025

## 2024 FL Post-Reform Improvements

- Property litigation down nearly 30%
- Defense & cost containment expenses only 1/3rd of 2022 levels
- Auto insurers filed for rate reductions between 6% to 10.5%.
- Lowest average property rate increase in nation (1%)
- Reinsurance costs decreased
- Citizens is depopulating
- Legal filings down 36% since 2021
- Drop in nuclear verdicts national ranking

# Florida’s Top 5 Auto Writers Drop Rates

## FL Top 5 Auto Writer Rate Change History




| | 2023 | 2024 | 2025 YTD |
|---|---|---|---|
| Requested Rate Change | 24.90% | 2.50% | -5.90% |

# Tort Reform in Florida Is Working- Increased Affordability & Availability

**"Critics claim reform enriches insurance companies, but Florida's recent rate reductions and market stabilization prove these arguments are baseless."**

Paul Renner, Former Speaker of the FL House (2022-2024), WSJ, May 2, 2025

**"These improvements are largely due to historic legislative reforms championed by Governor Ron DeSantis."**

Florida OIR, July 29, 2025

# NAIC Partnership

- Help consumers understand the advantages of working within the state insurance regulatory system – working with agents & carriers and addressing any conflicts through state insurance departments
- Help recognize the increasing and outsized role of legal system abuse on insurance costs and exacerbating affordability & availability pressures
- Many claims are straightforward. By starting with hiring an attorney, policyholders lose 33-40% + expenses from their settlements. State insurance departments can help navigate any issues without taking a portion of any compensation; policyholders can still contact an attorney after working through the insurance regulatory system if desiring a further appeal.