

Legal System Abuse: State of the Risk

Auto Litigation Up, Even With Fewer Claims

A decade-long rise in the number of auto accident lawsuits nationally cost nearly \$43 billion in excess tort costs, a Triple-I study indicates. These findings help quantify the impact legal system abuse has had on both private passenger and commercial auto insurance inflation.

The study, [Review of Motor Vehicle Tort Cases Across the Federal and State Civil Courts](#), reviewed lawsuits in both federal and state courts from 1994 to 2023. It focused on tort cases, which involve actions that caused harm to a person or property – like the injuries and damage as a result of an auto accident.

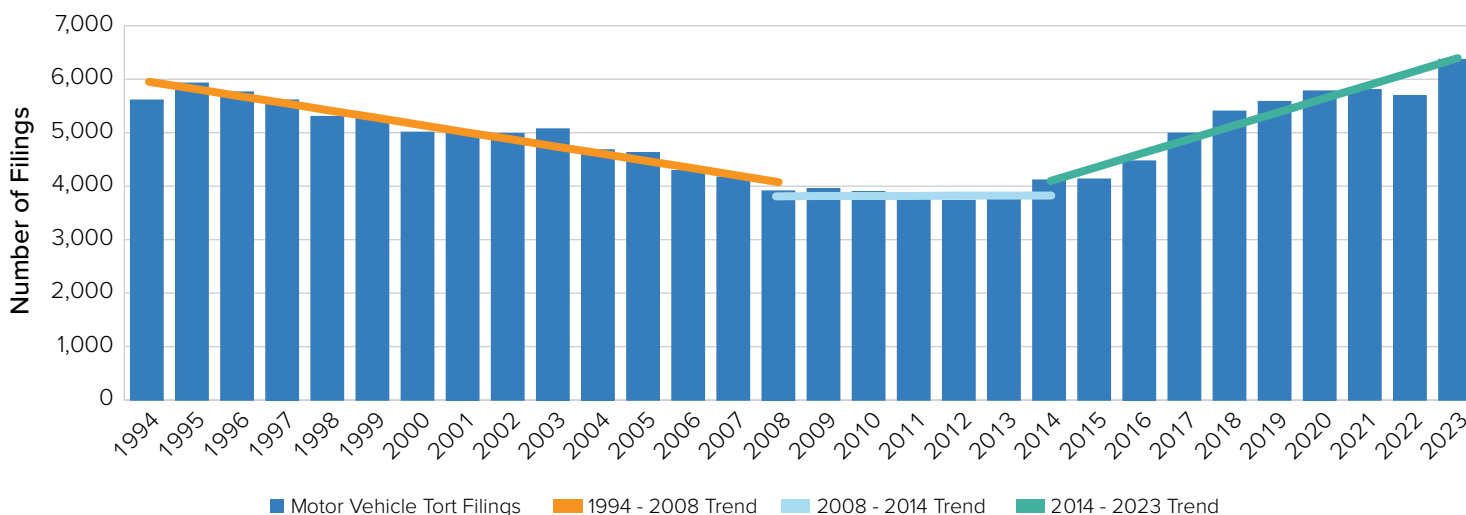
Federal cases involving motor vehicle accidents rose 4.9% a year (compounded) from 2014 to 2023, following seven years of virtually flat growth. The frequency of motor vehicle tort case filings increased, even as accident rates generally declined. More than half of these cases (52.8%) were resolved through settlement, with just 7.4% resulting in a formal judgment.

“Increasing litigation in a period of decreasing accident claim frequency is an undeniable symptom of legal system abuse,” said William Nibbelin, Triple-I’s head of industry data and actuarial research.

Triple-I adjusted the federal filing trends by the percentage of settlements and favorable plaintiff verdicts. Our analysts multiplied the number of plaintiff wins by an estimate of the 10-year average dollar amount of settlements and jury awards, \$674,000. The result: The additional filings generated \$984.6 million in additional settlements and judgments, which Triple-I referred to as “excess value” plaintiffs extract from the legal system.

However, most auto-related civil suits are filed in state courts. The study applied similar methods to state data, using reasonable assumptions to supplement where data was sparse.

Trends in Federal Motor Vehicle Tort Filings, 1994 - 2023



Source: Federal Judicial Court data – accessed March 2025 [Civil cases filed, terminated, and pending from SY 1988 to present | Federal Judicial Center](#)

State court filings rose 2.0% a year in no-fault states and 3.1% per year in tort states – slower than the growth rate in federal cases. Since many more cases are filed in state court, the excess value of increased motor vehicle tort filings was much higher, at \$41.8 billion.

Combining state and federal excess costs, the Triple-I study estimated excess filings cost \$42.8 billion. Additional costs like these drive insurance rates higher.

“This study highlights how increasing tort litigation, particularly in the motor vehicle sector, is driving up auto insurance premiums for consumers and business owners,” said Patrick Schmid, Triple-I’s chief insurance officer. “We urgently need standardized, publicly accessible civil case data from all 50 states and Washington, D.C. Transparency is essential for understanding and addressing the effects of legal system abuse on both consumers and insurers.”

[A separate report](#) by Triple-I and the Casualty Actuarial Society focused on insured losses during the same period estimated the effect of increasing inflation across all auto liability business was \$118.9 billion to \$137.2 billion.

While it is possible to overestimate the direct dollar-to-dollar relationship between court awards and insured losses, a simple calculation comparing the findings of the two studies suggests excess motor vehicle litigation constituted approximately one-third of increased inflation during the period measured.

The two studies’ cumulative major findings make it clear legal system abuse has been a significant driver of auto insurance inflation across the United States.

The number of tort filings involving motor vehicles fell through 2007 and stayed approximately level until 2014. Since then, the number has risen steadily, contributing to excess tort costs flowing into the property/casualty insurance system and affecting businesses and consumers broadly.

Notably, motor vehicle tort settlement amounts appear to have decreased on average across the three decade-long periods reviewed. While actual settlement amounts are not reported, the “amount in controversy” – legal terminology for the amount demanded by the plaintiff – serves as a proxy for filings disposed as settlements. The average amount in controversy decreased from \$748,000 in the first of the three decades (1994 - 2003) assessed to \$674,000 in the third (2014 - 2023).

However, the increased volume of cases during the period drove the overall excess value to \$984.6 million at the federal level alone, suggesting plaintiff attorneys may be making auto claim litigation more of a volume play – filing more lawsuits, even if they do not expect blockbuster verdicts or settlements on individual cases.

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