



NAREC Real Estate Professionals - Legal System Abuse Update

Bill Lynch

SVP & Chief State & Local Public Affairs Officer

November 5, 2025



Legal System Abuse Overview

Legal system abuse (LSA) is an issue in the litigation system that results in higher damages and settlement costs, ultimately leading to negative economic impacts to society.

Forces driving legal system abuse



Plaintiff Attorney
Marketing Spend



Nuclear Jury
Verdicts



Changing
Societal Attitudes



Third Party
Litigation Financing

Legal system abuse leads to:

- ✓ More attorney-represented claims
- ✓ Bigger jury verdicts
- ✓ More money into the hands of lawyers and investors
- ✓ Higher premiums for all policyholders
- ✓ Impacts to the broader economy and business community

¹ Swiss Re, Property & Casualty Trend Spotlight: <https://www.swissre.com/reinsurance/property-and-casualty/reinsurance/liability/casualty-risk-trends.html>

² "US Litigation Funding and Social Inflation." Swiss Re Institute, December 2021






Legal System Abuse – An Existential Threat

Legal system abuse is driven by plaintiff attorneys, and other third parties. It includes predatory and sometimes fraudulent tactics designed to solicit and inflate claim values.

Societal View of What's Fair – Shifting Juror Attitudes

- 42%** would decide a case based on what they think is “fair” and not the law¹
- 88%** believe companies should take any/all precautions, no matter how impractical or costly²
- 58%** believe corps always have some responsibility for injury, even if the product is misused²

Increasing Presence of Plaintiff Attorneys

-  Rise in Attorney Representation: 17% CAGR* past 3 Years
-  Increased Plaintiffs Bar Advertising: 32% Growth in Ad Spend Since 2020⁵
-  Elevated levels of Litigation Financing: 9.3% CAGR* from 2023 to 2032, estimated to reach \$5.8B⁶

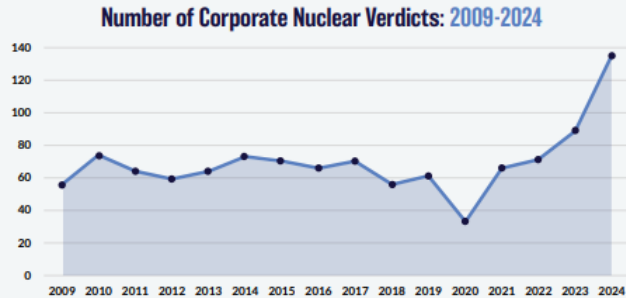
*CAGR = Compound Annual Growth Rate

Tactics and strategies designed to inflate values

- Bad Faith Traps: TLDs
- Jury manipulation
- Corporate vilification
- Anchoring
- Inflation of past/future meds
- Directed care

In 27 cases awarding more than \$100m, the reinsurer identified increased use of psychology-based strategies by trial lawyers as an important driver.⁴

Growth in Jury Awards Setting New Normal

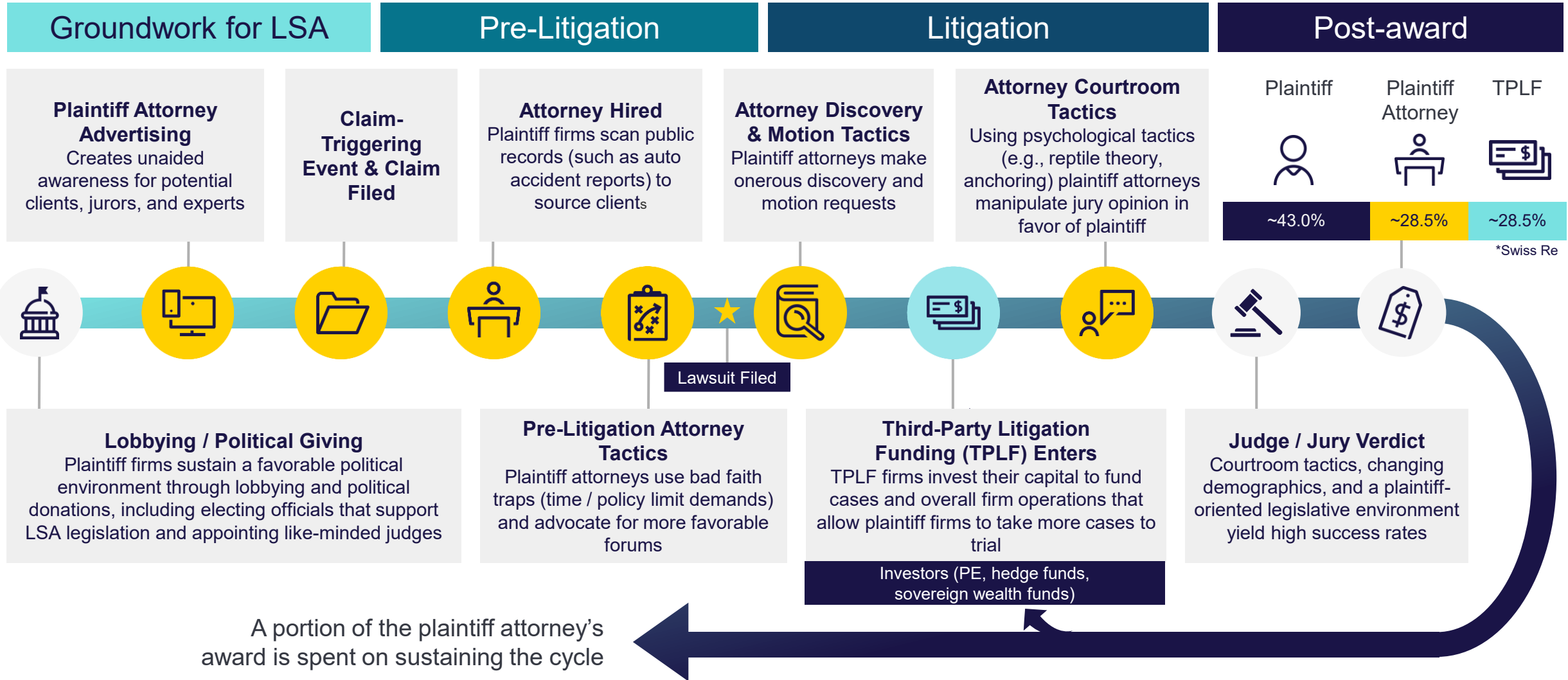


Corporate nuclear verdicts increased 52% in 2024; in 2024, 135 lawsuits against a corporate defendant resulted in a “nuclear verdict, while 49 were “thermonuclear,” more than \$100M.³



Legal System Abuse and the lifecycle of a claim

● Plaintiff Attorney ● TPLF

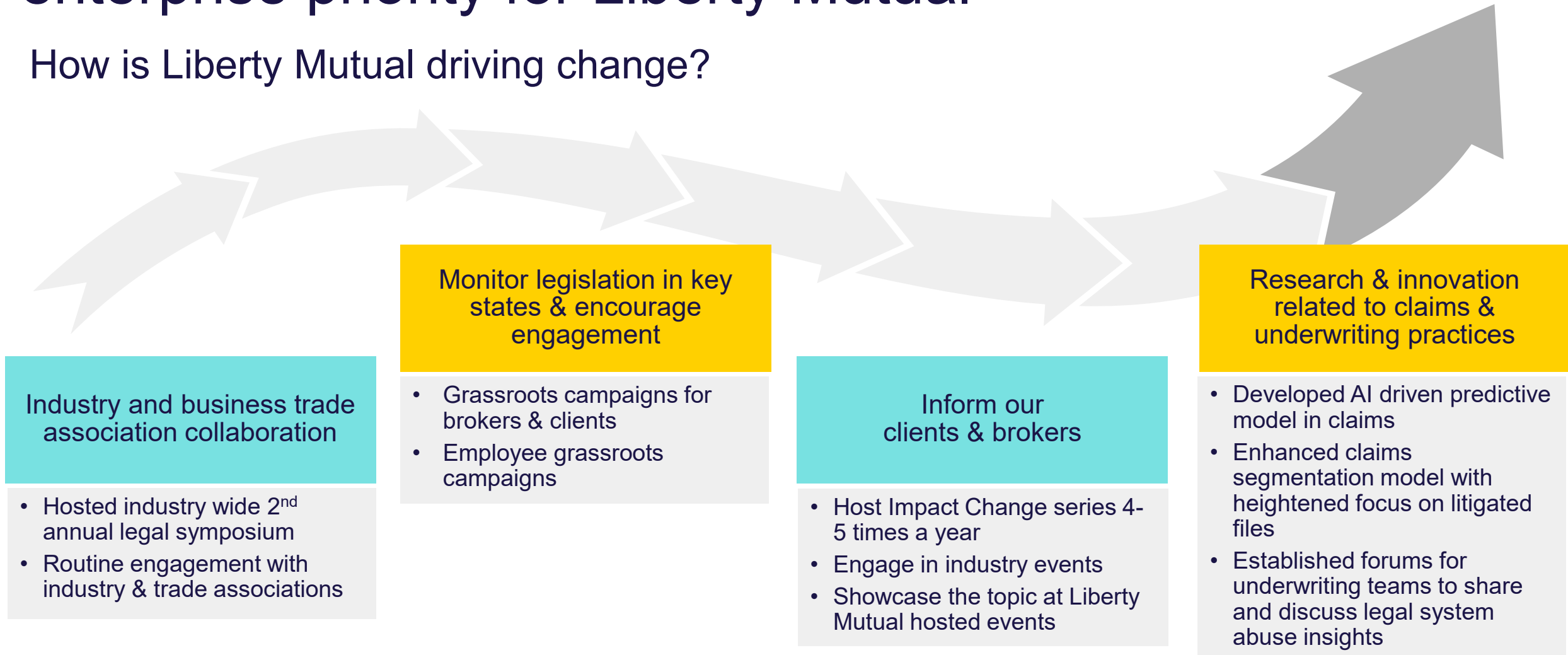


For illustrative purposes – a claim may close at any point during the lifecycle, attorney representation may occur at FNOL, and TPLF may enter any time between a claim-triggering event and the award



Legal system abuse is a top enterprise priority for Liberty Mutual

How is Liberty Mutual driving change?



Legal system abuse is a top enterprise priority for Liberty Mutual

We are taking a corporate wide approach to impact change

Public Affairs	Claims
Marketing/External Comms	Legal
Distribution	Strategic Counsel and Litigation Management
Underwriting/Product (NB)	Underwriting/Product (RB)



National/ Local Trade & Justice Organizations



Policy Holders, Brokers and Agents



Industry Peers, Outside Panel firms

These teams are focused on driving change internally and externally

Industry and business trade association collaboration

- Routine engagement with industry & trade associations

Research & innovation related to claims & underwriting practices

- Developed AI driven predictive model in claims
- Enhanced claims segmentation model with heightened focus on litigated files
- Established forums for underwriting teams to share and discuss legal system abuse insights

Monitor legislation in key states & encourage engagement

- Grassroots campaigns for brokers & clients
- Employee grassroots campaigns

Inform our clients & brokers

- Host Impact Change series 4-5 times a year
- Engage in industry events
- Showcase the topic at Liberty Mutual hosted events



Impact change series

Overview



Share Liberty Mutual's legislative priorities



Engage with our leaders and teams on public affairs matters



Discuss pending legislation and/or the legislative environment in key states



Explore ways to partner on bills of interest to you and your company

What we've accomplished



Since 2022, we have hosted ~1200 attendees at 10 Impact Change Events with an average of 120 people per session



We've issued 11 grassroots campaigns across 9 states in 2024 & 2025



Successful comprehensive legislation packages passed in Florida & Georgia



Successfully prevented passing of unfavorable legislation in Maryland



We identify legislation that may be of interest to clients & brokers and disseminate information through grassroots campaigns

Example



Legislative update

Tell Georgia lawmakers: Pass Gov. Kemp's lawsuit abuse reform package

Gov. Brian Kemp recently released landmark lawsuit abuse legislation ([Senate Bill 68](#) and [Senate Bill 69](#)), which would help level the playing field in our courtrooms. The reform package would do the following:

- Ban hostile foreign powers from taking advantage of consumers in legal proceedings
- Aim to stabilize insurance costs for businesses and consumers
- Increase transparency and fairness to ensure Georgia continues to

State of Georgia



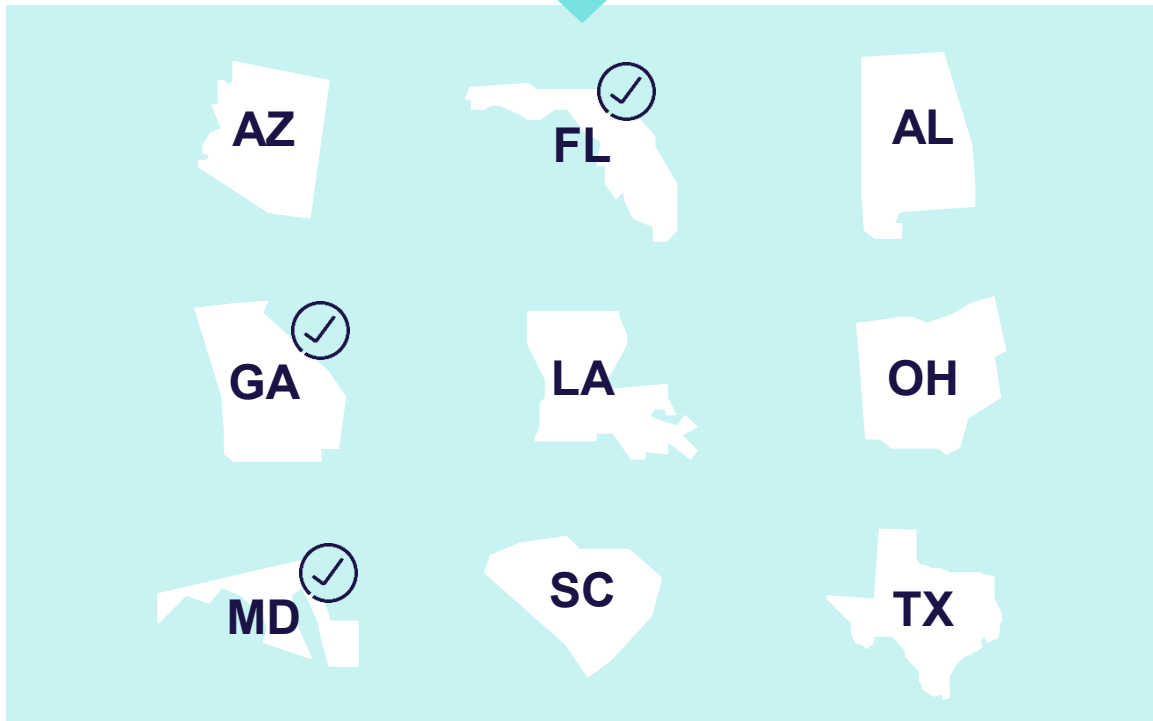
Email offered recipients opportunity to “take action” by sharing the email with their organization, signing onto a grassroots email with APCIA, or reaching out to an association they belong to for more information.



We've issued 9 grassroots campaigns across 11 states to nearly 35,000 clients and partners since 2024

 Successful

State grassroots campaigns*



*As of April 2025

Focus of legislation

Reject a bill that would double the cap on non-economic damages

Modernize liability laws

Comprehensive package

Reduce threat of nuclear verdicts

TPLF transparency



2025 Liberty Mutual Legal System Abuse Strategic, Emerging, and Defensive Priorities

Defensive

California

Defend against liability-expanding legislation

Colorado

Defend against liability-expanding legislation

Florida

Defend 2023 LSA reforms

Maryland

Defend against damage cap expansion

Oregon

3rd party bad faith

Pennsylvania

Defend against liability-expanding legislation

Virginia

Defend against liability-expanding legislation

Washington

Defend against liability-expanding legislation

Strategic & Pro-active

Georgia

TPLF

Limitations on damages/phantom damages

Premise liability

Illinois

Coalition building

Louisiana

Collateral Source

Injury presumption/ Housley

Michigan

Defend against bad faith expansion

Missouri

Jury anchoring

Personal Injury SOL reduction

New York

TPLF

South Carolina

Joint & several liability reform

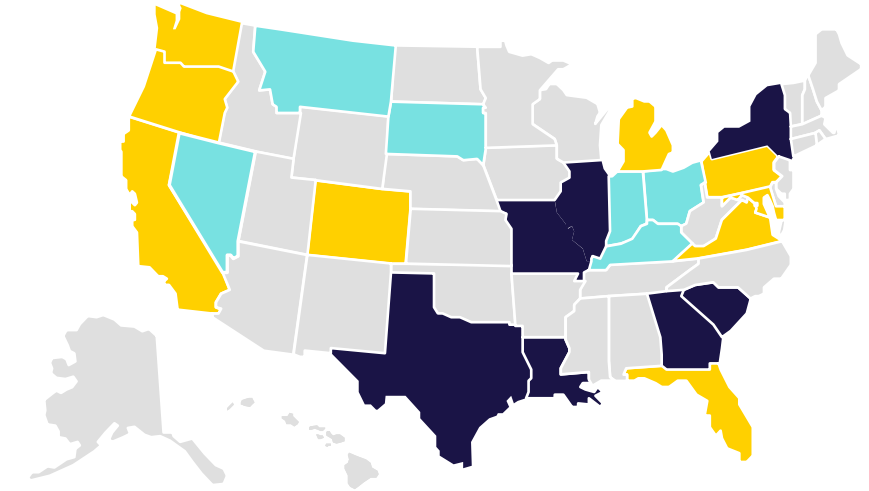
Texas

Addressing nuclear verdicts

Commercial motor vehicle reform

Phantom damages

TPLF (via court rule)



Emerging issues

Indiana

3rd party premises liability

Kentucky

School employee tort caps

Montana

Public nuisance

TPLF

Nevada

Uber ballot initiative

Attorney advertising

Summary judgment on matters of law

Ohio

TPLF (via court rule)

South Dakota

ALI restatement



2026 Strategic Proactive and Defensive LSA States

Missouri

- Time limited demands
- Subrogation fix (result of *Thomas v. Ramushi*)
- Collateral source
- Products liability
- Rule 702

Indiana

- Trucking bifurcation
- Jury anchoring
- Efficient dismissal
- 3rd party premises liability
- Double recovery of attn fees
- Strengthening of no-pay, no-play

New York

- Unfair Deceptive and Abusive Acts/Practices
- Wrongful death
- Direct action
- Consent to jurisdiction
- Vexatious litigation
- No settlements within 30 days

Texas

- Setting the stage for 2027 efforts
- Damage awards
- TPLF
- Auto fix- *Allstate v. Irwin*
- Property- attn fees

South Carolina

- Phantom damages
- Non-economic damage caps
- Bad faith reform
- TPLF
- Pre-litigation screening panels
- Alternative dispute resolution

Georgia

- Motions to dismiss
- Voluntary dismissals
- Collateral source
- Anchoring
- Attn fee limitations
- Premises liability

Alabama

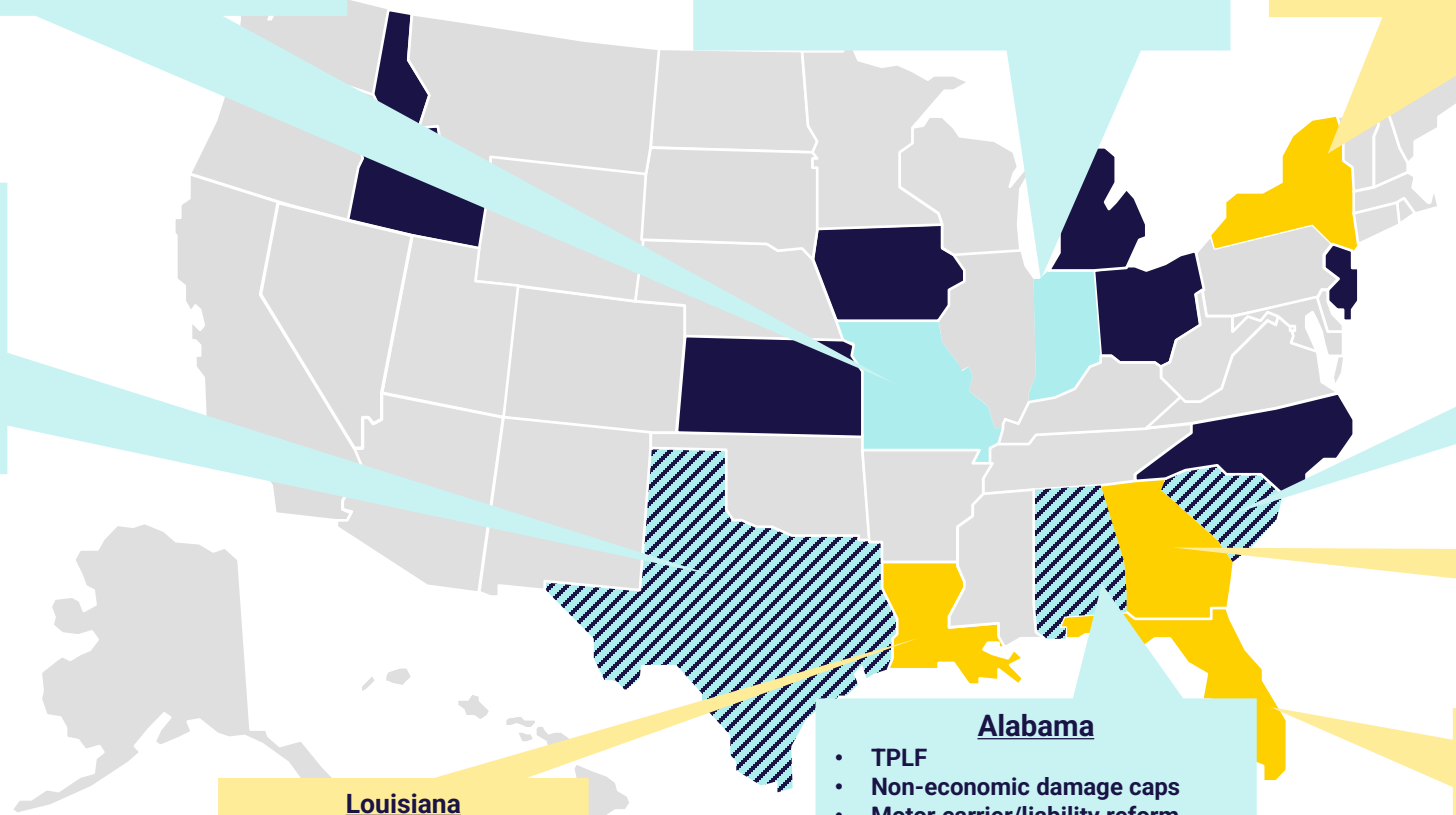
- TPLF
- Non-economic damage caps
- Motor carrier/liability reform
- Phantom damages
- Expert testimony
- Attorney advertising
- Venue shopping

Florida

- Reinstate one-way attn fees
- Repeal of transparency in damages
- Reinstate one-way attn fees for PIP
- Attn fee awards in insurance actions

Louisiana

- Injury presumption (*Housley fix*)
- Comparative fault



	Defensive
	Strategic & Proactive excl. TPLF
	TPLF ¹
	Strategic & Proactive incl. TPLF

Note: 1). States targeting TPLF-focused legislative efforts include Iowa, Idaho, Kansas, Michigan, New Jersey, North Carolina, & Ohio



How to get involved



Educate
your
organization



Work
closely with
associations
your
organization
belongs to



Engage
with your clients
and partners
to join in



Join
Liberty Mutual's
Impact Change
series



Join
grassroots
campaigns





Liberty Mutual[®]

INSURANCE