



citycounty insurance services
cisoregon.org

PACE

SAFETY • SERVICE • SAVINGS
A **TRUST** BUILT FOR **STUDENTS**

S | D | A | O

SPECIAL DISTRICTS
ASSOCIATION OF OREGON

The background of the slide is a collage of US dollar bills, including \$100 and \$50 bills, which are slightly blurred and overlaid with a dark grey semi-transparent rectangle.

Why Does Everything Cost So Much!

Ross Davies, Property Liability Claims
Supervisor, CIS

Jens Jensen, Director of Property Casualty
Claims, SDAO and PACE

Because Things
are Expensive!

Any Questions?

Thank You!

Key to upcoming graphs:

CIS: Citycounty Insurance Services

SDIS: Special Districts Insurance Services
and
Property and Casualty Coverage for
Education.

OBJECTIVE:

To discuss recent claim trends and highlight root causes for increases in costs.

3 Key Areas:

Auto Physical Damage

Property

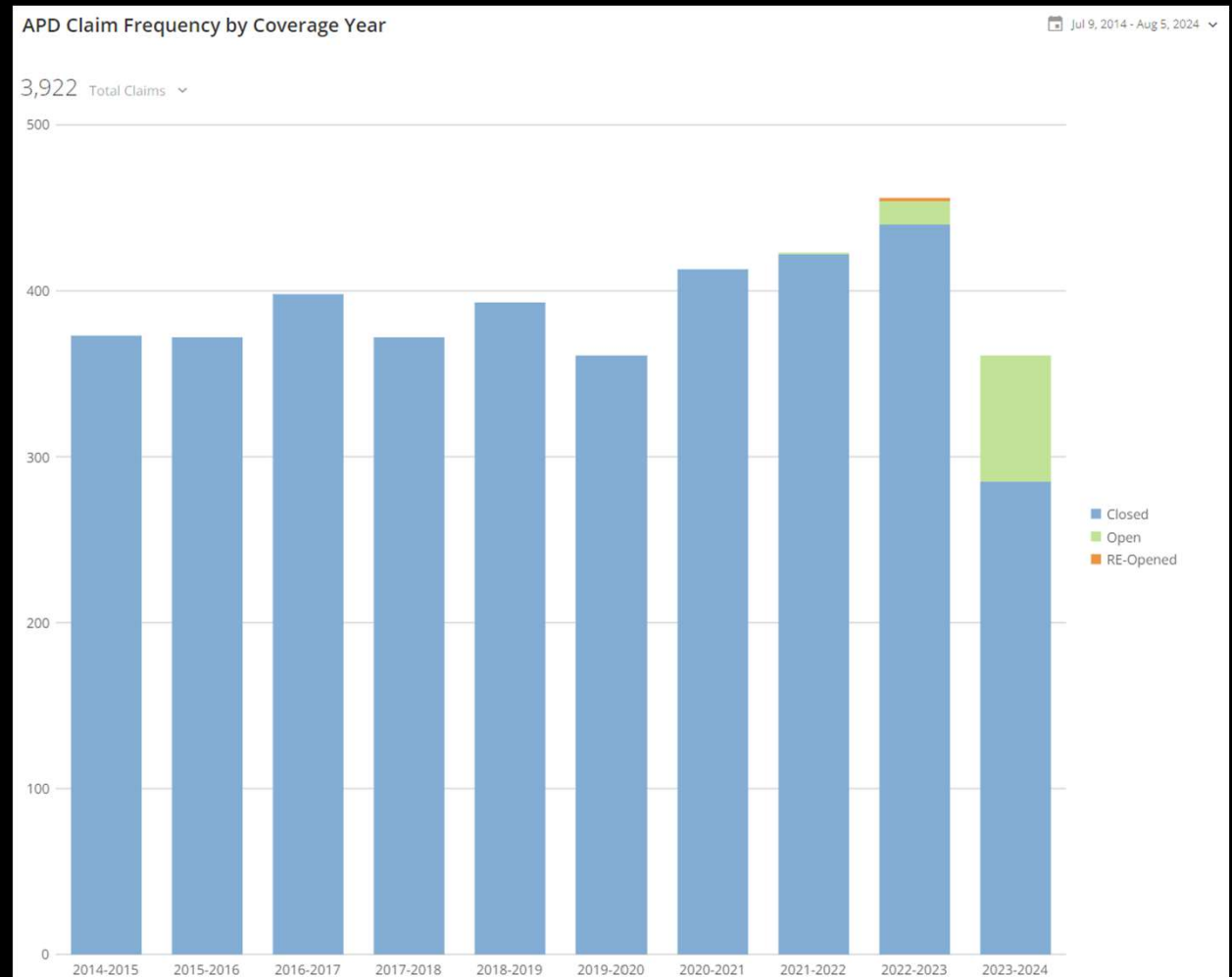
Liability

Auto Physical Damage (APD)

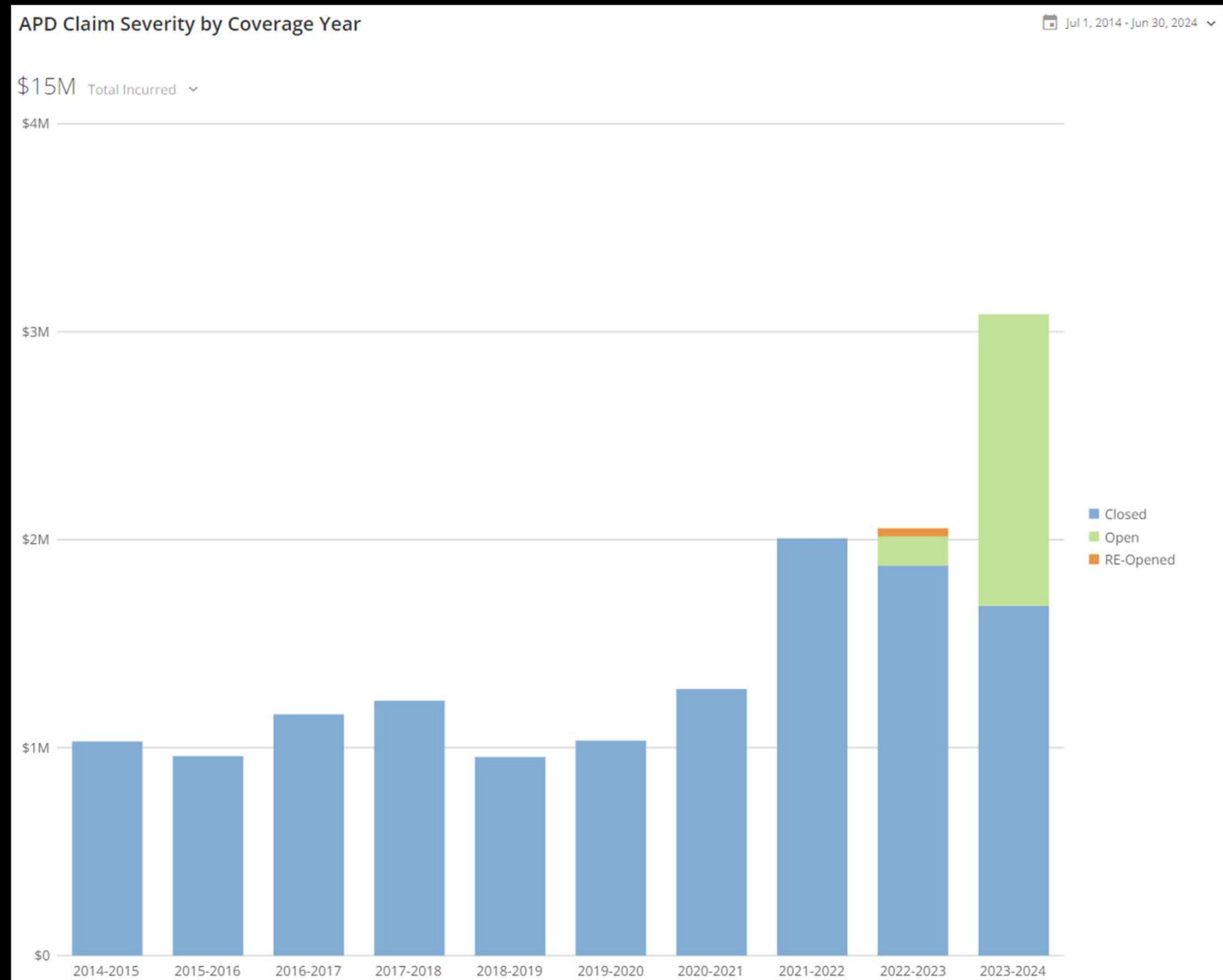


APD
Frequency
over past 10
years

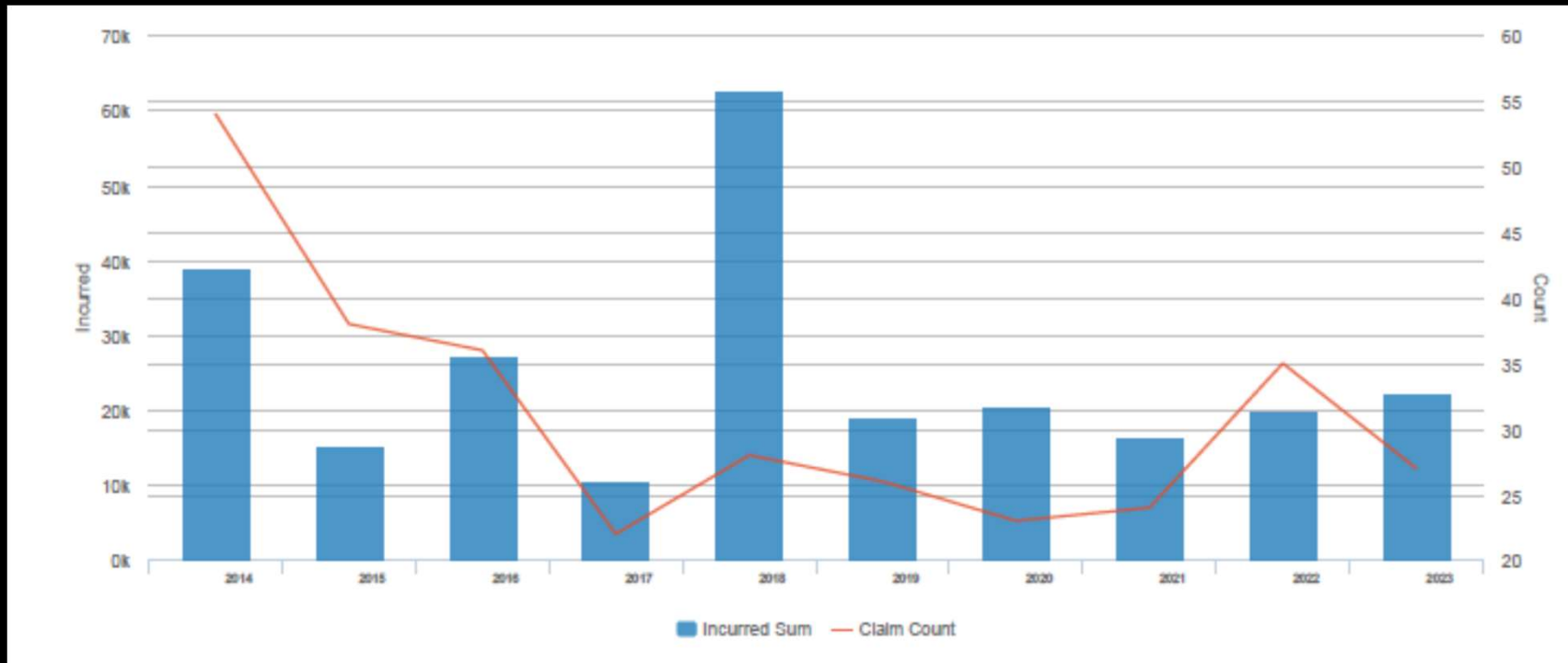
CIS



APD Severity over past 10 years



SDIS APD over past 10 years

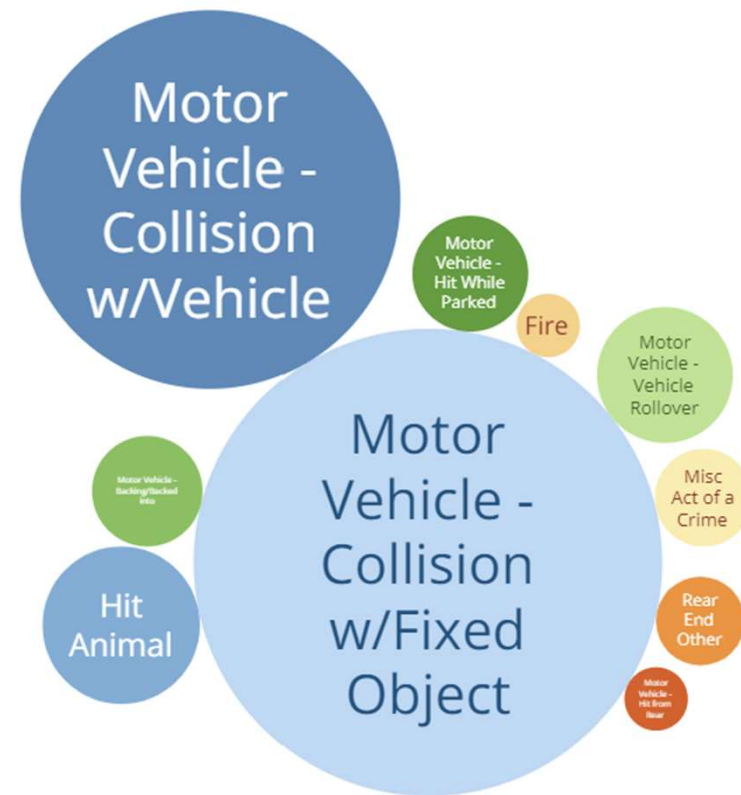


APD
frequent
causes of
loss.
CIS

APD Top 10 Most Frequent Loss Type

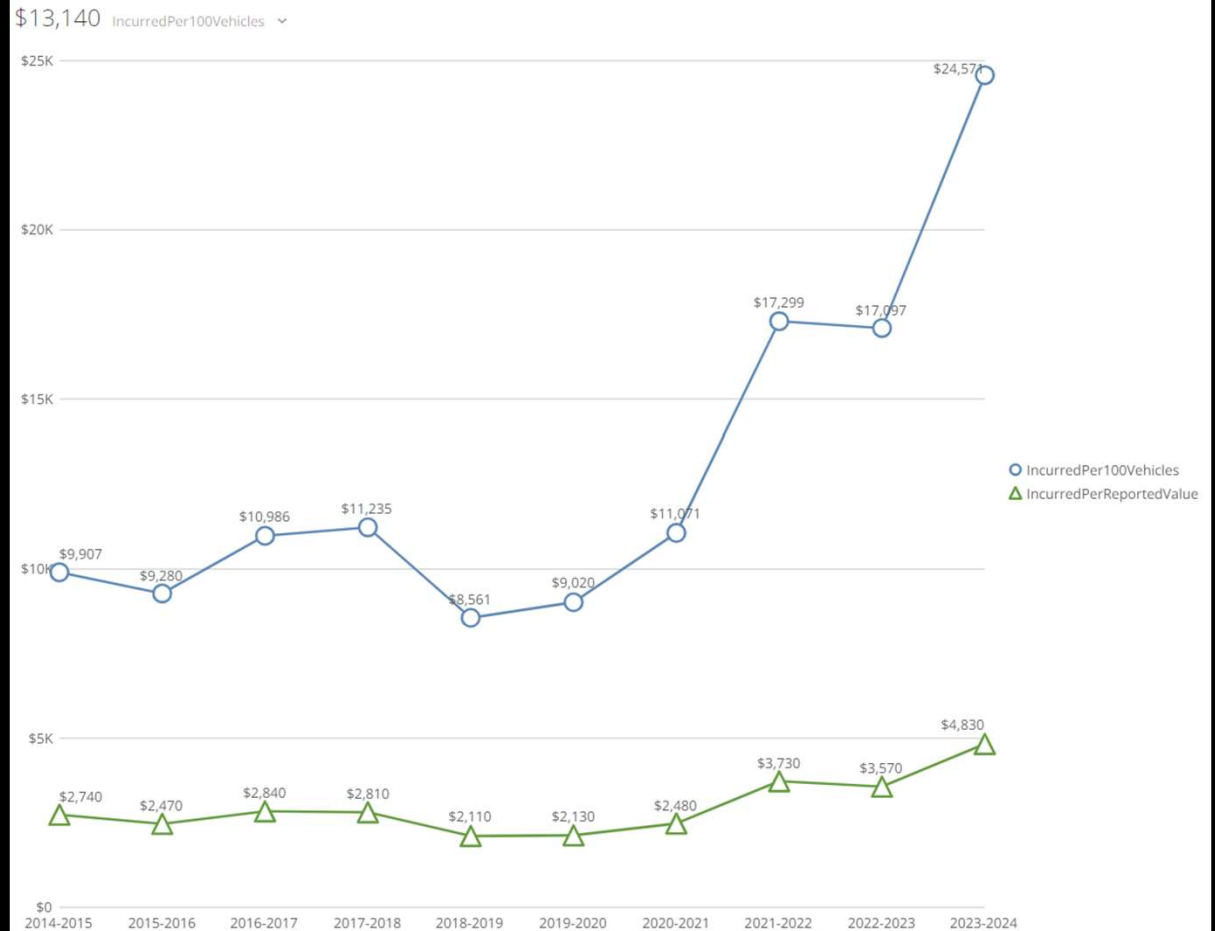
Top 10 Loss Types over the past 10 years

\$14M Sum of Claim_Total_Paid ▾



CIS APD Severity

APD Claim Severity Per 100 Vehicles & \$1M Reported Value



Factors

Less Shops after Pandemic

Smaller Shops Closed Up

Remaining Shops Are Booked

Increased Rental Time

Total Loss?

Supply Chain Issues

Parts Are Out

No Parts for Newer Models



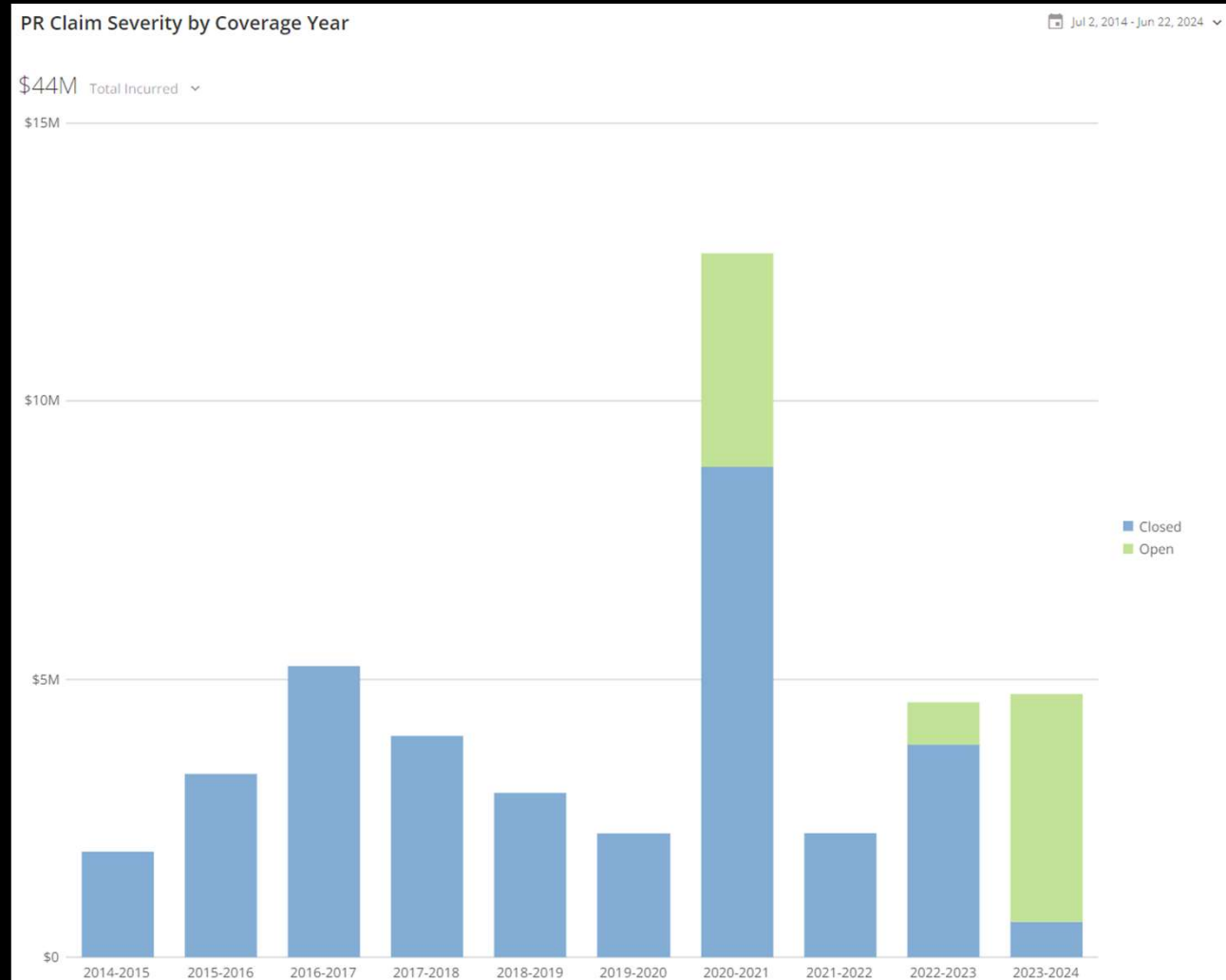
More Factors:

- Scarcity of replacement vehicles
- Aging vehicles
- Shops not wanting to certify repairs
- Shops not wanting to do repairs

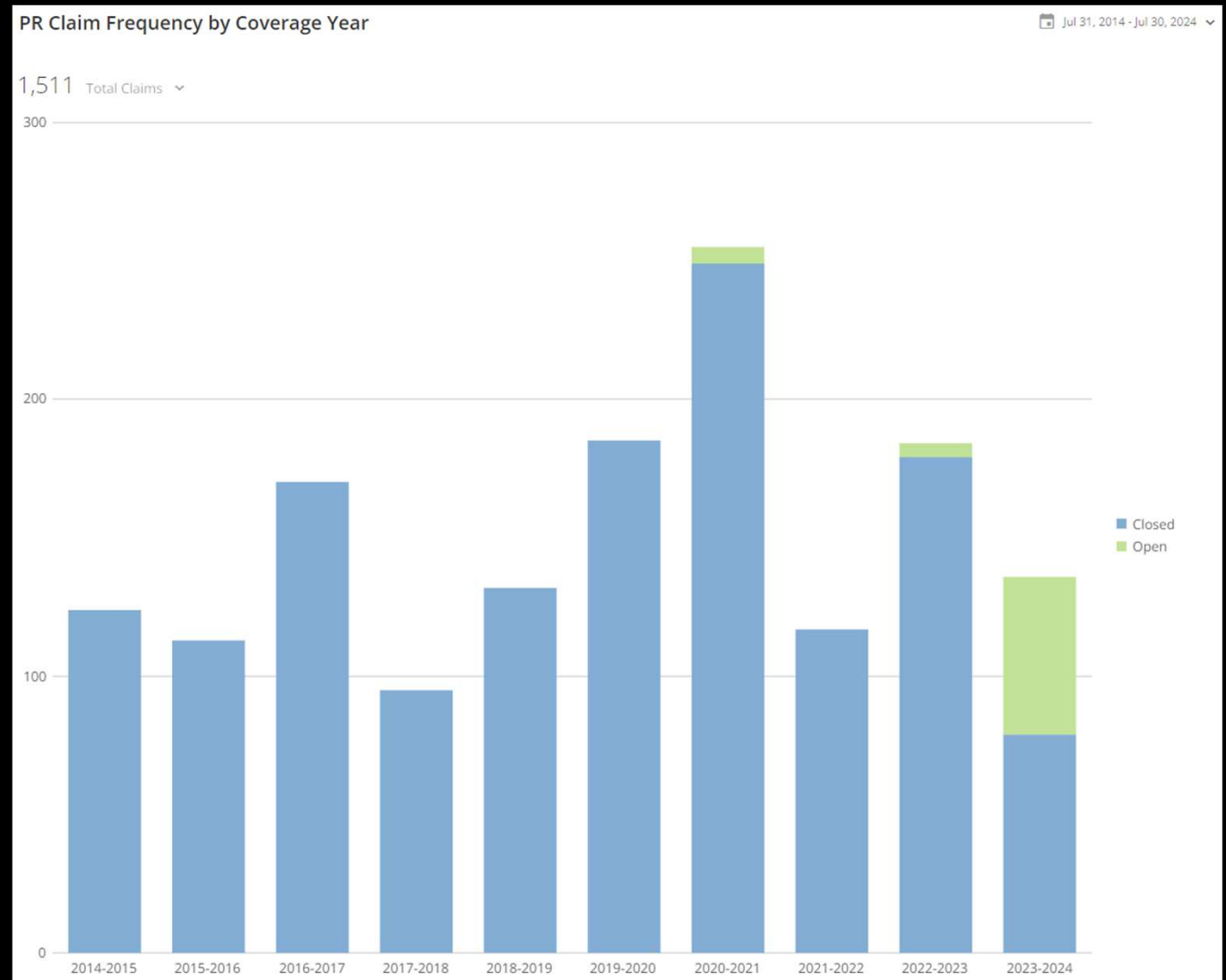


Now a quick pivot to:
Property Loss

CIS Property Experience By the year



CIS Property Frequency



CIS Frequency Heat Map

PR Top 10 Most Frequent Loss Type

Top 10 Loss Types over the past 10 years

\$40M Sum of Claim_Total_Paid ▾



Factors:

Construction is still hot

Supply Chain Issues

Shortage of Skilled Workers

Escalation



OK, enough about property

Let's talk liability

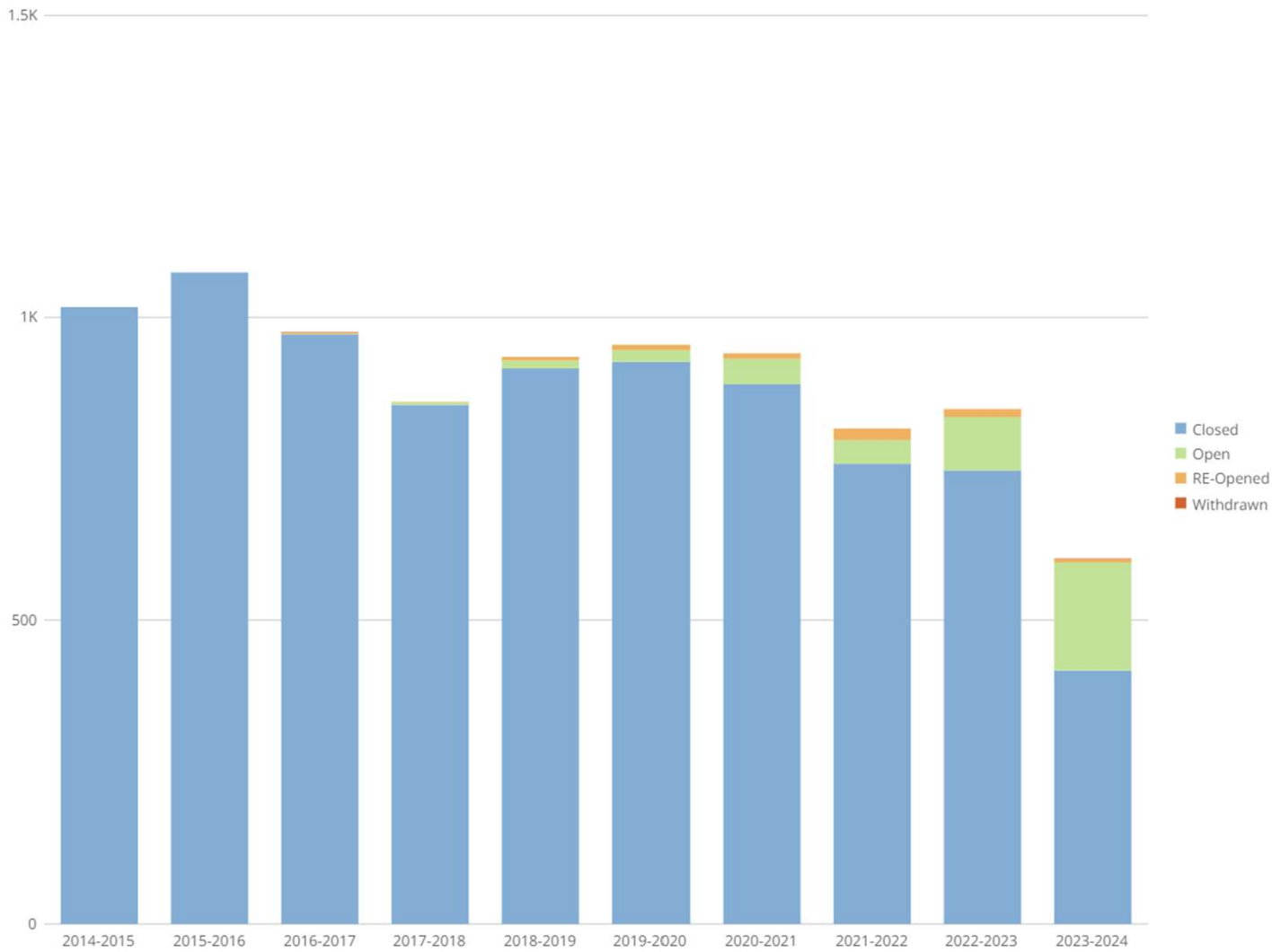
Citycounty Insurance Services:

General Liability Trending

GL Claim Frequency by Coverage Year

Mar 29, 2013 - Aug 6, 2024

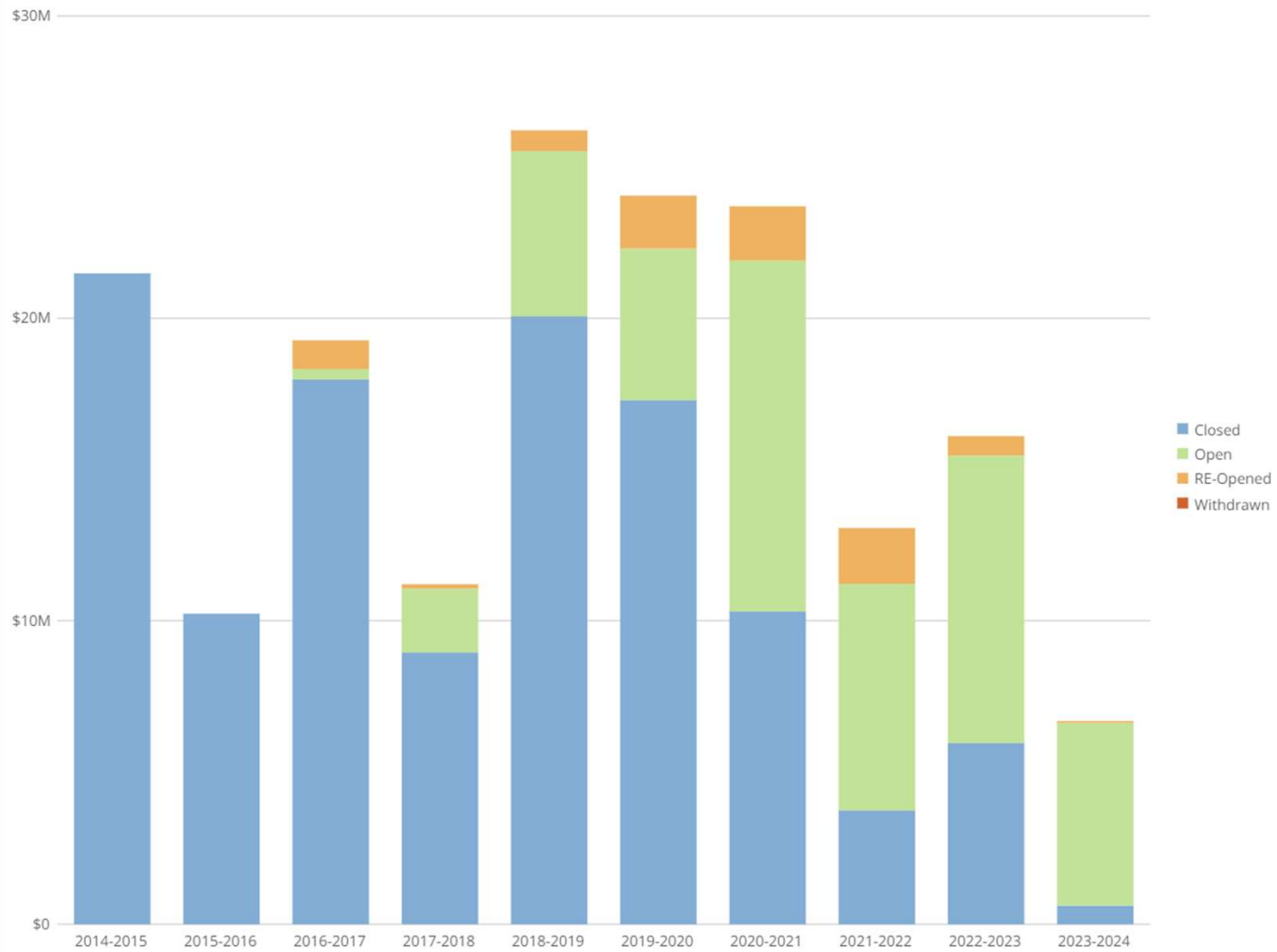
9,028 Total Claims



GL Claim Severity by Coverage Year

Jul 1, 2014 - Jun 30, 2024

\$172M Total Incurred



Citycounty Insurance Services:

General Liability Breakdown:

GL Top 10 Most Frequent Loss Type

Top 10 Loss Types over the past 10 years

\$128M Sum of Claim_Total_Paid

False Arrest

Harassment/Discrimination

Intervention Wrongful

Suicide

Sewers

Distribution

Mandatory Duty Breached

Medical
care

Harassment/Discrim...

Intervention
wrongful

False
arrest

Suicide

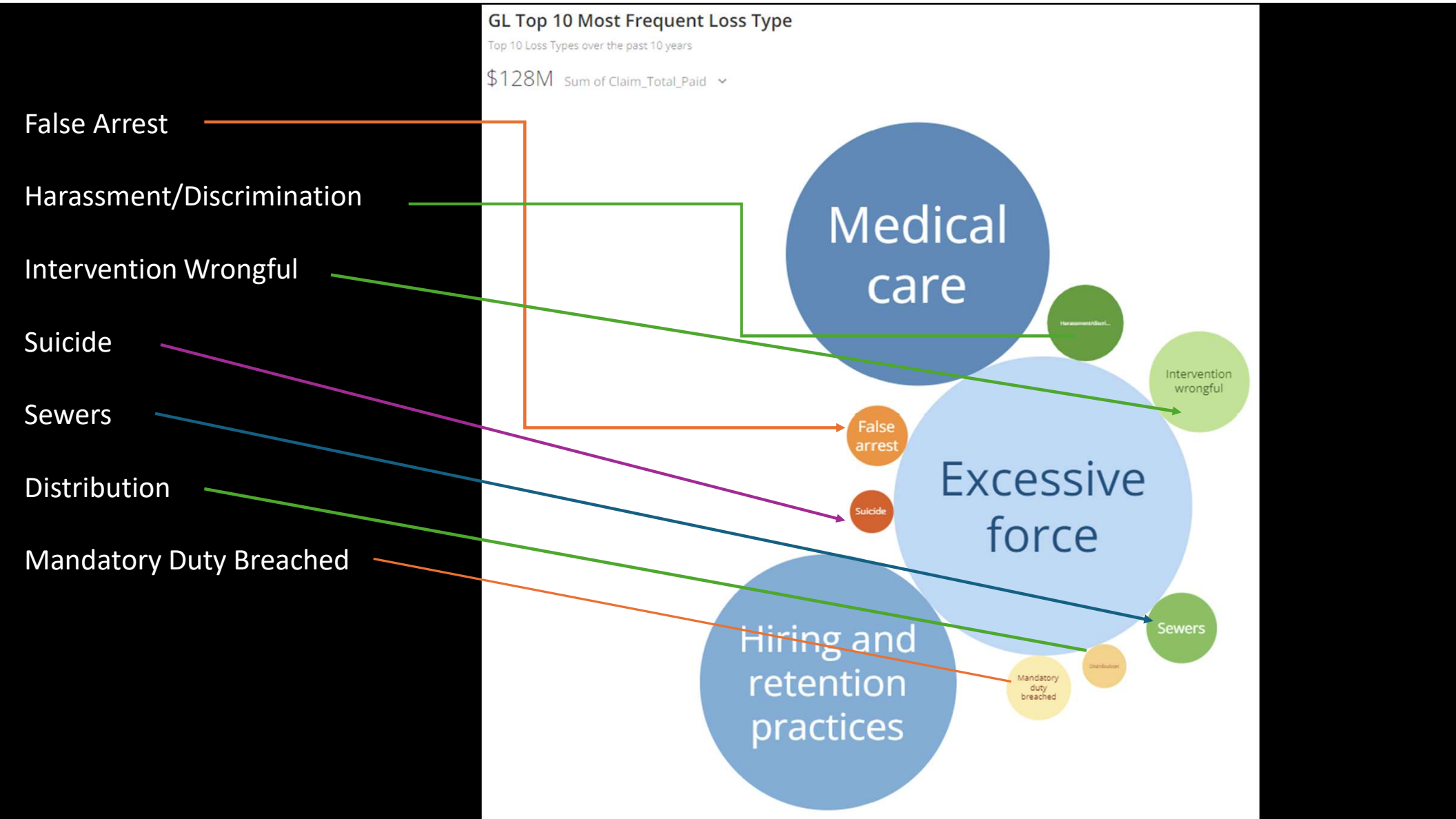
Excessive
force

Sewers

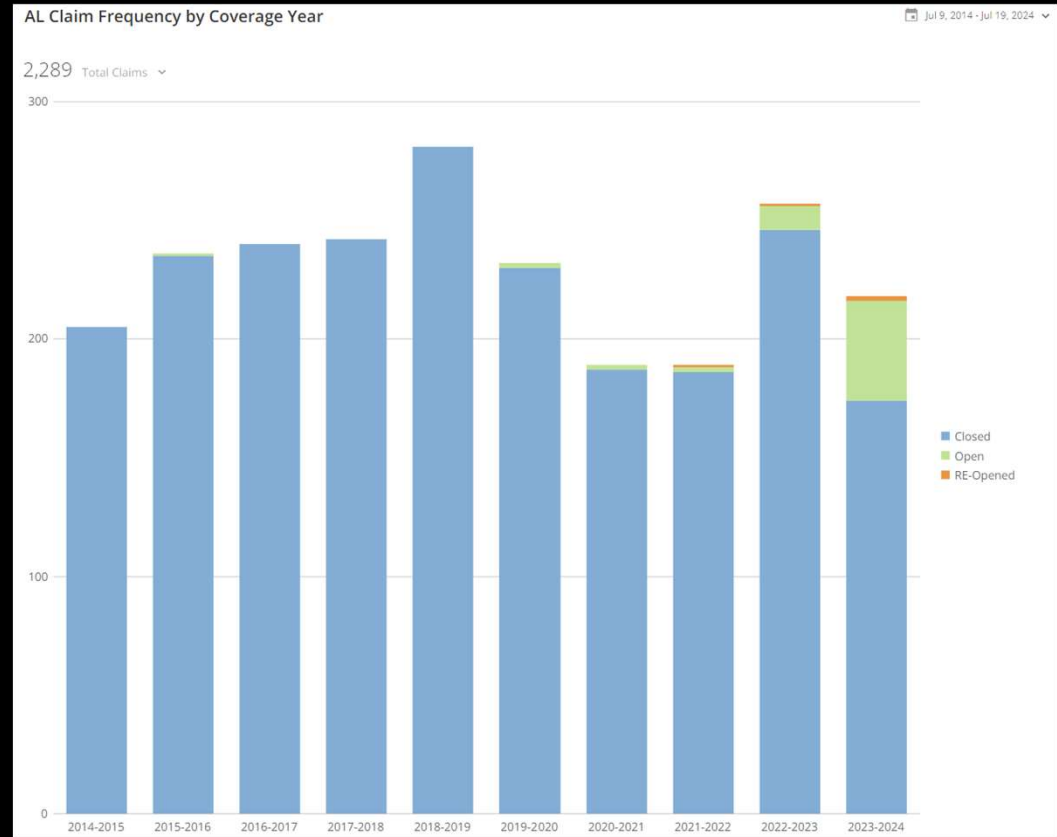
Hiring and
retention
practices

Mandatory
duty
breached

Distribution



Auto Liability Frequency



Auto Liability Breakdown

AL Top 10 Most Frequent Loss Type

Top 10 Loss Types over the past 10 years

\$14M Sum of Claim_Total_Paid



FACTORS:

People not yielding for Emergency Vehicles

Bikes and Ebikes

People not yielding for pedestrians



General Liability Breakdown

General Liability

Employment Practices

Specialty Liability

General Liability

Premises Liability

- Slip and fall
 - Lack of signage
 - Lapse in attention
- Uneven walkways
 - Budgets are tight
 - Can become blind to a hazard



Why are they expensive?

- Populace still doesn't have health insurance
- Even if they have insurance:
 - High Deductible
 - High Copay
 - Cross Deductibles
 - Ambulance



Employment Practices

It's an uphill battle

Employment Top 10 Most Frequent Loss Type

Jan 1, 1981 - Jul 12, 2024

Top 10 Loss Types over the past 10 years

\$28M Sum of Claim_Total_Paid

Employment Practices Breakdown



Factors:

Most Common Claims Made in
Employment Practices Litigation:

Discrimination

Protected Classes:

Age: 40 or older*

Disability

Equal Pay/Pay Equity

Harassment

National Origin

Pregnancy

Race

Religion

Retaliation

Sexual Orientation

Civil Rights

So where can these cases be brought?

Yes, Federal Courthouses



Portland
Eugene
Medford
Pendleton

Oregon has 4

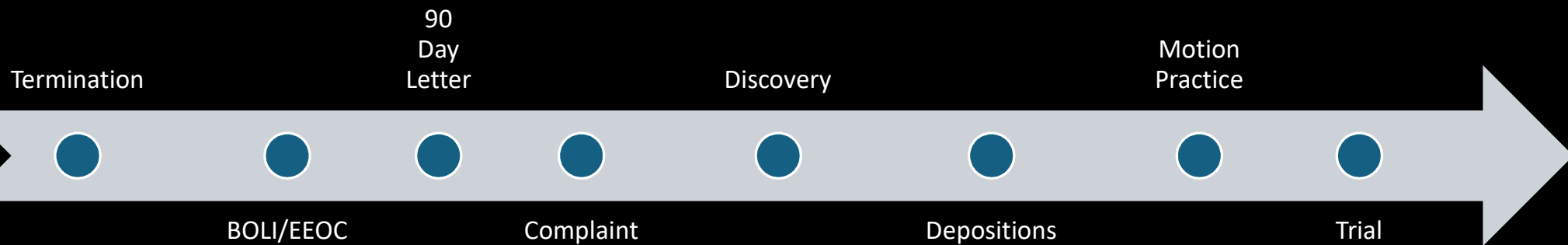




Why is it so expensive?

Attorney Fee Shifting Allegations

- If there is a verdict
- Attorney gets his fees
- Jury doesn't get to know about it



Why is it so expensive?

- Average time from Termination to Trial = Two Years

What can
happen during
that time?

- Memories Fade
- People Quit
- People Get Fired
- People Retire
- People Pass Away



Why is it so expensive?

Tactics Attorneys Use to Drive Up Fees

- Multiple Attorneys
 - Attorneys associate in frequently
- Reptile Theory
 - Get the jury angry
 - Divert jurors attention away from the law
 - This could have happened to you
- Inefficiency
 - Some just don't know what they're doing



Other Factors We're Up Against

Expensive to defend

- We don't get defense dollars back when we win

Who makes up the Jury Pool

- More likely to be Employees than Employers

Distrust of Government

- Not likely to return anytime soon

The venue itself

- Federal Courts tend to be Grand

Perception

- Must be important if we're in Federal Court.

More Factors We're Up Against

Publicizing Verdicts

- Everyone knows about “Hot Coffee”

Large Prayers in Complaint

- Must be worth what the attorney is asking for

Law Firm Advertising

- Becoming more prevalent

Constant attacks on Caps

- Not every case is worth a cap.

Constant attacks on immunity

- Plaintiff bar always looking.

And let's say
instead of a
reasonable
verdict:

You get a runaway
Nuclear Jury
Verdict



What is a Nuclear Verdict

A verdict of \$10 million or more.

- Oregon has seen them.
 - \$26.5 million awarded in 2020 on a “Road Rage” claim against a trucking firm.
 - Two truckers going at it resulting in a fatal accident to another car.
 - \$17.2 million in Clarke v OHSU 2007
 - Initiated changed in Oregon Tort Claims Act.
 - \$20 million awarded for a knee injury sustained when a walkway collapsed under a man.
 - This has been appealed and reversed to \$5 million.

What is a Nuclear Verdict

- A good amount of Nuclear Verdicts Stem from Auto accidents, especially commercial vehicles.
- Medical Malpractice is also in the mix.
- And Product Liability



What is a Nuclear Verdict

- Most come out of State Courts
- Unless a Civil Rights aspect.
 - excessive force
 - wrongful detention
- Why?
 - Federal Court is regimented.
 - State Court is “Trial by Ambush”

Factors for State Court:

Juries have been willing to award money.

Places we thought were conservative are not anymore.

Venues we thought were liberal are very liberal.

Court of Appeals for both Oregon and Federal System lean liberally.

Seems like \$1,000,000 is a standard

Long Term Factor:
SOCIAL INFLATION

SOCIAL INFLATION

A term encapsulating factors that cause the rising cost of claims.

- Increasing litigation frequency
- Broader definition of liability
- More plaintiff friendly verdicts
- Larger verdicts



SOCIAL
INFLATION

What is behind it?

- Anti-Corporate sentiment
 - Anti-Government sentiment
 - Greater division of wealth
 - Plaintiff bar tactics
 - Plaintiff bar financing
- 



What's the cost?

- A study was done by reinsurer Swiss Re
 - Increase in the cost of claims by 57% over the past 10 years
 - High point in 2023 – 7% in that year alone.
 - 27 court cases that awarded over \$100 million.



SOCIAL
INFLATION

SOCIAL INFLATION

Some of the largest:

- Missouri
 - \$1.8 billion verdict in an anti trust case.
 - \$1.5 billion verdict against Roundup herbicide.
- Texas
 - Total of 3.7 billion in Nuclear verdicts in 2023
- Pennsylvania
 - Total of \$1.8 billion in Nuclear verdicts in 2023



So What Can Be Done?

Acknowledge Reality

Report losses to your carrier, promptly.

Give your carrier the chance to review with an outside perspective.

Settlement, it isn't the worst thing.

We can't litigate everything.

Only about 3% of all cases go to trial.

Costs of Litigation

- I call this the path from “Pitchforks to Prayers”
- At the start, everyone wants to fight the lawsuit



Costs of Litigation

- But after a couple of years of litigation, we find members often want to be done with it.



It's going to take a long time..

- Careful active litigation management is the key.
- Take a “big picture” view of the litigation
 - Cost of Defense
 - Cost of Winning

In Conclusion

- The cost of claims is on an upward trend.
- This trend has been in the works for a long time now.
- Some of this trend is beyond our control.
- Any attempt to reduce a loss is a positive step.
- Let's be realistic about exposures and look to not add to lists of Nuclear Verdicts.

Any Questions?

Thank You!