Triple-I Legal System Abuse Campaign

Tort Reform & Claims Costs



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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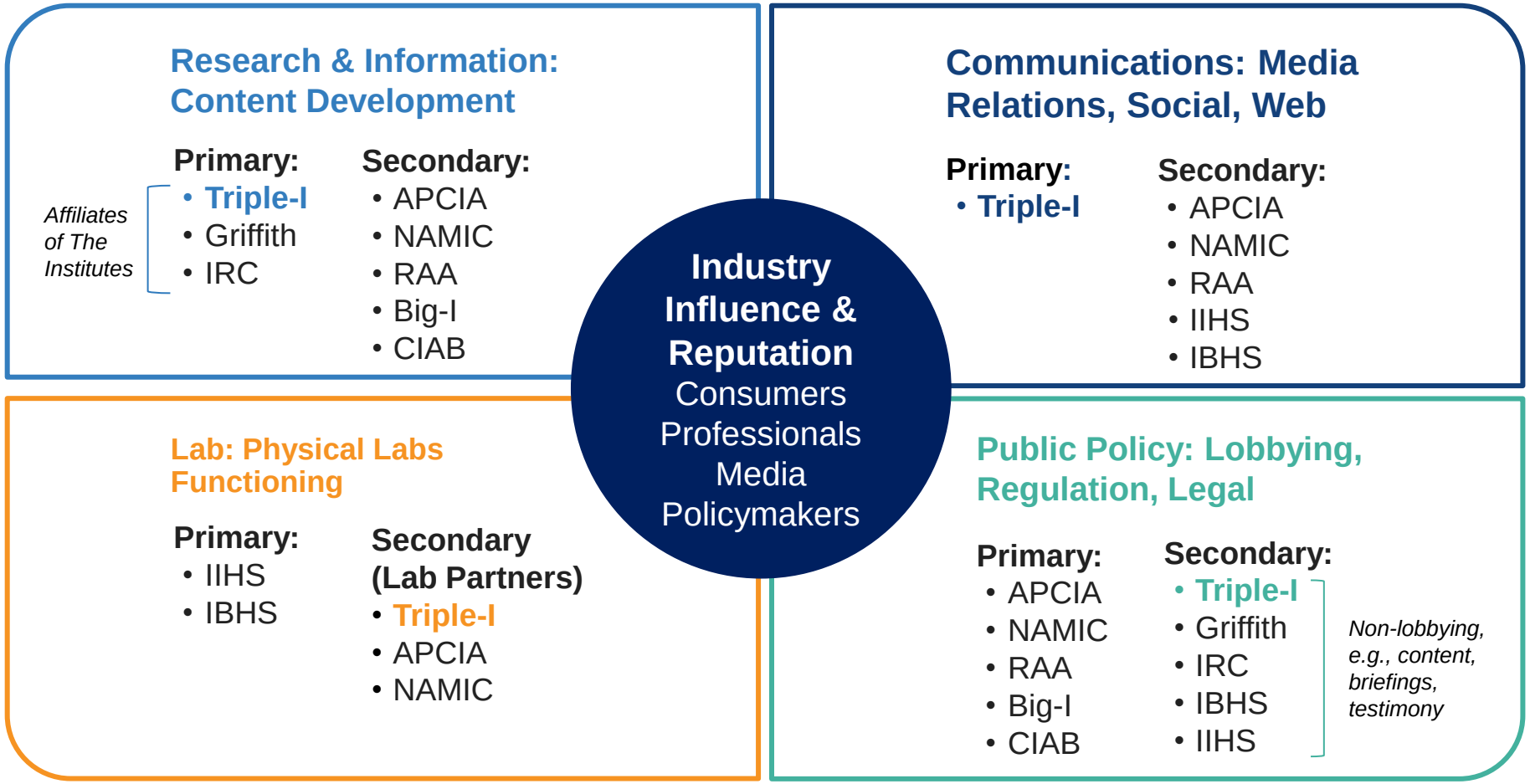
Pacific Insurance Conference
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Driving Influence for Insurance Trades

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

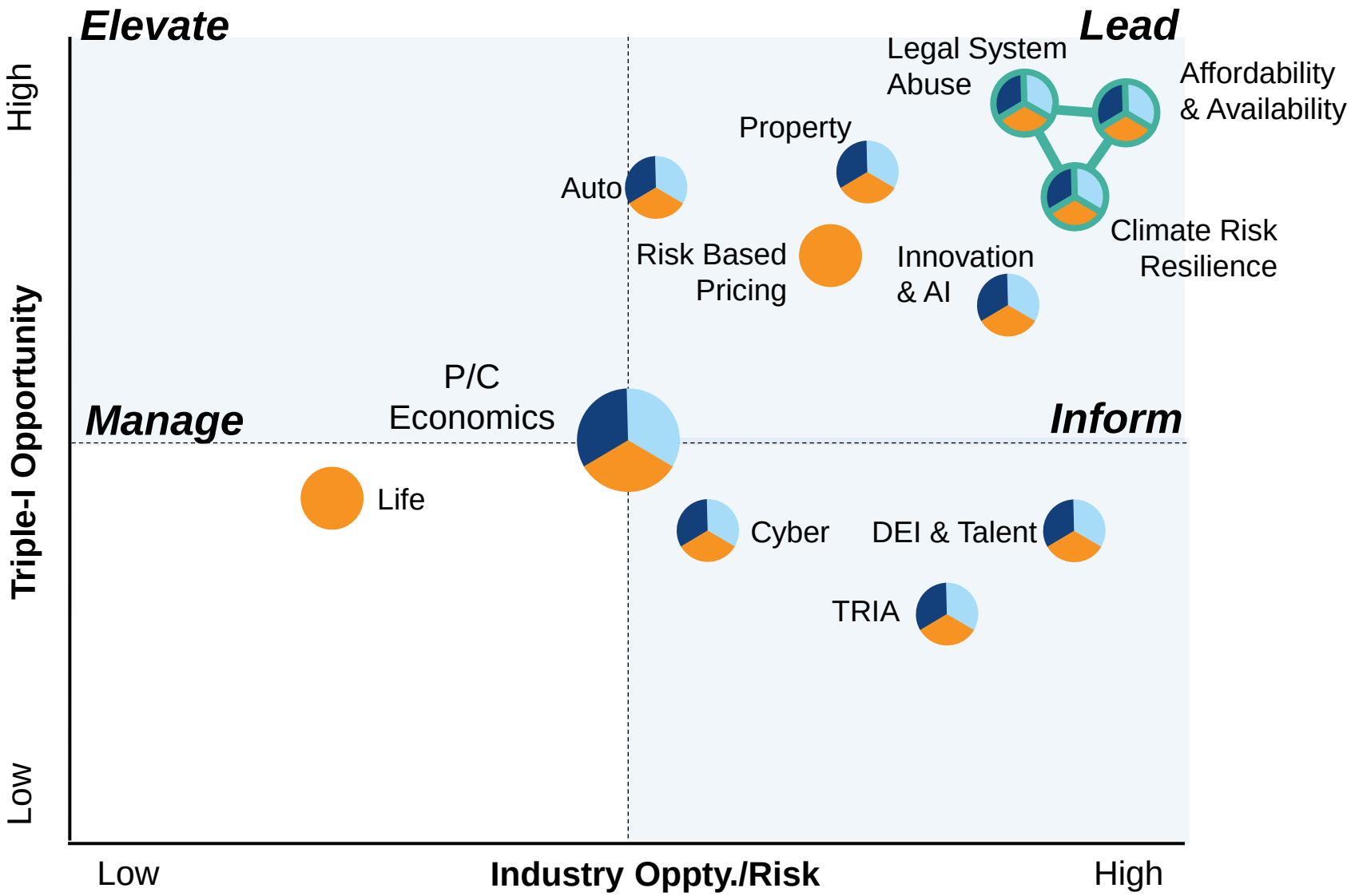
The Washington Post
5 citations

THE WALL STREET JOURNAL.
14 citations

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Issue Management

Balancing Opportunity & Risk

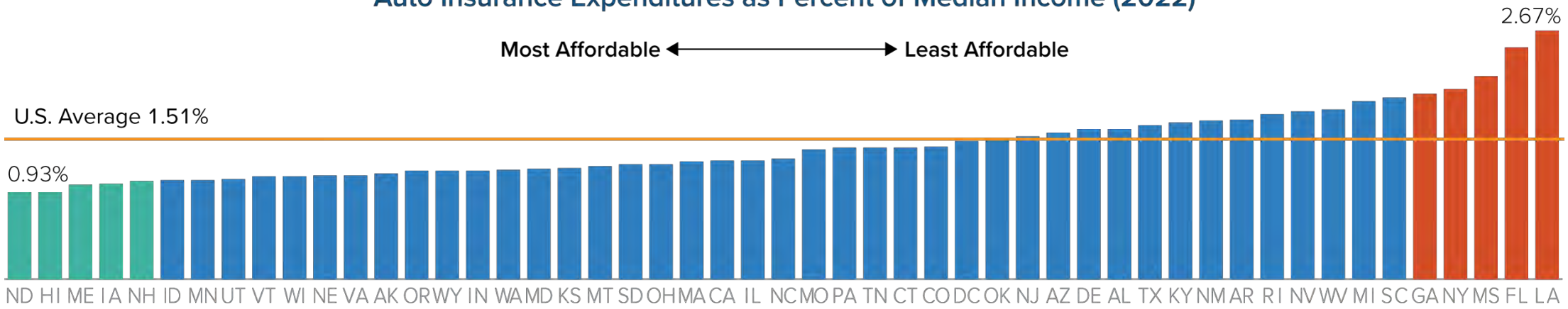


Audiences

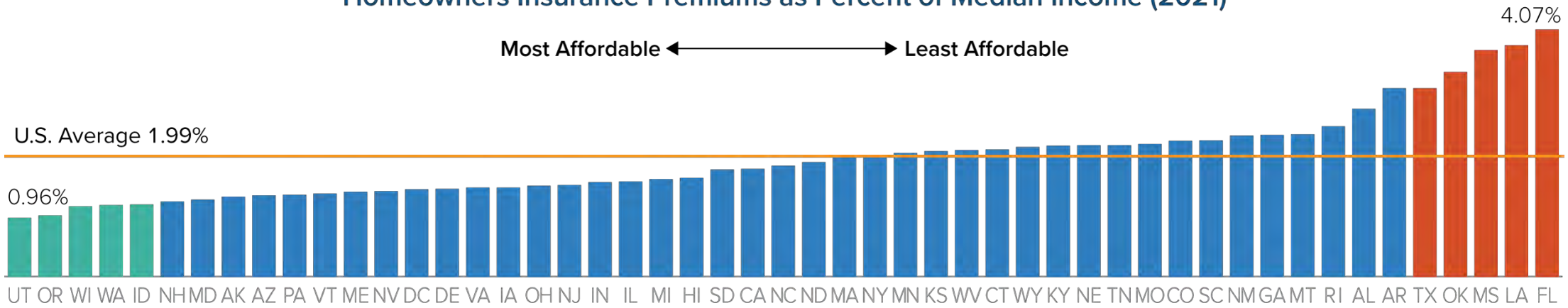
- Commercial
- Personal
- Public Sector
- Campaign Initiative

Affordability Has A Wide Spectrum

Auto Insurance Expenditures as Percent of Median Income (2022)



Homeowners Insurance Premiums as Percent of Median Income (2021)



Source: Insurance Research Council

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States Have Unique Cost Driver Profiles

States with high litigation — especially auto — have higher insurance costs

Homeowners Insurance:

Variations in Affordability (State Rankings) from Key Cost Drivers

IRC Insurance Research Council — Affiliated with The Institutes

Cost Drivers by State in Order of Affordability

Red highlights show less favorable rankings; green highlights show more favorable rankings. See notes on next page.

	Expenditure Share of Income	Natural Hazard Risk: Weather	Natural Hazard Risk: Other	Claim Frequency (CAT)	Claim Frequency (NonCAT)	Claim Severity (CAT)	Claim Severity (NonCAT)	Expense Index	Claims Litigation
Utah	1	8	51	16	31	3	3	31	17
Oregon	2	4	40	5	3	49	45	22	40
Alaska	3	2	44	2	2	1	51	30	19
Maryland	4	36	15	26	43	20	23	23	16
Wisconsin	5	19	11	12	1	34	33	15	12
Washington	6	3	45	6	8	43	48	38	33
Delaware	7	27	19	10	15	26	21	35	27
Nevada	8	1	46	7	18	10	19	42	35
District of Columbia	9	11	1	1	42	2	25	36	39
New Hampshire	10	28	16	4	7	23	36	29	41
Idaho	11	6	50	17	34	11	14	11	14
Maine	12	34	12	8	4	18	35	33	42
Arizona	13	7	43	14	26	9	12	34	15
Ohio	14	17	10	20	14	13	11	26	21
Pennsylvania	15	16	9	18	24	14	10	45	47
Virginia	16	38	17	22	29	16	16	20	9
New Jersey	17	29	27	19	23	28	37	44	48
Vermont	18	15	20	13	19	25	30	19	36
Michigan	19	21	8	23	22	22	31	21	38
Hawaii	20	14	42	3	9	44	39	48	37
Iowa	21	39	13	48	17	38	20	6	8
North Dakota	22	43	35	32	48	15	4	7	
Indiana	23	22	4	21	13	24	26	16	30
Illinois	24	20	2	38	5	40	43	13	22
California	25	5	48	11	6	51	50	50	45
Minnesota	26	25	29	39	11	50	42	4	4
Massachusetts	27	31	7	24	21	12	46	47	44
West Virginia	28	13	31	9	12	45	44	41	32
Connecticut	29	32	3	27	20	41	47	40	49
New York	30	23	6	15	10	37	49	46	
Kansas	31	37	30	33	33	32	13	8	5
Tennessee	32	18	14	30	38	35	22	28	20
Wyoming	33	12	39	42	50	27	18	1	6
Montana	34	10	47	25	36	46	40	25	34
North Carolina	35	47	24	34	28	4	6	12	7
Kentucky	36	24	28	31	37	5	5	24	28
Missouri	37	26	21	29	16	36	38	14	31
New Mexico	38	9	49	35	49	7	1	17	29
Georgia	39	40	22	45	45	17	24	18	10
Nebraska	40	44	23	47	27	29	2	3	3
Colorado	41	33	37	49	30	39	32	9	13
South Carolina	42	49	26	28	25	6	8	39	24
South Dakota	43	42	41	40	47	21	7	2	1
Rhode Island	44	30	5	37	46	8	28	43	46
Alabama	45	46	18	41	41	30	29	27	18
Texas	46	45	34	50	32	33	17	37	43
Arkansas	47	35	33	44	51	19	9	5	2
Oklahoma	48	41	38	43	35	42	34	32	23
Mississippi	49	48	32	36	44	31	27	10	11
Florida	50	51	36	46	40	48	41	51	51
Louisiana	51	50	25	51	39	47	15	49	50

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Key Cost Drivers

- Claim Frequency & Severity
- Weather / Natural Hazard Risk
- Expense Index
- Repair / Replacement Costs
- Litigation Involvement

Personal Auto Insurance:

Variations in Affordability (State Rankings) from Key Cost Drivers

IRC Insurance Research Council — Affiliated with The Institutes

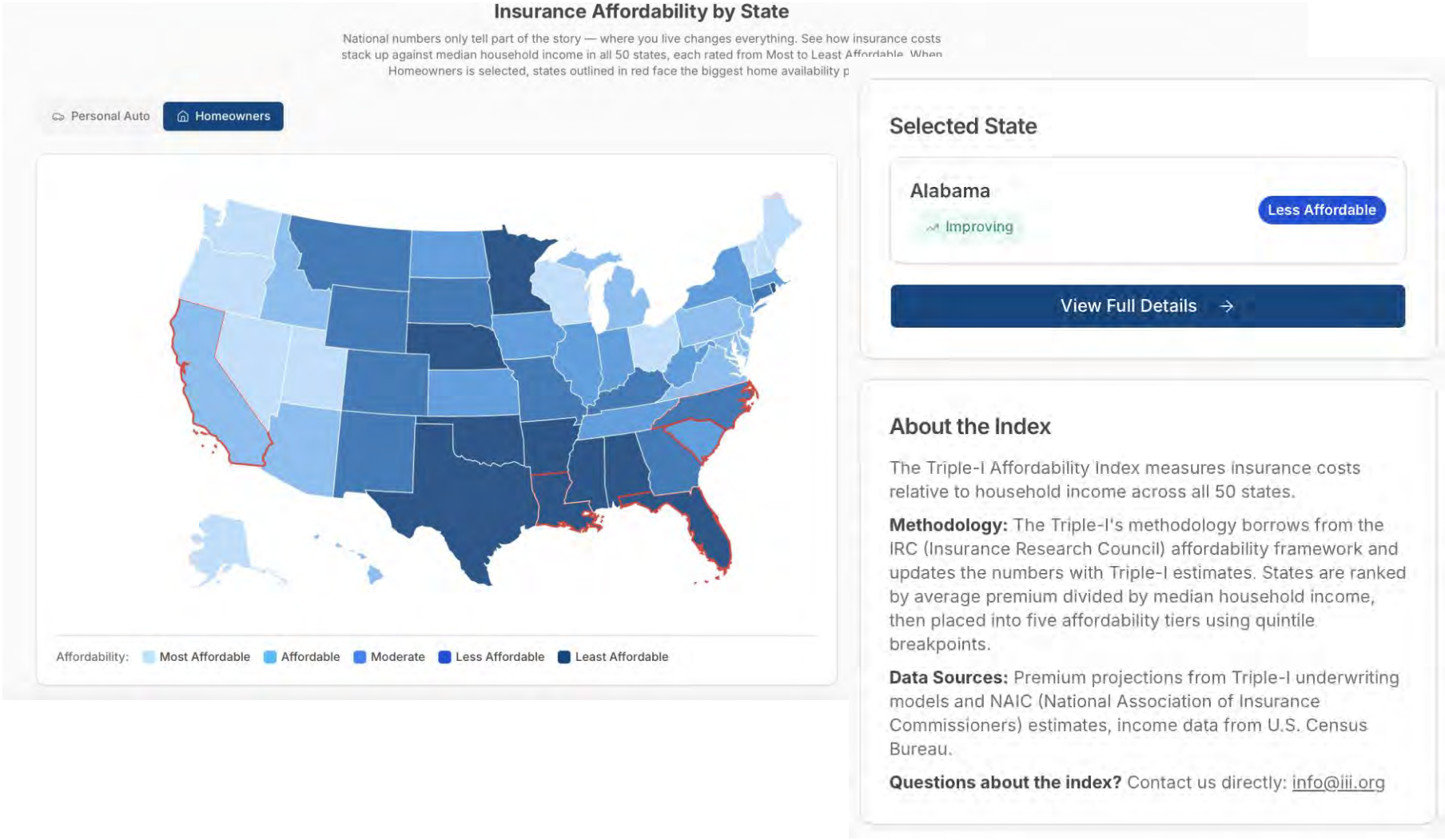
Cost Drivers by State in Order of Affordability

Red highlights show less favorable rankings; green highlights show more favorable rankings. See notes on next page.

	Expenditure Share of Income	Accident Frequency	Repair Costs	Injury Claim Relative Frequency	Injury Claim Severity	Expense Index	Uninsured Motorists	Underinsured Motorists	Claim Litigation
Hawaii	1	28	3	1	44	13	11	20	2
New Hampshire	2	30	8	5	37	6	12	4	5
Vermont	3	7	2	4	33	1	21	3	9
North Dakota	4	6	6	2	36	8	15	17	
Iowa	5	5	10	11	14	15	19	7	19
Nebraska	6	24	29	14	22	10	10	8	6
Maine	7	14	4	9	39	4	1	10	7
Alaska	8	8	51	21	26	23	28	16	18
South Dakota	9	4	9	8	32	7	9	14	10
Kansas	10	9	26	6	47	14	24	34	8
Virginia	11	37	5	22	19	30	29	22	30
Utah	12	35	28	17	35	41	2	33	15
Wisconsin	13	2	11	15	42	16	36	11	23
Idaho	14	11	15	16	9	17	3	13	4
Indiana	15	20	33	19	17	35	30	12	37
Minnesota	16	16	18	3	48	24	18	9	17
Wyoming	17	1	20	10	21	2	4	25	3
Montana	18	3	36	13	34	29	5	27	1
Washington	19	34	35	33	25	38	42	36	22
Massachusetts	20	50	7	23	6	27	7	6	20
Ohio	21	18	12	26	3	18	40	19	38
Illinois	22	32	23	24	30	39	35	5	32
Oregon	23	21	17	35	11	31	34	24	24
North Carolina	24	31	32	41	2	5	23	18	12
California	25	41	31	32	27	46	44	31	21
Tennessee	26	22	37	27	18	33	47	21	43
Pennsylvania	27	33	13	7	41	36	16	40	34
Maryland	28	48	14	44	7	28	38	2	42
Missouri	29	23	19	28	38	11	46	26	16
Colorado	30	19	47	18	45	26	43	51	11
District of Columbia	31	51	1	42	5	19	49	1	35
Connecticut	32	47	46	39	46	47	22	30	47
Oklahoma	33	29	34	36	4	12	25	46	27
Arizona	34	27	44	43	29	25	14	38	14
Arkansas	35	25	40	40	1	3	26	15	13
Kentucky	36	17	27	31	28	32	32	45	36
Delaware	37	42	21	37	23	43	39	42	45
New Jersey	38	44	42	12	50	48	31	37	50
West Virginia	39	10	24	29	16	9	6	35	28
New Mexico	40	13	16	30	8	37	50	44	29
Alabama	41	15	43	34	20	40	37	43	44
Nevada	42	40	30	49	43	45	17	49	40
Texas	43	46	39	38	24	34	33	29	41
Michigan	44				51	51	48	41	49
Rhode Island	45	49	50	46	13	22	27	28	39
South Carolina	46	36	48	48	10	21	13	39	33
Georgia	47	43	45	50	31	42	41	47	46
New York	48	45	49	20	49	49	8	23	
Mississippi	49	12	38	45	12	20	51	32	31
Florida	50	38	22	47	40	50	45	50	51
Louisiana	51	39	41	51	15	44	20	48	48

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NEW: Forecasting Affordability



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Alabama Personal Auto

$ Used Vehicle Value & Insurance Analysis

How insurance costs relate to asset values in this state (rank 1 = most affordable)

Avg Used Vehicle Value **$34,206**	Avg Annual Premium **$1,180**
Used Vehicle to Income **50.6%** #46/50	Premium to Used Vehicle **3.4%** #22/50

Auto Insurance Cost Drivers

Key factors affecting auto insurance costs in this state. "Most Favorable" = lowest cost pressure; "Least Favorable" = highest cost pressure. Source: Insurance Research Council (IRC).

Accident Frequency	More Favorable
Repair Costs	Least Favorable
Injury Claim Frequency	Less Favorable
Injury Claim Severity	More Favorable
Expense Index	Less Favorable
Uninsured Motorists	Less Favorable
Underinsured Motorists	Least Favorable
Claims Litigation	Least Favorable

⚠ Auto Insurance Perils and Risks

Regional hazards and risk factors affecting insurance costs

Rural Road Hazards — Moderate Risk

Two-lane highways in Black Belt and Wiregrass regions see higher fatal accident rates

Uninsured Drivers — High Risk

18.2% uninsured rate. Elevated risk concentrated in Birmingham, Montgomery, and Mobile metro areas

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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)

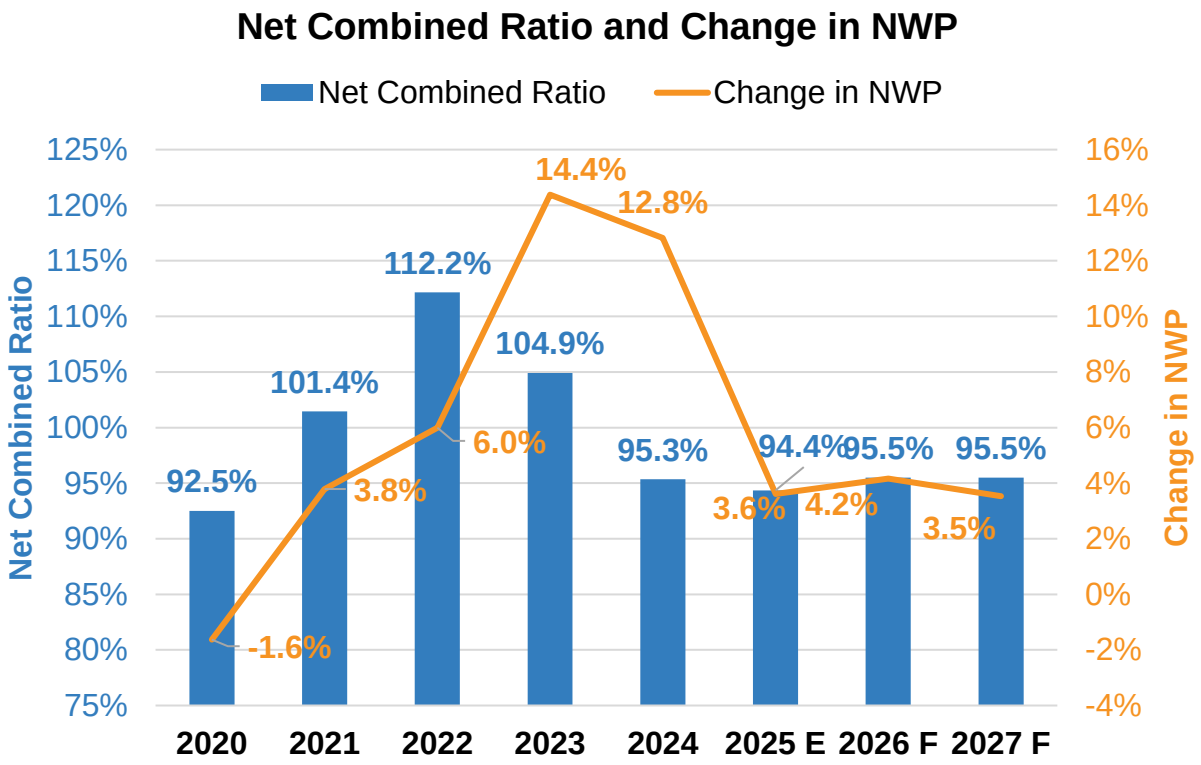
Why Does It Matter?

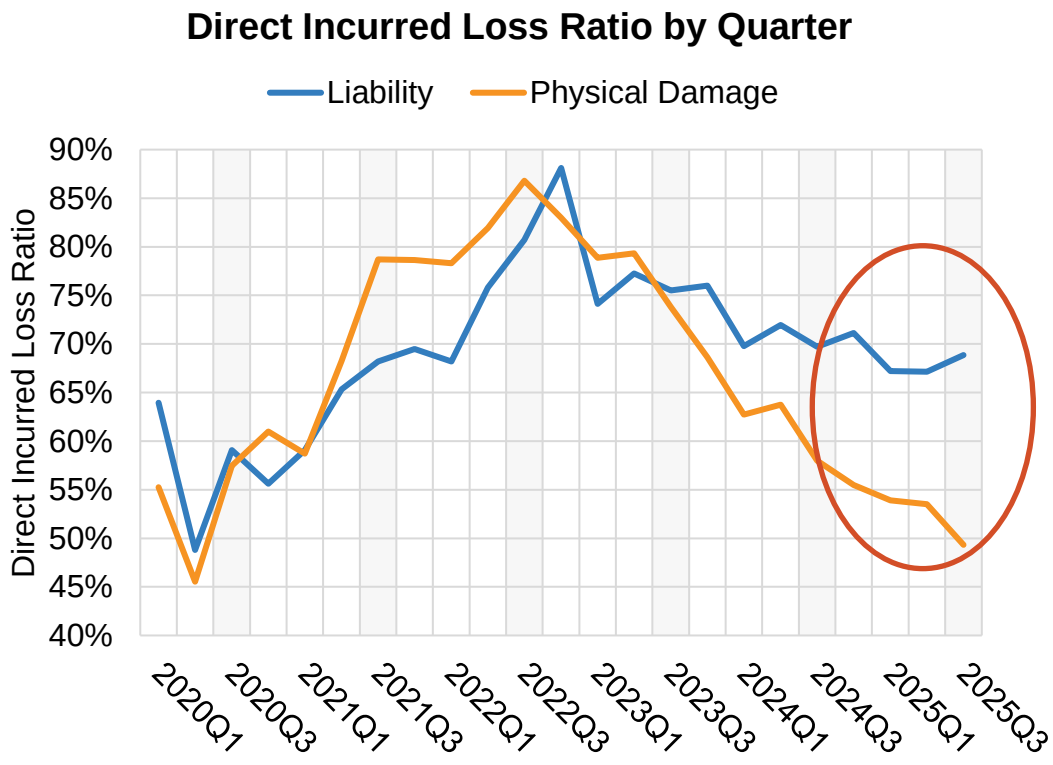
- Claimants receive less
- Higher costs for all consumers and businesses

What Can Be done?

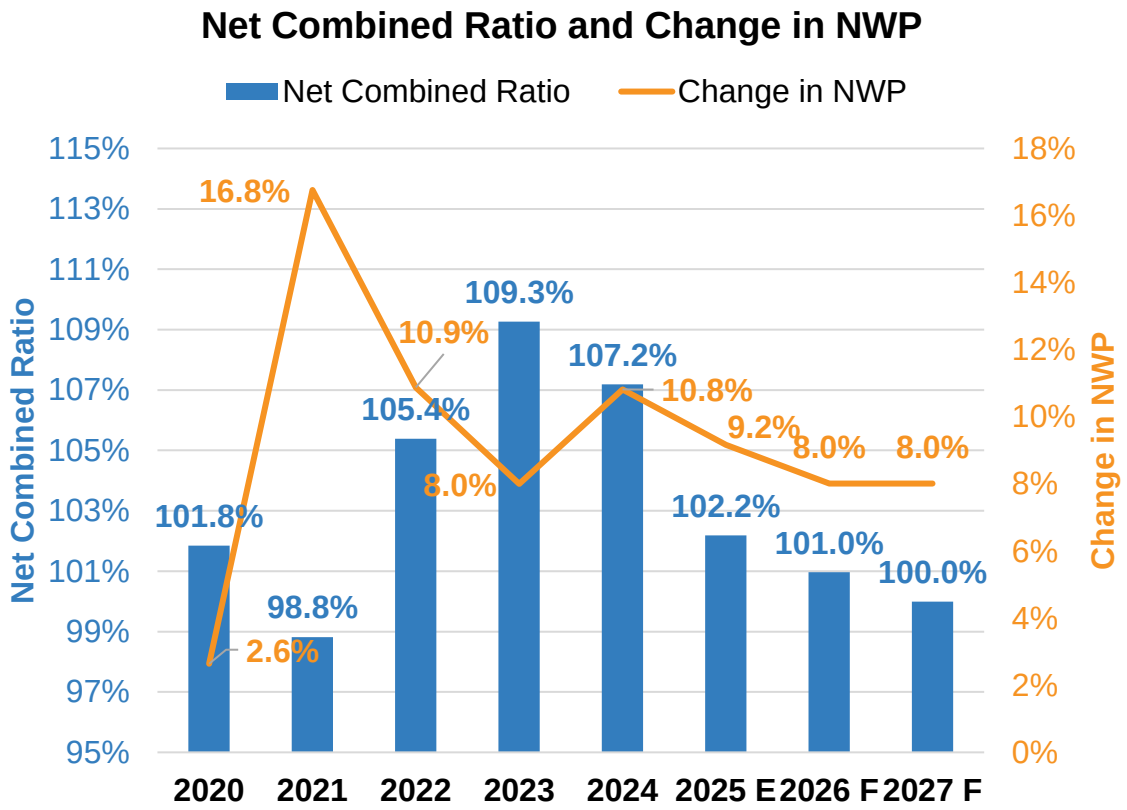
- Increase and inform understanding of its dangers
- Foster legislative and judicial reform
- Mandate transparency of TPLF

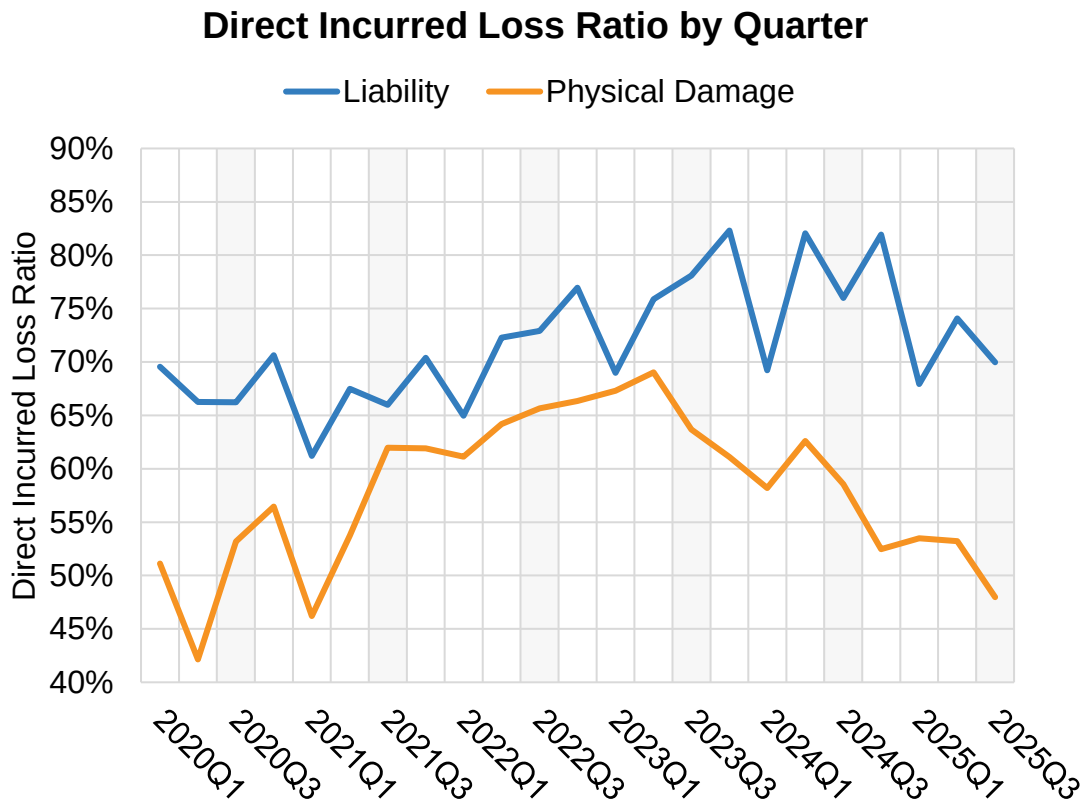
EMERGING High-Risk Line: Personal Auto





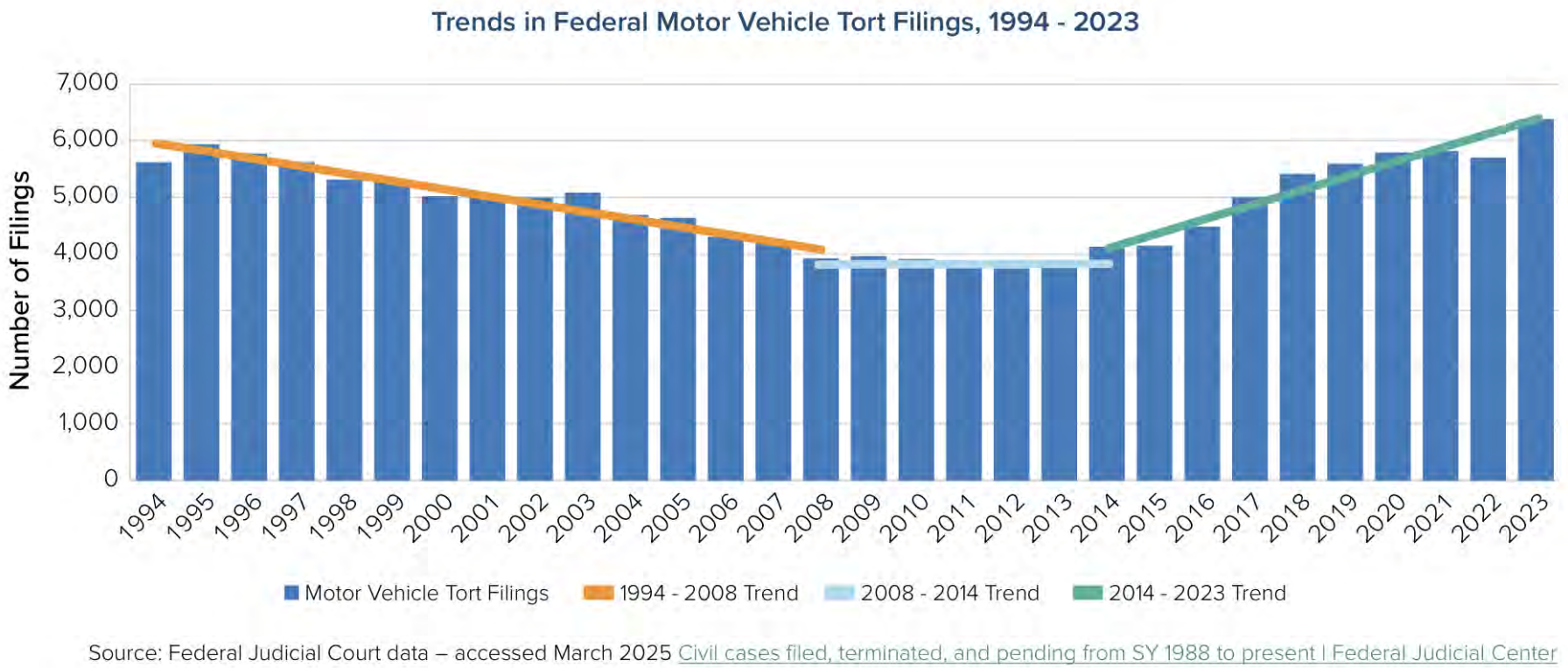
High-Risk Line: Commercial Auto





Auto Insurance Litigation: An Increasing Problem

Excess Auto Litigation Represented Approx. **One-Third of Inflation** Last Ten Years



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

2013-2023

By the Numbers

$43 billion in Federal and State Excess Tort Costs*

+

~$120 billion increase auto liability insurance losses**

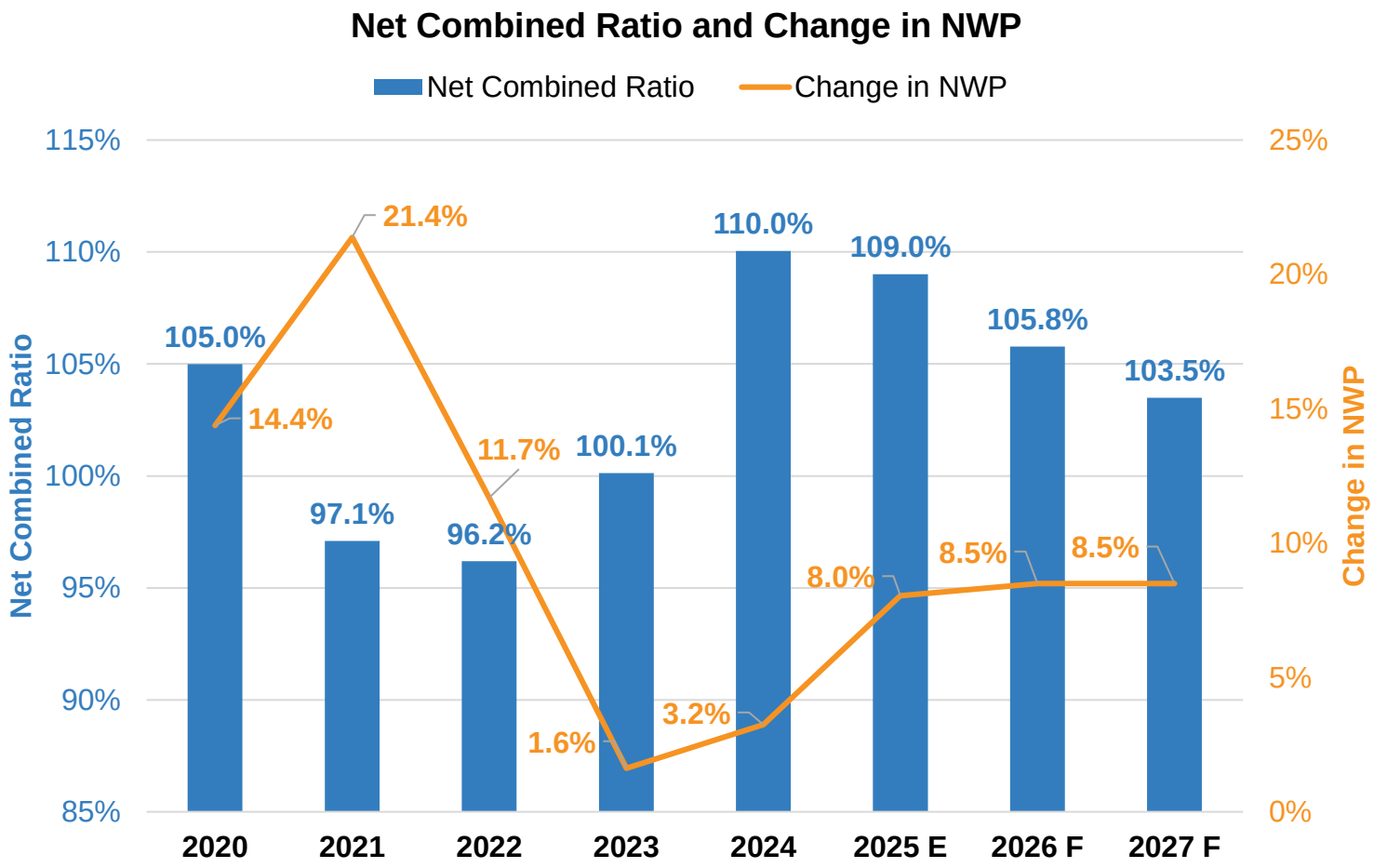
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1/3 of increasing inflation relates to excess auto liability losses

* Triple-I Auto Tort Study 2025

** Triple-I / CAS Liability Claims Study 2025

High Risk Line: General Liability

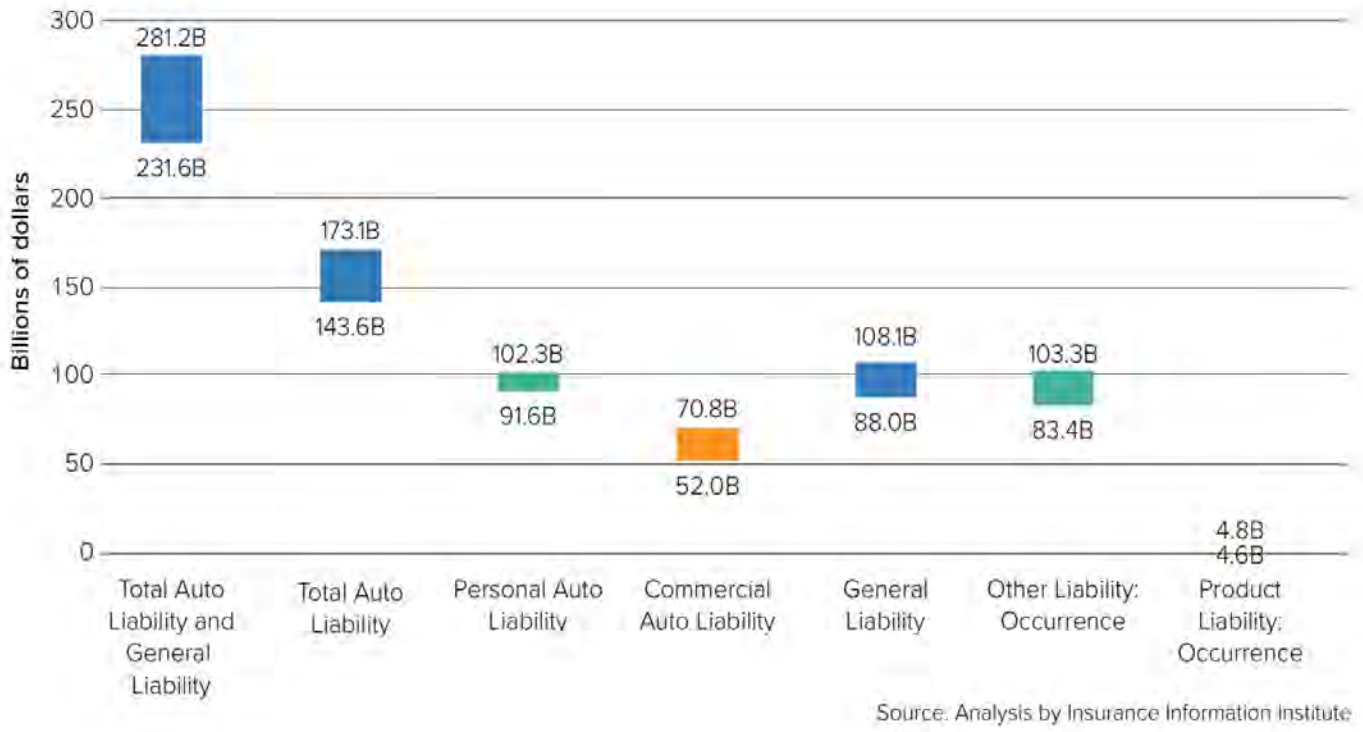


Adding Up Liability Risk: A ~$230-280 Billion Problem

"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



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

Taking On The Problem

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:

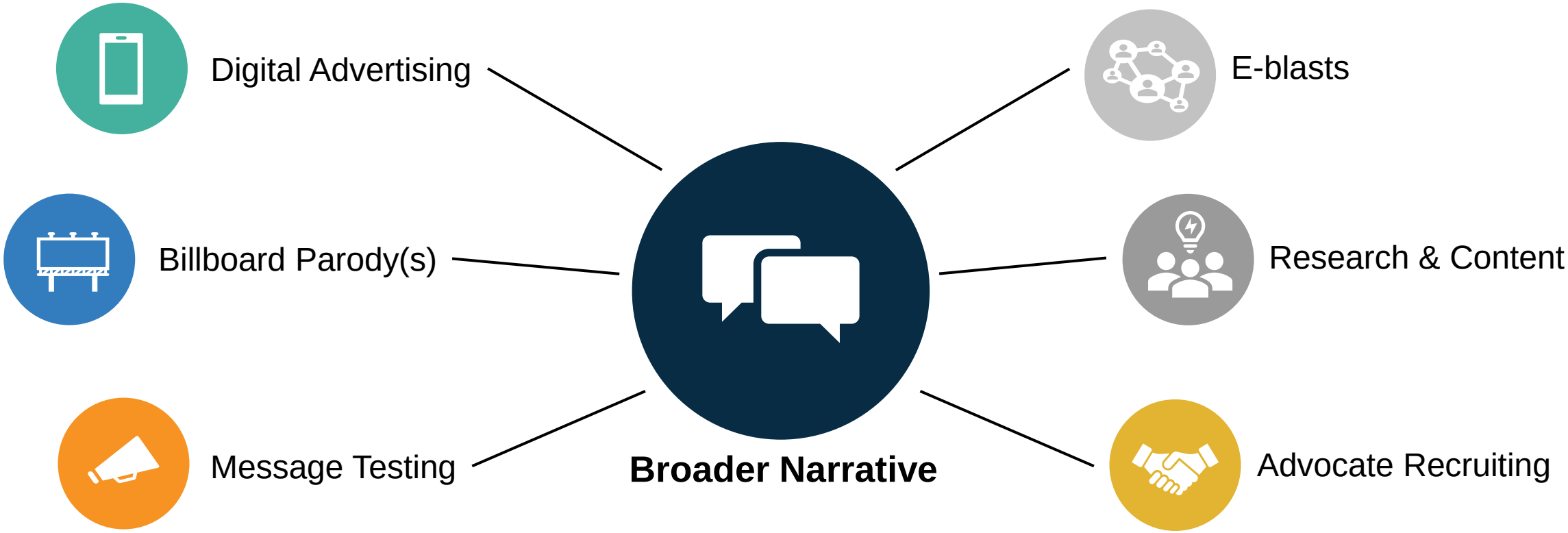
- Achieve Broad Legal Reform – Federal, States, Jurisdictions

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

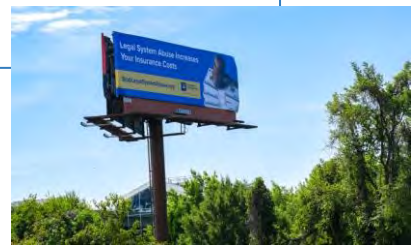
Double-Digit Ad Engagement & Award-Winning Campaigns Signal Consumers Are Listening

Triple-I Honored with 2025 MARCOM Awards

Georgia Legal System Abuse
- Advertising Campaign
- Display Ad Campaign

2025 MARCOM GOLD WINNER

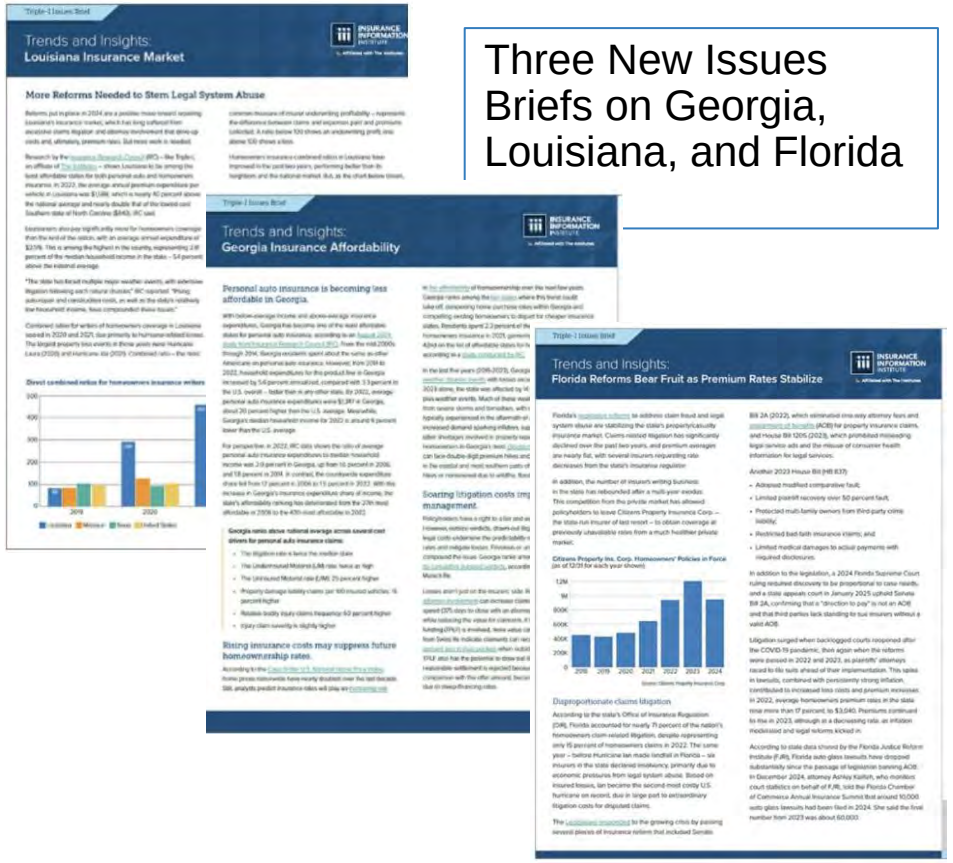
Billboards in Atlanta and Baton Rouge



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



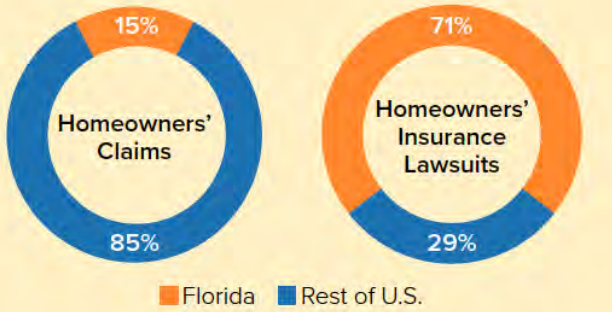
Legal Reform Can Settle Market Crisis(es)

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

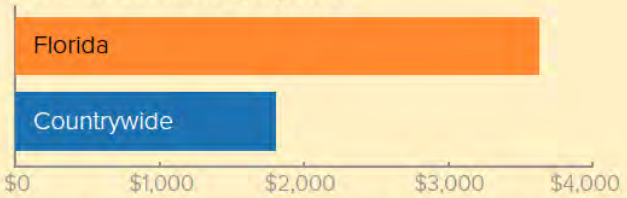
2022

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)



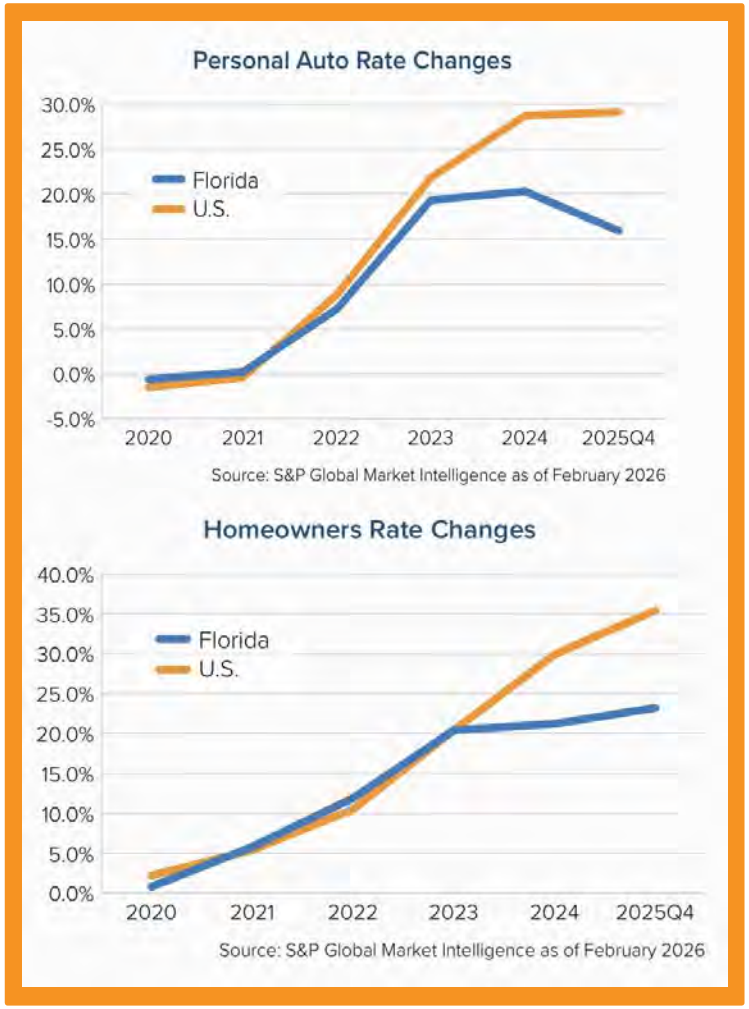
Source: Triple-I analysis of Florida Office of Insurance Regulation and National Association of Insurance Commissioners data

ELIMINATE

One-way attorney fees

Assignment of Benefits, aka "Legalized Fraud"

Limit damages and liability



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2026 Strategy

Continue with What Works; Explore New Campaigns and States

Collaboration

Top-Down, Bottom-Up

- Quarterly Insurance Trades Meetings
- Civil Justice Integrity Alliance

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 Published

- International Tort
  [published July 2026]
- Attorney and Litigation Involvement
  [published August 2026]

2026 Billboard Campaigns: Hyperlocal Markets

Objective

- Continue to raise awareness among key stakeholders, despite not having a state positioned for comprehensive tort reform
- Understand and educate high frequency and severity jurisdictions / jury pools
- Highlight reform outcomes in Florida and early improvements in Georgia to demonstrate how tort reform can reduce costs and improve market conditions

Strategy

- Dispatch billboard campaigns similar the 2025 state campaigns, but at a hyperlocal level targeting key stakeholders (media, consumers, policymakers) in high-risk jurisdictions

Message Testing Variants

1. **Legal system abuse** vs. lawsuit abuse
2. **Billboard attorneys** vs. trial lawyers
3. Comprehensive legal reform vs. tort reform
4. Tort tax vs. economic impact
5. Shadowed third party litigation funding vs. **Dark money**
6. **Big Business of US Law** vs. Big litigation
7. Big Business exploits lawsuit abuse vs. Mega Billboard Law Firms Profit Big from Legal System Abuse

* Message testing for IL will be wrapping into Problem State preliminary work

Current Campaigns Activations

Cook County, IL and Los Angeles, CA

- Campaigns ran March - April
- Highway billboard and digital displays
- Facebook lawmaker letter programs

New York*

- Ongoing engagement with state leadership and policymakers
- Briefings to Governor's administration
- Testimony presented to legislative committees
- Proactive media outreach, including op-eds
- Publication of three reports focused on affordability and reform:
  - *Addressing New York's Auto Insurance Affordability Challenges*
  - *Policy Paths to Improved Insurance Affordability: New York*
  - *Lessons from Florida for Addressing Insurance Affordability in New York*

Oklahoma City, Oklahoma

- Campaign running March - May
- Billboard, digital displays, and message testing
- Facebook letter campaign April - May

St. Louis/Jefferson City, Missouri

- Campaign running March - June
- Highway billboard and message testing
- Facebook letter campaign April - May

Madison, Wisconsin

- Message testing and targeted digital displays near State Capitol in March
- Facebook awareness campaign April-July

**State lobbying regulations prevented Triple-I from advertising*

Informative Triple-I Content

New Briefings: Advertising & Auto

Consumer Toolkit


Triple-I Issues Brief

Legal System Abuse and Attorney Advertising for Mass Litigation: State of the Risk

INSURANCE INFORMATION INSTITUTE

Key Findings

$2.5

$16

What is Multidistrict Litigation and how does it impact liability risk management?


Triple-I Issues Brief

Legal System Abuse: State of the Risk

INSURANCE INFORMATION INSTITUTE

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 analysis 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

Number of Filings

Motor Vehicle Tort Filings · 1994 - 2008 Trend · 2008 - 2014 Trend · 2014 - 2023 Trend

Source: Federal Judicial Court data – accessed March 2025

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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 — When Alabama builds it, Triple-I will be there

Thank You!

To learn more about how Triple-I membership can support your team, please contact us.



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