

Draft date: 10/5/2026

Virtual Meeting

CASUALTY ACTUARIAL AND STATISTICAL (C) TASK FORCE

Tuesday, October 13, 2026

2:00 – 3:30 p.m. ET / 1:00 – 2:30 p.m. CT / 12:00 – 1:30 p.m. MT / 11:00 – 12:30 p.m. PT

ROLL CALL

NAIC Member	Representative	State/Territory
Angela L. Nelson, Chair	Julie Lederer	Missouri
Sandra Darby	Sandra Darby	Maine
Mark Fowler	Charles Hale	Alabama
Heather Carpenter	Heather Carpenter	Alaska
Ricardo Lara	Tina Shaw	California
Joshua Hershman	Wanchin Chou	Connecticut
Karima M. Woods	David A. Christhilf	District of Columbia
Michael Yaworsky	Richie Federick	Florida
Holly W. Lambert	Lawrence Steinert	Indiana
Doug Ommen	Travis Grassel	Iowa
Vicki Schmidt	Nicole Boyd	Kansas
Timothy J. Temple	Nichole Torblaa	Louisiana
Marie Grant	Aaron Levine	Maryland
Anita G. Fox	Kevin Dyke	Michigan
Julie Dreier	Phil Vigliaturo	Minnesota
Eric Dunning	Nguyen Thai	Nebraska
Ned Gaines	Gennady Stolyarov	Nevada
D.J. Bettencourt	Sean Rosene	New Hampshire
Susan Ochs	Susan Ochs	New Jersey
Remedio C. Mafnas	Maryann Borja-Arriola	N. Mariana Islands
Judith L. French	Tom Botsko	Ohio
Glen Mulready	Andy Schallhorn	Oklahoma
TK Keen	Eric Bredeson	Oregon
Michael Humphreys	Michael McKenney	Pennsylvania
Michael Wise	Will Davis	South Carolina
Amanda Crawford	Nicole Elliott	Texas
Kaj Samsom	Rosemary Raszka	Vermont
Patty Kuderer	William Wilder	Washington
Erin K. Hunter	Ellen Potter	West Virginia

NAIC Support Staff: Kris DeFrain/Roberto Perez/Sam Kloese

AGENDA

1. Adopt Working Group Reports
 - Actuarial Opinion (C) Working Group—*Miriam Fisk (TX)*
 - Statistical Data (C) Working Group Report—*Sandra Darby (ME)*
2. Hear Presentation on Quantifying Social Inflation in Liability Insurance—*Fang Yang (CAS, Georgia State University)* Attachment
3. Adopt 2027 Proposed Charges and Discuss 2027 Work Plan—*Julie Lederer (MO)* Attachment
4. Discuss the Exposed White Paper “**U.S. Homeowners Insurance Rate Regulation—A Regulatory Perspective**” (<https://content.naic.org/sites/default/files/inline-files/castf-rate-reg-white-paper-092526-exposure.docx>) and Hear from All Parties—*Christian Citarella (CT)*
5. Receive Liaison Reports—*Julie Lederer (MO)*
6. Discuss any Other Matters Brought Before the Task Force—*Julie Lederer (MO)*
7. Adjournment

Quantifying Social Inflation in Liability Insurance

Fung, Peng, Yang & Ma (2026), CAS Forum

THE PROBLEM

When claim costs rise faster than the economy

Social inflation is the rise in liability claim costs beyond ordinary economic inflation.

- Components include:
 - growth of “nuclear verdicts”
 - increased litigation
 - more plaintiff-friendly legal outcomes,
 - larger jury awards





Why it matters

\$500B+

U.S. tort costs in 2022

Growing ~7% per year since 2016
(Institute for Legal Reform)

3×

Verdicts above \$10M since 2015

Awards above \$100M up roughly
30% (Travelers, 2023)

+57%

U.S. liability claims, past decade

Largely from large court verdicts
(Swiss Re, 2024)



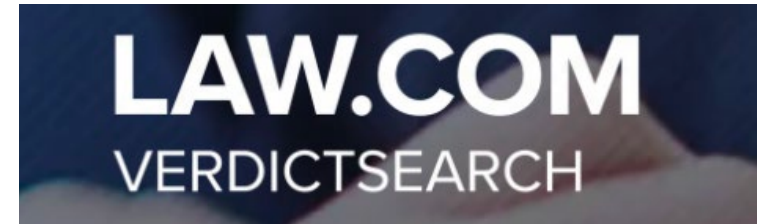
VerdictSearch: ground-up litigation outcomes

A leading database of U.S. jury verdicts and settlements, giving a direct, ground-up view of amounts payable to plaintiffs and the case characteristics.

74,188

cases analyzed

2009–2024 window



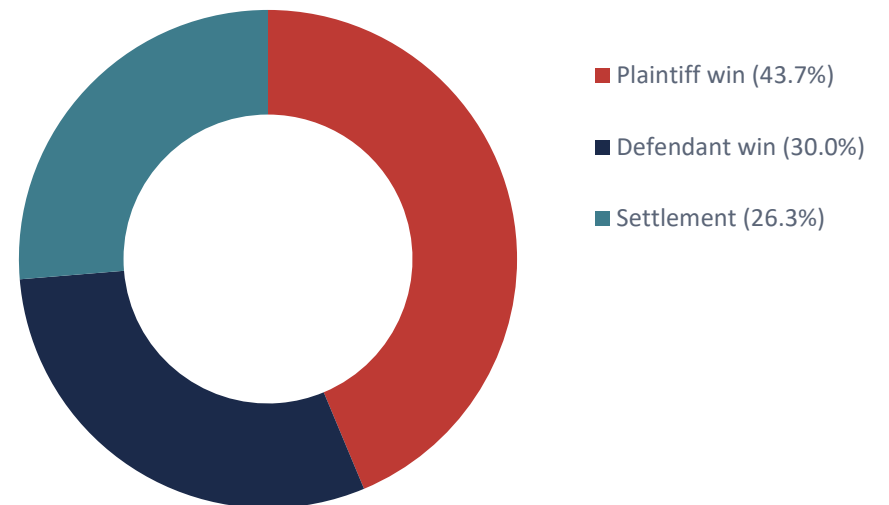
Variables, in three groups

Response Outcome (plaintiff win/ defendant win/ settlement) and CPI-adjusted award amount to December 2024 dollars.

Factual explanatory Fixed at filing: state, parties, demographics, injuries, case type, defendant type, insured status.

Strategic explanatory Shaped by tactics: trial & deliberation length, attorneys and experts retained on each side.

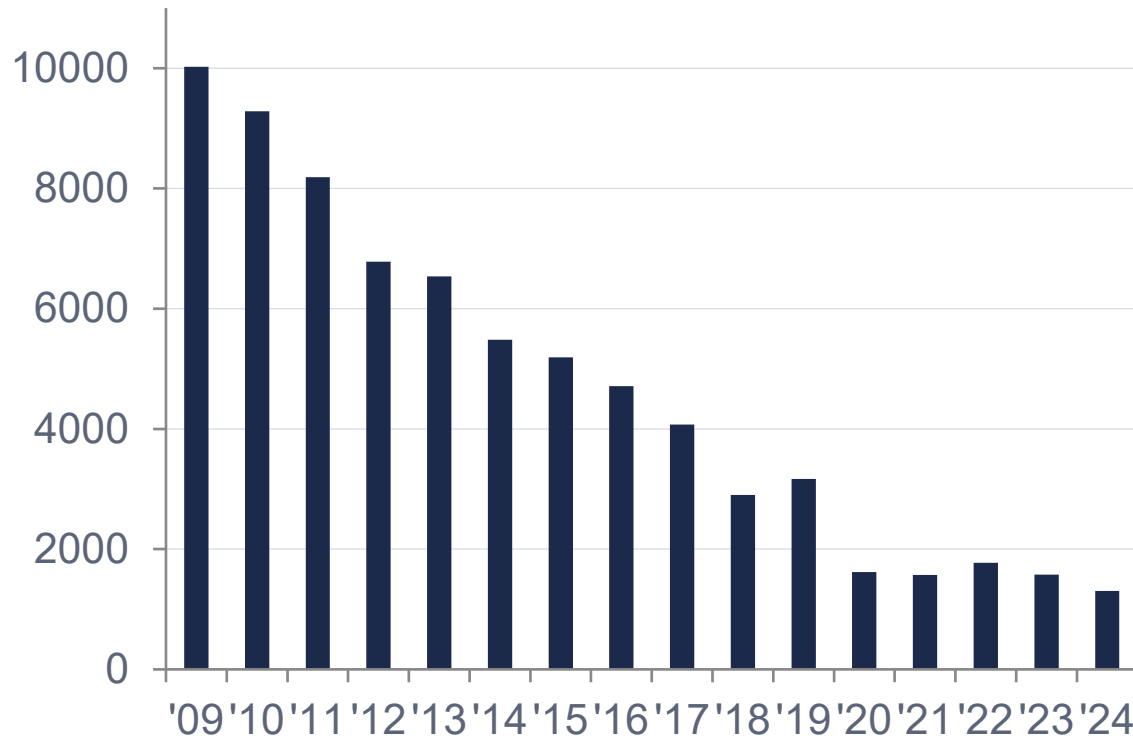
Outcome mix — all three matter





The vanishing cases

Reported cases per year



-87%

fall in reported cases

10,025 in 2009 → 1,303 in 2024

As cases become rarer — sharpest at the COVID-19 onset — routine, low-value disputes settle or divert to alternative dispute resolution (ADR).

(The cases that survive to verdict are increasingly the most severe and complex — so raw averages climb even if the legal climate is unchanged.)

Why naive trends mislead

Tracking raw average awards over time may blur genuine social inflation with a moving target - i.e. the mix of cases that actually go to trials.



Selection & vanishing trials

As cases grow rarer, only the most severe, complex cases proceed — mechanically inflating averages.



Heavy-tailed losses

Mean-based methods are dominated by a few extreme awards; the tail behaves differently from the center.



Frequency vs. severity blurred

Most studies don't separate changing plaintiff win/settlement probabilities from changing award/settlement sizes.



Three signals

1

Do plaintiffs win more often?

2

Do fewer cases settle before trial?

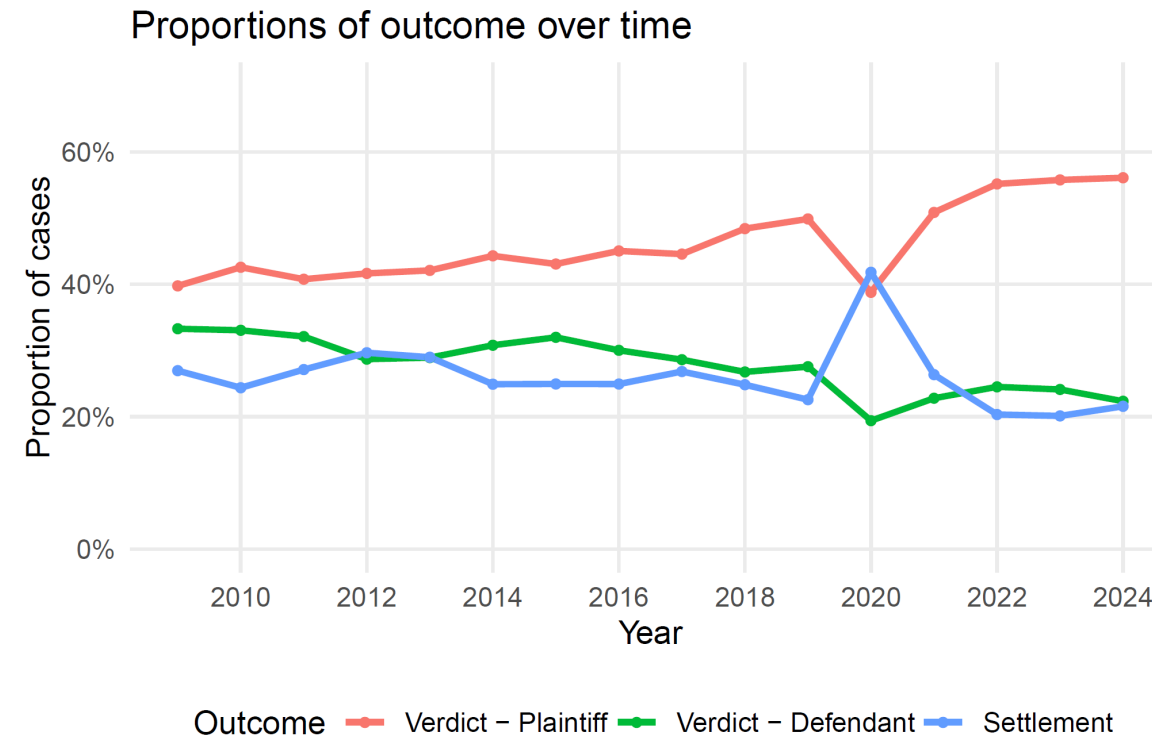
3

When there is an award, how large is it?



Outcome probabilities shift over time

Changing outcome shares and rising plaintiff win rates among cases that reach verdict.



Annual shares of plaintiff / defendant win, and settlement outcomes.

Plaintiff win rate

Steady increase from 39.8% in 2009 to 56.1% in 2024.

Settlement probability

Gradual decline from 27.0% in 2009 to 21.6% in 2024, despite the COVID-era spike in 2020.

Defendant win rate

Steady decrease from 33.3% in 2009 to 22.3% in 2024.

Verdict sizes have exploded

The 95th percentile is orders of magnitude above the median, and the mean is heavily distorted by a few extreme verdicts.

Median verdict (2009 -> 2024)

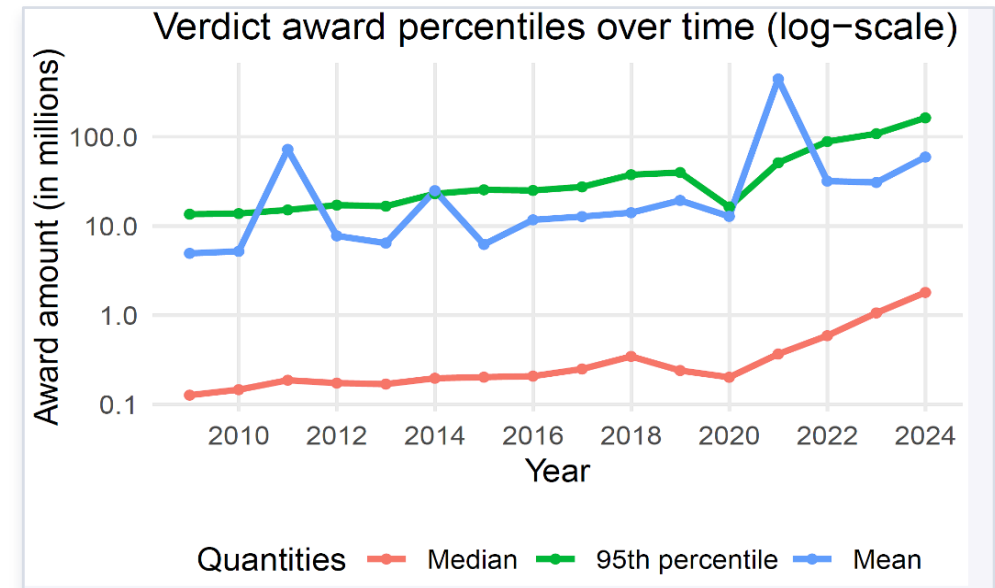
\$0.13M → \$1.79M

Top verdicts (95th pct.) (2009 -> 2024)

\$13.5M → \$163M

Since 2020 alone

Up over 100%



Settlement amounts, by contrast, grew only modestly over the same period



Where social inflation concentrates

Social inflation is uneven. It concentrates exactly where industry intuition predicts — and where legal guardrails are absent.



Corporate defendants

Stronger than for individual-only defendants — consistent with deep-pocket targeting.



Uninsured defendants

More pronounced than where an insurer is present to discipline outcomes.



States without tort caps

Larger than in jurisdictions that cap non-economic or punitive damages.



States without TPLF rules

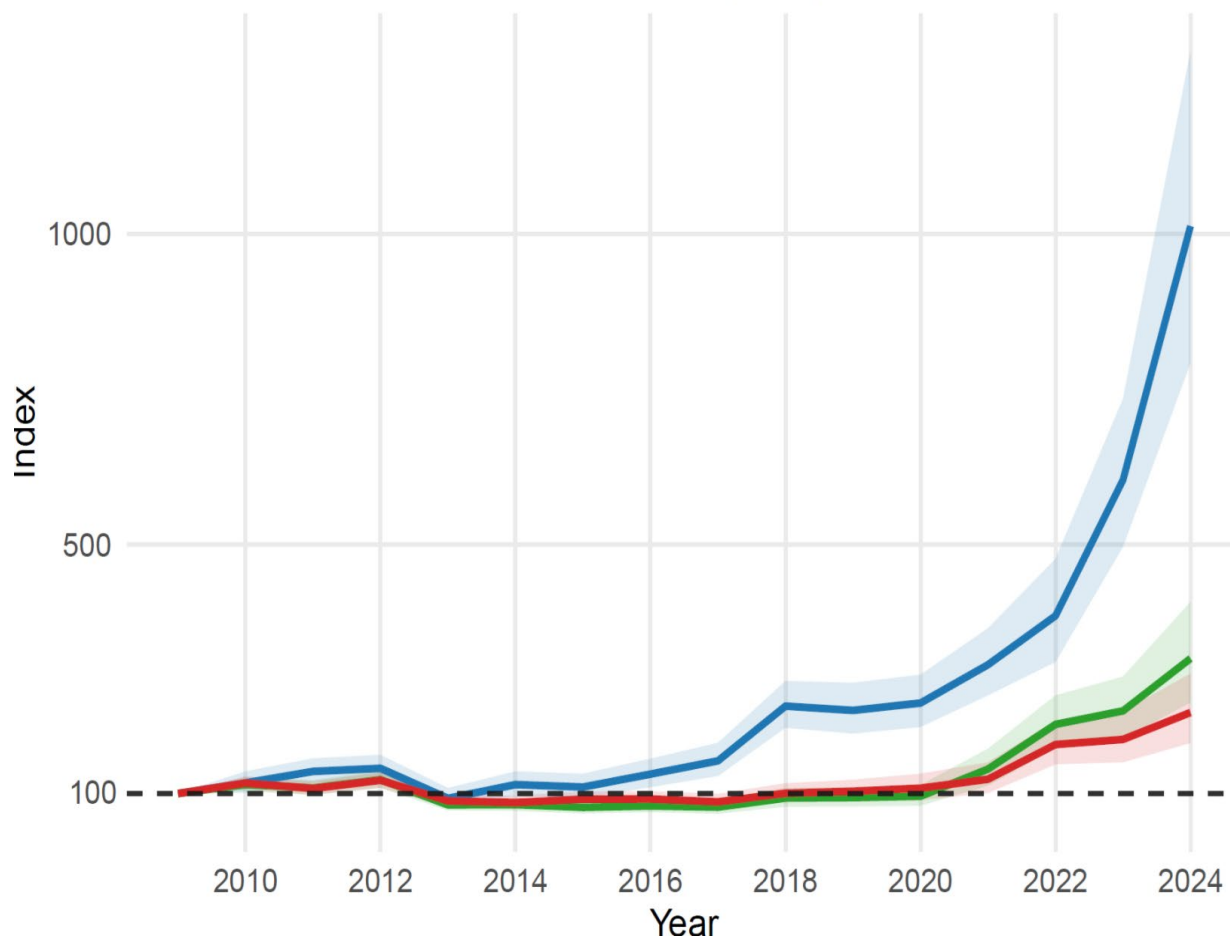
Greater where third-party litigation (TPLF) funding is unregulated.

Jury vs. bench trials show no meaningful difference. • By line: most pronounced in General Liability vs. Motor or Professional.

⚡ Our key research findings

We compute cumulative social inflation index (CSII; indexed to 100 in 2009) with and without case-mix adjustment.

Cumulative social inflation index (CSII): award amount



10× vs 3×

naive vs case-mix adjusted CSII growth, 2009–2024
(Naive trend severely overstate social inflation)

Three ways to read the index

- **Naive trend (blue):** no covariate adjustment; mixes true temporal change with evolving case mix. CSII in 2024 = 1012.0.
- **Headline index (green):** controls for factual case characteristics; advocated primary social inflation index. CSII in 2024 = 317.1.
- **Residual index (red):** also conditions on strategic litigation variables; useful as a decomposition tool. CSII in 2024 = 230.3.



Key findings

- 1 **Adjust, or overstate.** Case-mix-adjusted results show clear social inflation beyond ordinary economic inflation.
- 2 **Verdicts are the engine.** Verdict severity inflation is the dominant channel, especially post-2020; settlement severity inflation is much weaker.
- 3 **Frequency moves too.** Plaintiff win probability rises, while settlement probability declines.
- 4 **Not just nuclear verdicts.** Social inflation is not only a nuclear-verdict phenomenon; moderate losses rise similarly.
- 5 **Legal guardrails matter.** Social inflation effects are stronger for corporate-defendant cases, uninsured-defendant cases, and less-regulated legal environments.



ACKNOWLEDGEMENTS

Funding and further reading

Research funding



This research was funded by the Casualty Actuarial Society (CAS) through its research program on quantifying the reinsurance costs of social inflation. The authors gratefully acknowledge this support.

Full paper



Quantifying Social Inflation in Liability Insurance with Advanced Statistical Methods has been [published on CAS Forum](#)



Mission

The mission of the Casualty Actuarial and Statistical (C) Task Force is to identify, investigate and develop solutions to actuarial problems and statistical issues in the property/casualty (P/C) insurance industry. The Task Force's goals are to assist state insurance regulators with maintaining the financial health of P/C insurers; ensuring P/C insurance rates are not excessive, inadequate or unfairly discriminatory; and ensuring that appropriate data regarding P/C insurance markets are available.

2027 Charges

1. The **Casualty Actuarial and Statistical (C) Task Force** will:
 - a. Provide reserving, pricing, ratemaking, statistical, classification, underwriting, and other actuarial support to NAIC committees, task forces, and/or working groups. Monitor the activities of other groups related to casualty actuarial issues.
 - b. Monitor casualty actuarial developments and consider regulatory implications.
 - i. Casualty Actuarial Society (CAS) and Society of Actuaries: Syllabus of Basic Education, research projects.
 - ii. American Academy of Actuaries (Academy): Standards of Practice, Council on Professionalism, research projects.
 - iii. Federal legislation.
 - c. Facilitate discussion among state insurance regulators regarding rate filing issues of common interest across the states through the scheduling of regulator-to-regulator meetings.
 - d. Conduct the following predictive analytics work:
 - i. Facilitate training and the sharing of expertise through predictive analytics webinars (Book Club).
 - ii. With the NAIC Rate Model Review Team's assistance, discuss guidance for the regulatory review of models used in rate filings. Maintain the Model Review Manual.
 - e. Develop rate indices to track, over time and in detail, the cumulative magnitude of the rate changes that impact each state's P/C insurance markets. Collaborate with the SERFF modernization team to help guide the new platform in a direction to make these types of indices more granular, reliable, and useful.

Summary of CASTF survey

We received 14 survey responses. Key takeaways:

- Respondents prioritize **practical regulatory tools and educational offerings** that help them fulfill their regulatory responsibilities, as embodied in CASTF's rate filing calls and book club calls. These calls focus on rating and reserving issues, helping CASTF to accomplish its stated goal of "assist[ing] state insurance regulators with maintaining the financial health of P/C insurers [and] ensuring P/C insurance rates are not excessive, inadequate or unfairly discriminatory."
- The regulator-to-regulator **rate filing calls** are very useful to respondents. There is a preference for continuing to hold these calls monthly. The calls should not be replaced with the C Committee regulator-to-regulator emerging issues calls, but the C Committee calls should be advertised to CASTF members. There is a preference for real-time communication over asynchronous written communication via Connect. It might be helpful if the agenda were distributed a week in advance, with technical exhibits or calculations provided.
- The **book club calls** are generally considered useful because they keep regulators informed about advances in predictive modeling, which is helpful when reviewing increasingly complex rate filings. Respondents appreciate having access to this high-quality source of continuing education.
- The **meeting frequencies** generally seem appropriate, except that we could cancel the normal business meetings if there are no pressing agenda items.
- Respondents prefer verbal reports from the **actuarial organizations** with accompanying written material provided in advance. Respondents are particularly interested in hearing about ASOP revisions and research projects. It would be helpful if the reports summarized the main findings from any new research projects.
- Brief, verbal **liaison reports** are helpful.
- Respondents suggested a variety of **future topics** for CASTF to consider, such as the role of the actuary in reviewing catastrophe models. CASTF leadership will consider these topics in planning future agendas, focusing on priority issues that relate to the role of the regulatory actuary and considering the support that CASTF can provide to other NAIC task forces whose work touches on actuarial matters.
- **Providing actuarial support to other NAIC task forces is seen as important.** Several respondents mentioned time and resource constraints as barriers. We may

consider seeking NAIC staff support, like from CIPR, for help on referrals. NAIC staff time is limited, so we will need to consider the best uses of our resources.

CASTF 2027 Agenda Items and Work Plans

Topics of interest mentioned in survey results and during the exposure of the 2027 charges:

1. premium development and rating methods in pet insurance
2. rate increases in the personal umbrella market
3. role of actuarial regulator in risk transfer analysis
4. role of actuarial regulator in financial exams
5. role of the actuary in assessing CAT models and how the models are being used in homeowners ratemaking
6. compare vendor CAT models' AAL to each other and over time for the same geography such as state or county
7. allocation of reinsurance expenses in property coverage
8. potential applications and pitfalls of generative artificial intelligence ("generative AI") in actuarial practice
9. keep up a regular dialogue with the American Academy of Actuaries' Homeowners Insurance Task Force
10. monitor important current events in personal auto and homeowners insurance, especially related to new metrics of affordability and availability
11. new types of vehicles (scooters, dirt bikes, motorized sneakers, and autonomous vehicles) and the related liability and property damage issues
12. implications of third party funding on personal and commercial insurance lawsuits in regard to reserving issues
13. seller impersonation fraud in title insurance