



Legal System Abuse: Challenges and Constructive Ways Forward

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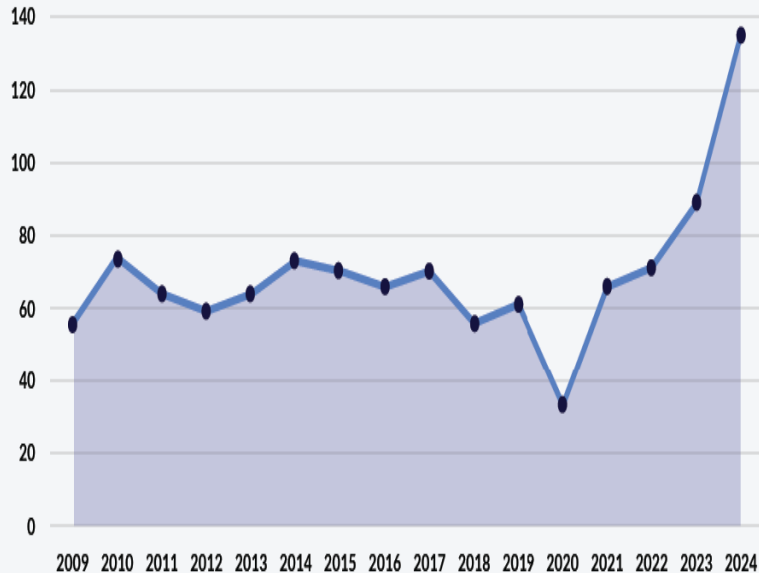
American Property Casualty Insurance Association (APCIA)

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Legal System Abuse Costs: By the Numbers

Number of Corporate Nuclear Verdicts: 2009-2024



Source: Marathon Strategies.

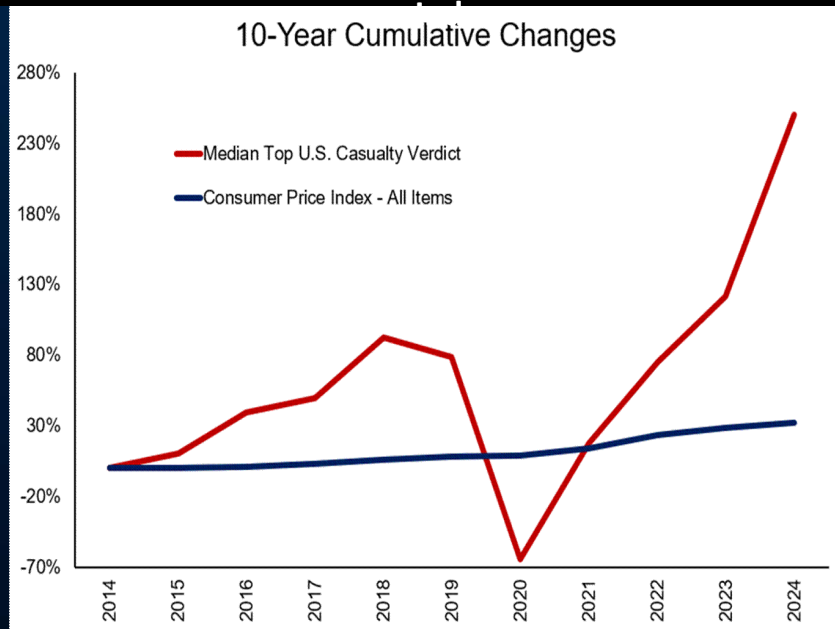
- **\$5,215** in annual higher costs of goods and services per household
- **4.8 million** jobs lost per year
- **\$160 billion** higher small business costs annually
- **220% increase** in typical personal injury awards between 2010 (\$39,300) and 2020 (\$125,366)
- **Over \$2.5 billion spent** on attorney advertising in 2024
- Insurance fraud steals **\$306 billion** per year
- **64%** of general liability and **75%** of auto liability claimants involve an attorney **within the first 14 days.**
- U.S. liability claims as a % of GDP are **more than double that of most EU countries**
- **Plaintiffs receive only 53¢ per dollar** of legal expenditures





Nuclear Verdicts Are Surging

Median Top 50 Casualty Verdicts vs. Consumer Price



Source: Bureau of Labor Statistics, Kahana Feld.

- **\$31.3 billion** awarded against companies in 2024, a **116% increase** over 2023
- The median of the top 50 bodily injury verdicts soared from \$49.7M in 2019 to **\$98.2M in 2024**
- The median corporate nuclear verdict was \$51M in 2024, up from \$44M in 2023
- **“Thermonuclear”** verdicts (>\$100M) up **81.5%** from 2023 to 2024
- **Trucking** companies faced **\$165M** in nuclear verdicts in 2023
- **Noneconomic** damages fuel nuclear verdicts



Legal System Abuse Concerns in Minnesota

- Minnesota tort costs are higher than its neighboring states with a **\$5,012** annual tort burden per household
- Third Party Litigation Financing (TPLF), a documented driver of LSA and nuclear verdicts, is undisclosed and unregulated in MN
- New state liability burdens on manufacturers, employers, and health care providers were signed into law in 2023
- MN is an outlier with a 4-year statute of limitations and no caps on damages in medical liability situations



Homeowners and Commercial Unprofitable

2023 Profitability Report

Minnesota

Underwriting Profit

As a Percent of Direct Premiums Earned

Line Of Business	(1) 2014	(2) 2015	(3) 2016	(4) 2017	(5) 2018	(6) 2019	(7) 2020	(8) 2021	(9) 2022	(10) 2023	(11) AVG
Private Passenger Auto Liability	3.8	3.7	1.2	3.1	7.9	5.6	13.1	9.1	(1.9)	0.3	4.6
Private Passenger Auto Physical	5.4	5.6	4.9	2.0	4.9	(4.3)	6.4	0.7	(30.7)	(8.8)	(1.4)
<i>Private Passenger Auto Total</i>	4.4	4.5	2.8	2.6	6.6	1.2	10.1	5.1	(15.8)	(4.3)	1.7
Commercial Auto Liability	3.9	11.1	(1.5)	5.0	7.6	4.2	13.3	10.3	5.0	8.9	6.8
Commercial Auto Physical	1.1	3.2	6.6	(3.4)	5.6	(0.9)	14.8	14.2	(10.5)	(1.0)	3.0
<i>Commercial Auto Total</i>	3.0	8.5	1.3	2.1	6.9	2.4	13.8	11.6	(0.4)	5.3	5.5
Homeowners Multiple Peril	25.0	16.8	22.0	(27.8)	7.7	(20.5)	(20.1)	(9.5)	(101.8)	(45.9)	(15.4)
Farmowners Multiple Peril	6.9	24.3	11.3	3.2	6.9	(28.7)	2.5	(23.2)	(149.1)	(27.7)	(17.4)
Commercial Multiple Peril	20.9	10.2	12.1	(17.4)	12.0	(9.6)	(26.2)	(1.5)	(50.8)	(19.3)	(7.0)
Fire	27.6	27.9	33.0	23.8	14.4	20.6	(48.9)	29.7	29.3	9.1	16.6
Allied Lines	(75.9)	12.1	33.8	37.3	16.1	(43.1)	4.6	9.4	(2.0)	(24.5)	(3.2)
Inland Marine	15.4	29.1	(1.4)	23.3	24.5	1.5	15.4	29.6	23.5	29.8	19.1

Major Civil Cases Filed, by Category and by Year

	2020	2021	2022	2023	2024
Condemnation	116	152	120	140	136
Consumer Credit	4,389	4,470	4,033	3,906	4,571
Contract	2,068	1,978	1,840	2,076	2,374
Employment	345	356	332	361	330
Forfeiture	833	872	575	531	541
Harassment	11,368	12,707	13,645	14,366	15,750
Miscellaneous Major Civil	2,215	2,323	2,602	2,792	2,657
MNCIS Civil Other/Miscellaneous	3,129	3,341	3,954	4,326	5,141
Personal Injury	2,322	2,154	1,873	1,913	1,972
Reduced Mortgage Redemption	238	324	291	264	257
Torrens	463	310	364	366	344
Tort	648	699	897	1,585	148



Third-Party Litigation Financing (TPLF)

- Litigation financing has **grown to \$16.2B** in the U.S.
- Financiers admit they “**make it harder and more expensive to settle cases**”
- Financing now being reported in **~40% of patent litigation**
- Financiers have invested **billions in Mass Tort Claims, including \$2 billion in Camp Lejeune alone.**
- Foreign sovereign wealth funds and other foreign entities are funding litigation in the U.S. (e.g., Chinese firm "Purplevine" in four IP cases)
- States are starting to require TPLF disclosure:
 - ✓ **AZ, CO, GA, OK, KS, LA, IN, MT, WV, WI**



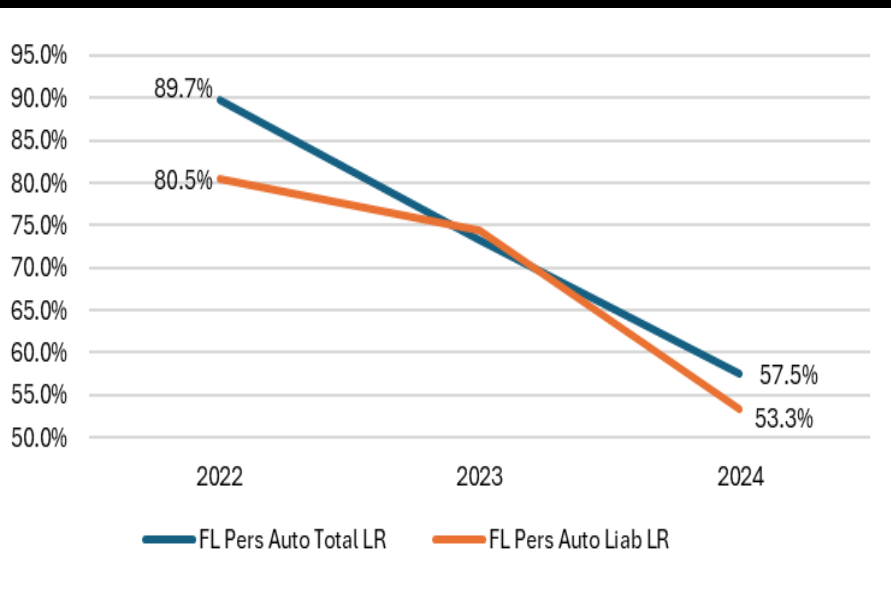
Recent Negligent Security Verdicts/Settlements

- **\$38 million – Nevada (Dec. 2024) – killing at housing complex**
- **\$50 million – Florida (July 2025) – shooting at apartment complex**
- **\$28.9 million – Florida (Sept. 2024)– shooting at apartment complex**
- **\$177 million – Missouri (Dec. 2024) – sexual assault at hotel**



Proving the Benefits of Reform (FL and LA)

Florida Personal Auto Loss Ratio Improvement



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

2024 FL Post-Reform Improvements

- Property litigation **down nearly 30%**
- **17** new insurers
- **80% year-over-year decline** in auto glass lawsuits
- Insurance defense & cost containment expense (DCCE) **down to 1/3rd of 2022 levels**
- Auto insurers filed for **rate reductions between 6% to 10.5%**
- **Lowest average property rate increase** in the U.S. (1%)
- **Legal filings down 36%** since 2021
- **Drop in FL's nuclear verdicts** national ranking

2025 Louisiana Post-Reform Improvements

- 20 auto insurers have filed rate decreases since January with 14 lowering premiums by more than 1%



American Property Casualty Insurance Association™

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

