
Social Inflation: Fact or Fiction

Saturday, July 16, 2022

NCOIL 2022 Jersey City, NJ

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A *Sue-nami* of Nuclear Verdicts?!



Understanding the Impact of Nuclear Verdicts on the Trucking Industry

June 2020



Prepared by the American Transportation Research Institute

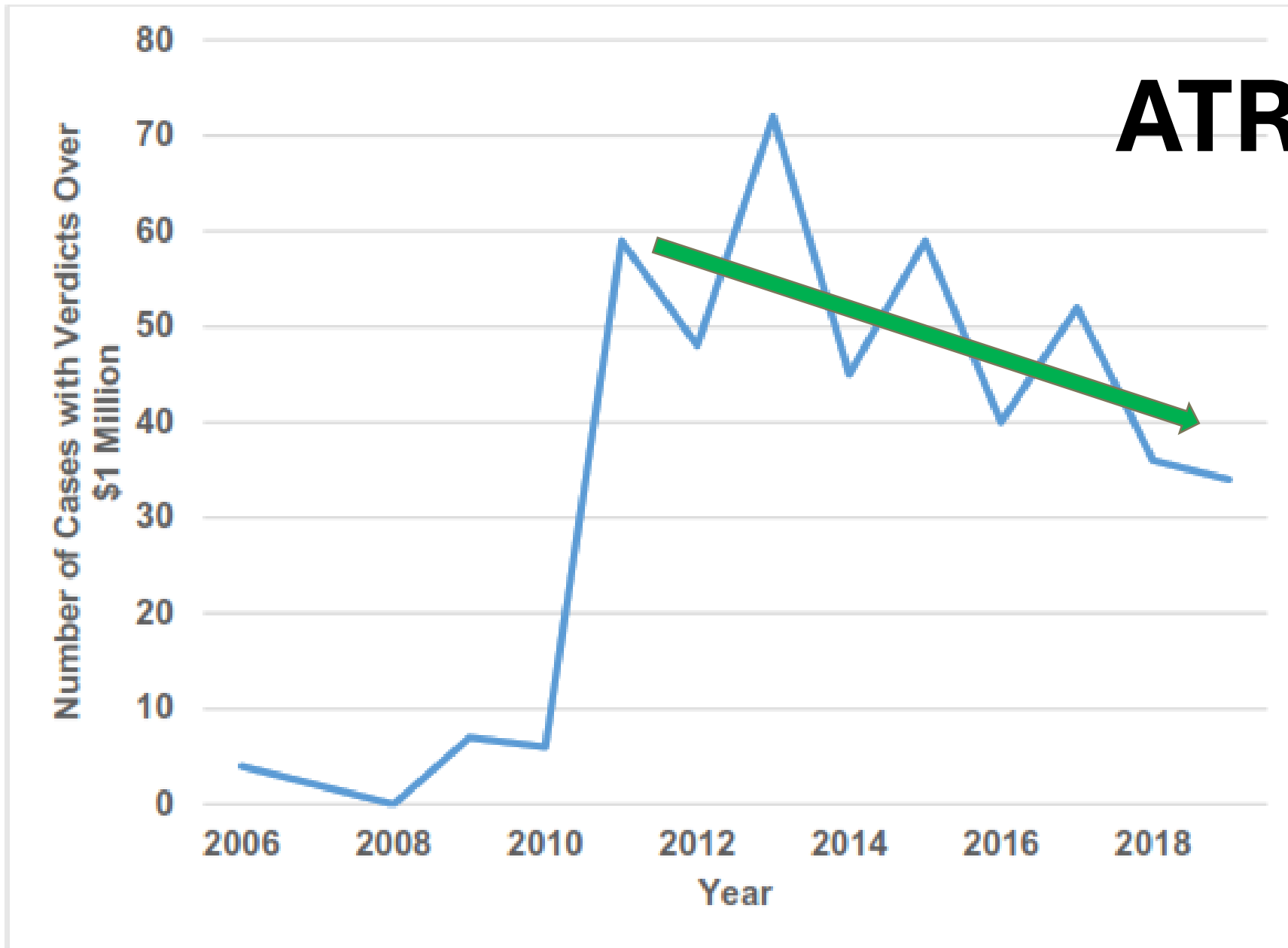


“Based on the data analysis, cases with awards over \$1 million have increased dramatically over the last 14 years”

Source:

ATRI Report: *Understanding the impact of nuclear verdicts on the trucking industry*

Figure 1. Number of Cases with Verdicts over \$1 Million



ATRI's Data...

Source:

ATRI Report: Understanding the impact of nuclear verdicts on the trucking industry

Hey ATRI...

WHERE'S THE BEEF?



The ATRI report is “a document full of errors, exaggerations, and misinformation”



HOW THE CASH-RICH INSURANCE INDUSTRY FAKES CRISES AND INVENTS SOCIAL INFLATION

By:

J. Robert Hunter, Director of Insurance, Consumer Federation of America

Joanne Doroshow, Executive Director, Center for Justice & Democracy

Douglas Heller, Insurance Expert, Consumer Federation of America

**CONSUMER FEDERATION OF AMERICA
CENTER FOR JUSTICE & DEMOCRACY**

March 2020

<https://consumerfed.org/wp-content/uploads/2021/04/How-the-Cash-Rich-Insurance-Industry-Fakes-Crisis-and-Invents-Social-Inflation.pdf>

Slip & Fall Jury Trial Verdicts (2019)

(Slip and Fall Jury Trial Verdicts (January 2019 - December 2019) from Trial Completion Forms Submitted to Presiding Judge, Civil Division and from Courtview Statistics)													(Compiled)	
No.	Trial Date	Case No. (Cal No.)	Injury					Permanency		Plaintiff's Last Known Demand	Defendant's Last Known Offer	Verdict	Verdict Amount	
			Soft Tissue	Broken Bones	Verifiable Back and Neck	Other	Not Specified on Form	No	Yes					Not Specified on Form
1	3/4/2019	2016 CA 1513		x				x			\$225,000.00	\$25,000.00	For Defendant	\$0.00
2	10/7/2019	2017 CA 7327	x					x			\$75,000.00	\$35,000.00	For Defendant	\$0.00
3	11/4/2019	2014 CA 5584		x					x		\$50,000.00	\$0.00	For Plaintiff	\$35,000.00
4	10/7/2019	2018 CA 2659		x				x			\$0.00	\$0.00	For Defendant	\$0.00

Total Jury Trials Resulting in Verdicts	4
Verdicts for Defendants	3
Verdicts for Plaintiffs	1
Highest Plaintiff's verdict	\$35,000.00
Lowest Plaintiff's verdict	\$0.00
Number of Plaintiff's verdicts \$10,000 or less	0
Number of Plaintiff's verdicts above \$10,000 but less than \$25,000	0
Number of Plaintiff's verdicts above \$25,000 but less than \$50,000	1
Number of Plaintiff's verdicts above \$50,000 but less than \$100,000	0
Number of Plaintiff's verdicts \$100,000 or more	0
Verdicts where judgment amount for Plaintiff exceeded the last known offer from Defendant	1
Verdicts where judgment amount for Plaintiff exceeded Plaintiff's last known demand	0
Verdicts where judgment amount for Plaintiff was less than Defendant's last known offer	0

Updated 1.8.20

Automobile Accident Jury Trial Verdicts (January 2019 - December 2019)
(Compiled from Trial Completion Forms Submitted to Presiding Judge, Civil Division and from Courtview Statistics)

No.	Trial Date	Case No. (Cal No.)	Injury				Permanency		Plaintiff's Last Known Demand	Defendant's Last Known Offer	Verdict	Verdict Amount	
			Soft Tissue	Broken Bones	Vertebral Back and Neck	Other	Not Specified on Form	No					Yes
1	1/15/2019	2016 CA 7033 V			X			X		\$75,000.00	\$20,000.00	For Defendant	\$0.00
2	1/15/2019	2017 CA 31 V			X			X		\$75,000.00	\$20,000.00	For Defendant	\$0.00
3	1/15/2019	2017 CA 4447 V	X						X	\$7,500.00	\$1,500.00	For Plaintiff	\$5,436.00
4	1/29/2019	2016 CA 4372 V					X	X		\$993,650.00	\$0.00	For Defendant	\$0.00
5	2/4/2019	2017 CA 5106 V	X					X		\$250,000.00	\$0.00	For Plaintiff	\$6,000.00
6	2/4/2019	2017 CA 5107 V	X					X		\$250,000.00	\$0.00	For Plaintiff	\$2,000.00
7	2/11/2019	2014 CA 1077 V		X					X	\$230,000.00	\$140,000.00	For Plaintiff	\$3,000,000.00
8	2/25/2019	2017 CA 7300 V	X	X					X	\$500,000.00	\$0.00	For Plaintiff	\$22,425.00
9	3/4/2019	2017 CA 7016 V				X		X		\$45,550.00	\$22,834.00	For Plaintiff	\$5,275.24
10	3/4/2019	2017 CA 7869 V					X	X		\$12,000.00	\$5,000.00	For Plaintiff	\$9,047.00
11	3/4/2019	2017 CA 8084 V	X					X		\$60,000.00	\$10,000.00	For Plaintiff	\$0.00
12	3/11/2019	2017 CA 2282 V	X					X		\$15,000.00	\$7,397.00	For Plaintiff	\$2,550.00
13	3/12/2019	2017 CA 3770 V	X					X		\$100,000.00	\$11,500.00	For Plaintiff	\$38,840.44
14	3/25/2019	2017 CA 8223 V	X	X				X		\$0.00	\$0.00	For Defendant, but both parties liable	\$0.00
15	4/1/2019	2017 CA 6419 V	X					X		\$12,000.00	\$0.00	For Defendant	\$0.00
16	4/15/2019	2017 CA 5331 V					X	X		\$50,000.00	\$0.00	For Defendant	\$0.00
17	4/29/2019	2017 CA 5487 V		X					X	\$100,000.00	\$53,000.00	For Plaintiff	\$27,604.62
18	6/3/2019	2018 CA 68 V	X						X	\$0.00	\$0.00	For Defendant	\$0.00
19	6/10/2019	2018 CA 42 V	X	X				X		\$17,500.00	\$4,548.00	For Defendant	\$0.00
20	6/17/2019	2018 ca 2109 V	X					X		\$18,000.00	\$10,000.00	For Plaintiff	\$8,000.00
21	6/24/2019	2018 CA 2461 V	X					X		\$5,000.00	\$1,000.00	For Defendant	\$0.00
22	6/24/2019	2018 CA 790 V					X	X		\$10,000.00	\$6,250.00	For Plaintiff	\$3,000.00
23	7/22/2019	2017 CA 7130 V	X					X		\$250,000.00	\$0.00	For Plaintiff	\$9,000.00
24	8/26/2019	2017 CA 7488 V	X					X		\$29,000.00	\$9,911.00	For Plaintiff	\$12,626.00
25	8/5/2019	2018 CA 2282 V	X	X				X		\$25,000.00	\$5,500.00	For Plaintiff	\$5,000.00
26	8/19/2019	2017 CA 7401 V		X					X	\$0.00	\$0.00	For Plaintiff	\$10,345.00
27	9/3/2019	2017 CA 2995 V				X			X	\$50,000.00	\$0.00	For Defendant	\$0.00

Auto Collision Jury Trial Verdicts (2019)

Total Jury Trials Resulting	36	
Verdicts for Defendants	14	
Verdicts for Plaintiffs	22	
Highest Plaintiff verdict	\$3,000,000.00	14
Lowest Plaintiff's verdict	\$0.00	5
Number of Plaintiff's verdicts \$10,000 or less		2
Number of Plaintiff's verdicts above \$10,000 but less than \$25,000		0
Number of Plaintiff's verdicts above \$25,000 but less than \$50,000		0
Number of Plaintiff's verdicts above \$50,000 but less than \$100,000		1
Number of Plaintiff's verdicts above \$100,000 but less than \$500,000		
Number of Plaintiff's verdicts \$500,000 or more		
Verdicts where judgment amount for Plaintiff exceeded the last known offer from Defendant		2
Verdicts where judgment amount for Plaintiff exceeded Plaintiff's last known demand		10
Verdicts where judgment amount for Plaintiff was less than Defendant's last known offer		

Updated 1.8.20

28	10/22/2019	2017 CA 5327 V	X	X				X		\$12,000.00	\$4,038.00	For Plaintiff	\$2,368.18
29	10/15/2019	2018 CA 5989 V	X					X		\$0.00	\$0.00	For Defendant	\$0.00
30	10/21/2019	2018 CA 3215 V					X	X		\$300,000.00	\$0.00	For Plaintiff	\$15,000.00
31	10/1/2019	2017 CA 6914 V				X		X		\$16,800.00	\$0.00	For Defendant	\$0.00
32	10/21/2019	2018 CA 2443 V					X	X		\$0.00	\$0.00	For Defendant, but both parties liable	\$0.00
33	11/4/2019	2017 CA 2998 V				X			X	\$15,000.00	\$0.00	For Plaintiff	\$10,000.00
34	11/25/2019	2018 CA 6138 V		X				X		\$50,000.00	\$0.00	For Plaintiff	\$17,085.00
35	11/18/2019	2018 CA 6505 V	X					X		\$100,000.00	\$0.00	For Plaintiff	\$500.00
36	12/16/2019	2017 CA 8450 V		X				X		\$0.00	\$0.00	For Defendant, but both parties liable	\$0.00

Source:

District of Columbia Courts | Jury Verdicts | <https://www.dccourts.gov/services/civil-matters/jury-verdicts>

(Medical Malpractice Trial Verdicts (January 2019 - December 2019))

(Compiled from Trial Completion Forms Submitted to Presiding Judge, Civil Division and from Courtview Statistics)

Medical Malpractice Jury Trial Verdicts (2019)

No.	Trial Date	Case No. (Cal No.)	Claim							Injury					Plaintiff's Last Known Demand	Defendant's Last Known Offer	Verdict	Verdict Amount
			Misdiagnosis	Informed Consent	Incompetent Surgery	Birth Complication	Other	Not Specified on	Fatality	Serious Permanency	Non-Serious Permanency	No Permanency	Not Specified on					
1	2/11/2019	2015 ca 7137	x										x	\$680,000.00	\$0.00	For Plaintiff	\$680,000.00	
2	5/13/2019	2017 ca 29			x							x		\$600,000.00	\$0.00	For Defendant	\$0.00	
3	7/8/2019	2015 ca 5880	x										x	\$0.00	\$0.00	For Plaintiff	\$14,350,000	

Total Jury Trials Resulting in Verdicts 3

Verdicts for Defendants 1

Verdicts for Plaintiffs 2

Highest Plaintiff's verdict \$14,350,000

Number of Plaintiff's verdicts \$500,000 or less 0

Number of Plaintiff's verdicts above \$500,000 but less than \$1,000,000 1

Number of Plaintiff's verdicts above \$1,000,000 but less than \$5,000,000 0

Number of Plaintiff's verdicts \$5,000,000 or more 1

Verdicts where judgment amount for Plaintiff exceeded the last known offer from Defendant 0

Verdicts where judgment amount for Plaintiff exceeded Plaintiff's last known demand 0

Verdicts where judgment amount for Plaintiff was less than Defendant's last known offer 0

1/8/2020

“Social inflation” – *difficult to define*

- The term “Social Inflation” **doesn’t even have an agreed upon, specific definition**
 - Casualty Actuarial Society Research Paper: “there’s **no universally agreed-upon definition** of social inflation.” (CAS goes on to detail 12 different recent definitions of “social inflation” in published papers 2010-21.)
 - The Geneva Association: “Social inflation is a term that is widely cited in insurance debates, but it is often **ill-defined** or at best **only loosely explained**.”
 - InsuranceThoughtLeadership.com: “as an industry, we are **struggling to define** it”
- Whatever “Social Inflation” is, it **is hard to measure**; see, for example :
 - Triple-I CEO: “...a concept that’s **hard to measure**...”
 - Gen Re article: “...**hard to find empirical evidence** that supports or disproves it.”

A study by Profs. Samuel Antill (Harvard Business School, Finance) and Stephen Grenadier (William F. Sharpe Chair of Financial Economics, Stanford Graduate School of Business) found not only that “**litigation financing does not lead to the filing of risky frivolous lawsuits,**” but also that “**litigation financing deters defendants from engaging in wasteful bullying strategies**” (Samuel Antill and Stephen R. Grenadier, *Financing the Litigation Arms Race* at 29, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3719238 (June 5, 2022)).

In search of a cause...



Loose laws

Attorney Advertising

Angry Millennials

Plaintiff Tricks

Social Inflation

Third Party Funds

So, in other words....

Using baseball as an analogy, **if a batter has gone three for three against you, then the solution is not to ban the batter from coming to the plate for a fourth time;**

the solution is to pitch better.

Thank you!

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