

Big
NASTY
Claims
CONFERENCE



**Welcome to
Advisen's**

Big
NASTY
Claims
CONFERENCE

Welcoming Remarks



Stacie Lilien

Global Head of Event Planning
Advisen

Thank you to our Sponsors



**Willis
Towers
Watson**

Thank you to our Advisory Board



**Jonathon
Drummond**
Willis Towers Watson



Ellen Greiper
Lewis Brisbois
[2019 Conference Chair]



Kevin A. Maloney
Allied World



Jesse Paulson
Marsh

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Advisen Events Team



Opening Remarks



Ellen Greiper

Lewis Brisbois
[2019 Conference Chair]

Keynote Address



Tiger Joyce

President
ATRA

Presenting the Evidence:

Big Nasty Claims by the Numbers

Presenting the Evidence: Big Nasty Claims by the Numbers



Jim Blinn
Advisen



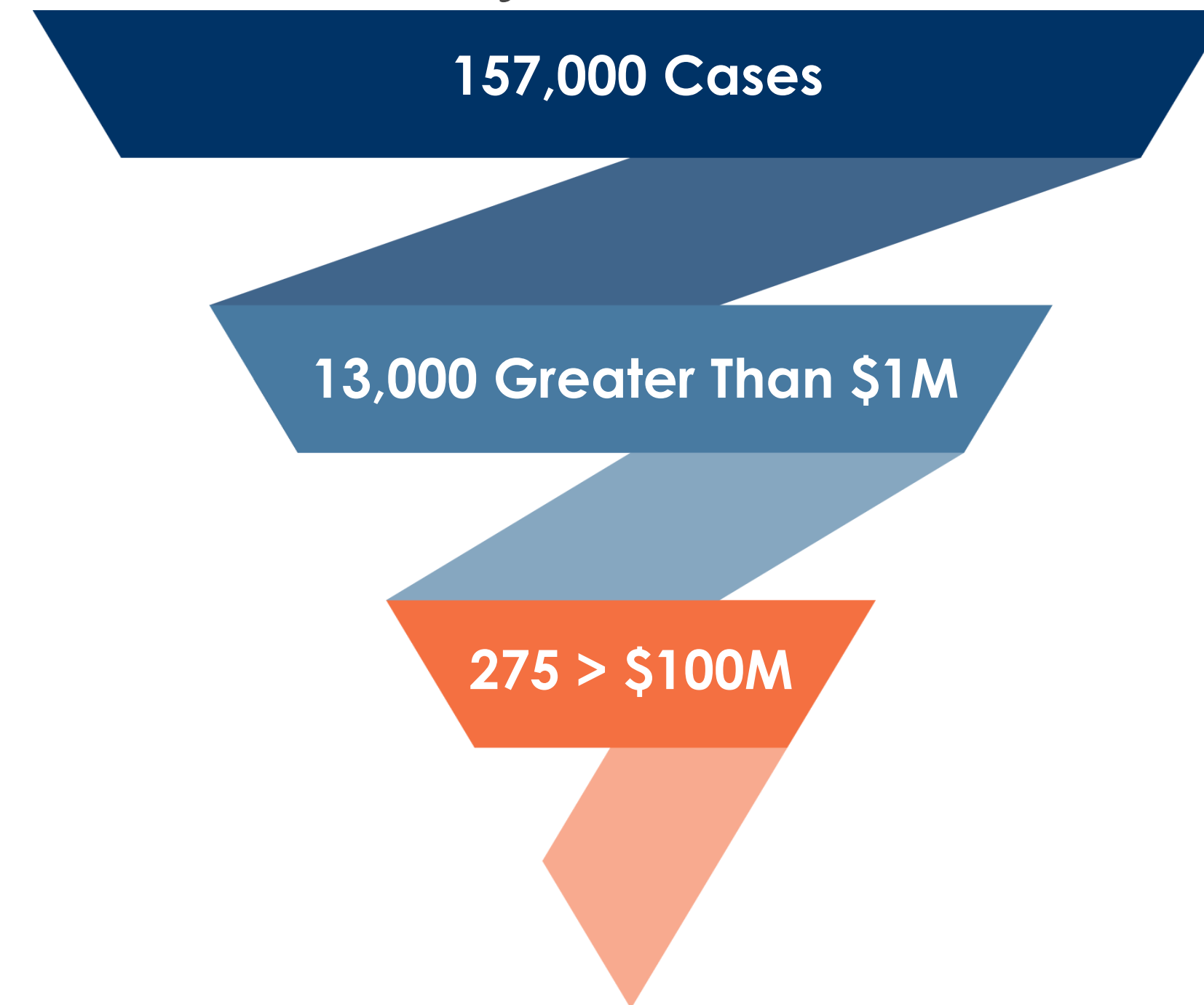
Jesse Paulson
Marsh

Advisen Loss Data

Overall Data Set



Liability Data Set



2019 Big Nasty Losses

Company	Issue	Jurisdiction	Amount
Monsanto Company	Roundup	Superior Court of Alameda County, CA	\$2,055M
Johnson & Johnson	Pinnacle hip replacements	Federal - Northern District of Texas	1,000M
Johnson & Johnson	Opioids	Cleveland County District Court, OK	570M
PG&E	Camp Fire Losses	Butte County Superior Court, CA	569.5M
PG&E	Camp Fire Losses	Butte County Superior Court, CA	415M
Bayer	Xarelto	Federal - Eastern District of Louisiana	387.5M
Johnson & Johnson	Xarelto	Federal - Eastern District of Louisiana	387.5M
Johnson & Johnson	Talcum Powder	New York Supreme	325M
Sherwin-Williams	Lead Paint	Superior Court of Santa Clara County, CA	305M
Monsanto	Roundup	Superior Court of San Francisco County, CA	289M
Schnitzer Steel Industries	Trucking Accident	Muscogee County State Court, GA	280M
Purdue Pharma L.P.	Opioids	Cleveland County District Court, OK	270M

2019 Big Nasty Losses

Company	Issue	Jurisdiction	Amount
Jefferson Trucking, LLC	Motor vehicle crash	Upshur County Court, TX	\$260M
Taishan Gypsum Co.	Chinese Drywall	Federal - Eastern District of LA	248M
University of Southern CA	Sexual Assault	California Central District Court	215M
Ford Motor Company	Ford Explorer Turnover	Dallas County Circuit Court, AL	151.8M
Columbia Gas of MA	Gas Line Explosion	Essex Superior Court, MA	143M
Navistar International	Maxxforce Engines	Federal - Northern District of IL	135M
Ralston GA	Living Conditions	Muscogee County, State Court, GA	125M
Ride the Ducks Of Seattle	Bus crash	Superior Court, King County, WA	123M
Johnson & Johnson	Vaginal Mesh	Philadelphia County Court of Common Pleas	120M
San Bernardino County	Child Abuse	Superior Court, San Bernardino County, CA	113.4M
New York City Transit Authority	Construction Accident	Kings Supreme, NY	110.2M

Loss Type and Size 2018 & 2019

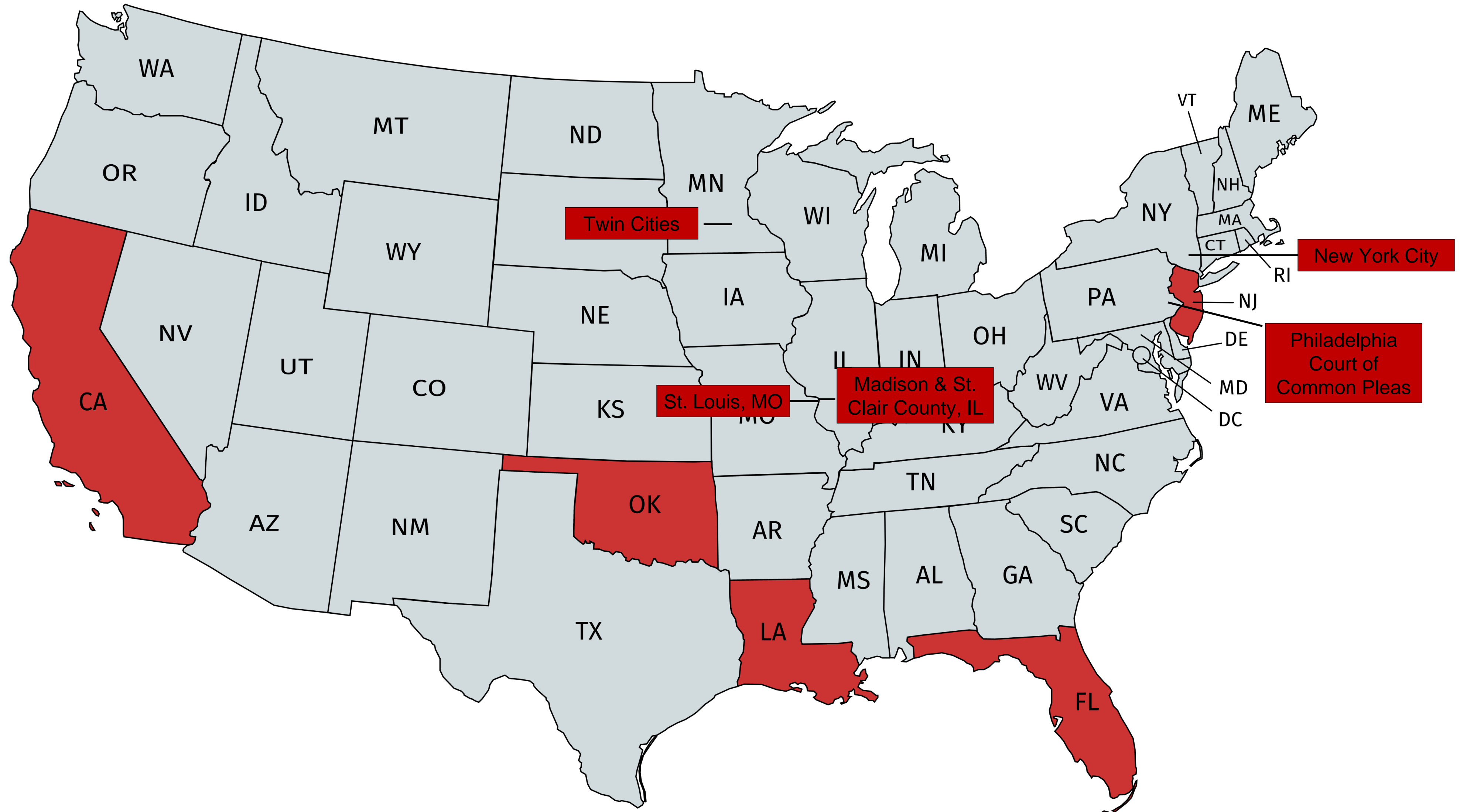
Loss Range (\$M)	Products	Services & Operations	Automotive/ Vehicular	Child/Sexual Abuse	Environmental
50 – 74	7	4	2	2	2
75 - 99	3	1	2		1
100 – 149	4	3	2	1	
150 – 299	7		2	2	
300 – 599	5	2		1	1
600+	3	1		1	1
Totals	29	11	8	7	5

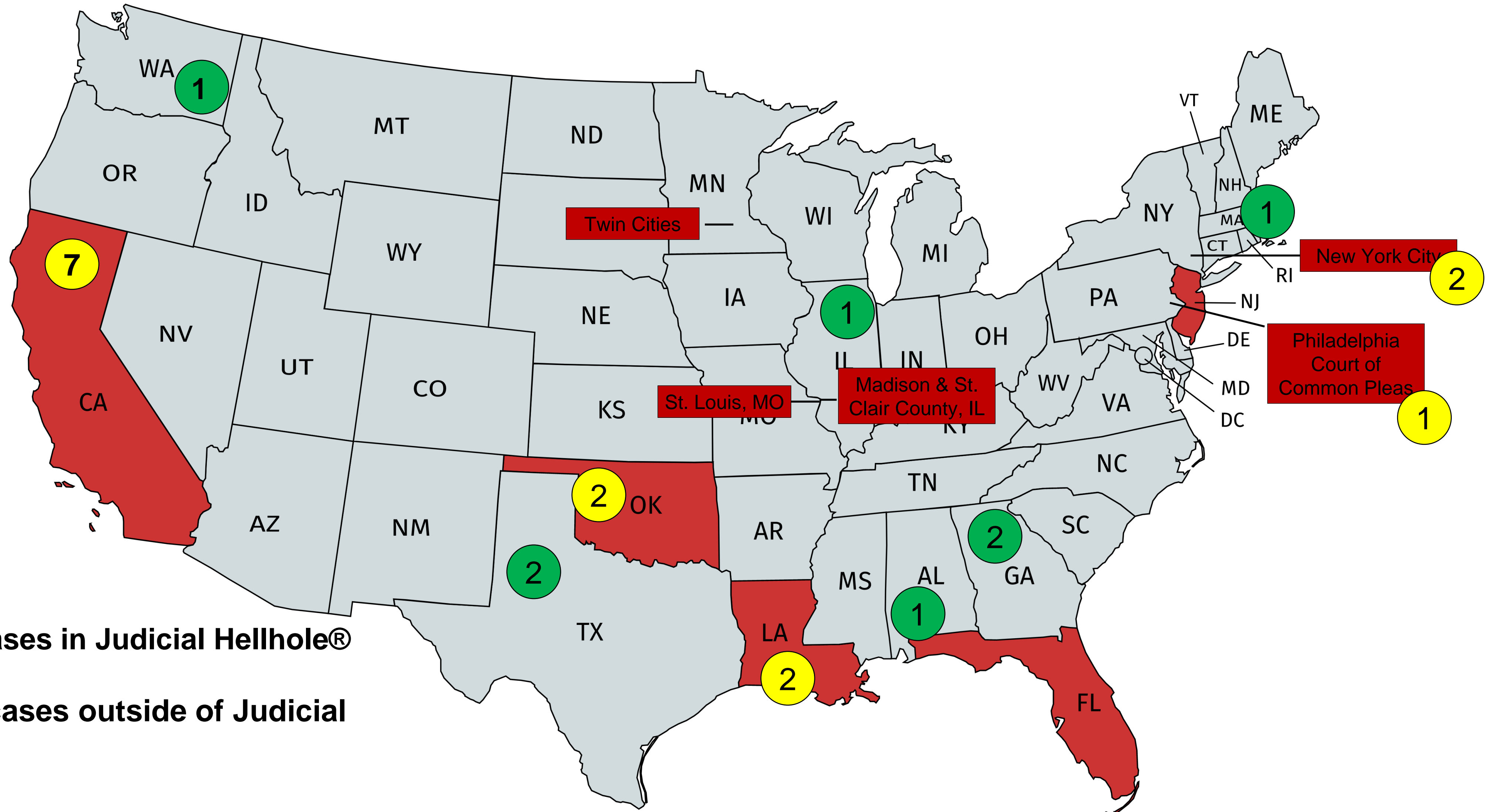
2019 Judicial Hellholes®

Since its inception in 2002, the American Tort Reform Foundation's Judicial Hellholes® program has documented in annually published reports various abuses within the civil justice system, focusing primarily on jurisdictions where courts have been radically out of balance.

1. California	6. Philadelphia Court of Common Pleas
2. Florida	7. New Jersey Legislature
3. New York City	8. Madison and St. Clair Counties, Illinois
4. St. Louis, Missouri	9. Twin Cities, Minnesota
5. Louisiana	10. Oklahoma

Big NASTY Claims CONFERENCE





Key:

1 Count of cases in Judicial Hellhole®

1 Count of cases outside of Judicial Hellhole®

2019 Big Nasty Losses in the Judicial Hellholes®

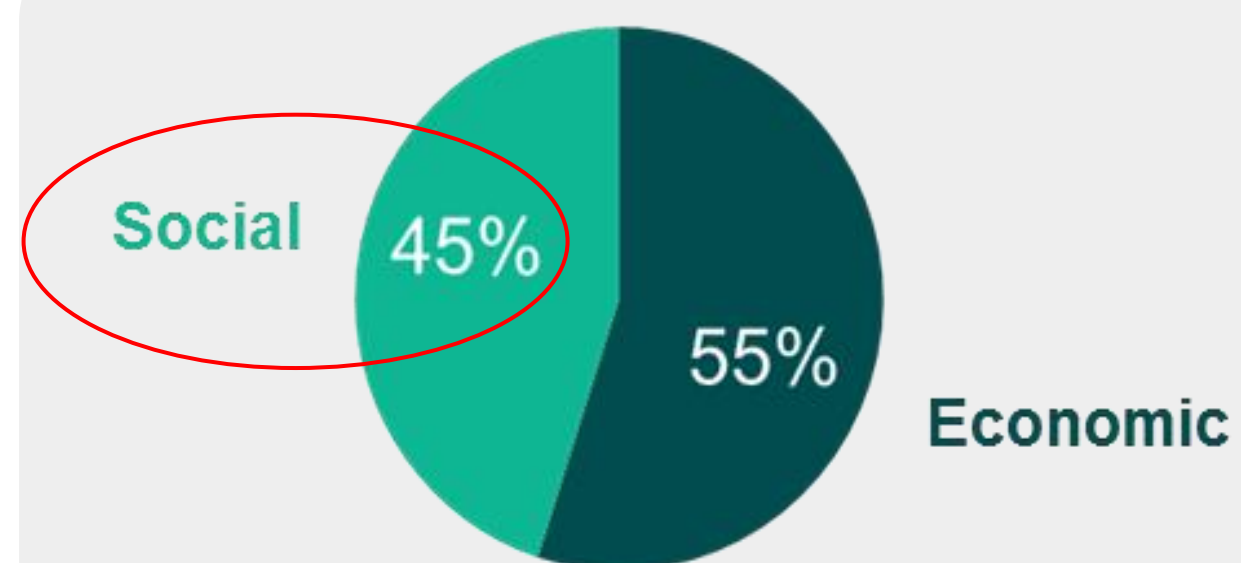
Company	Amount		Company	Amount
Monsanto Company	\$2,055M		Jefferson Trucking, LLC	\$260M
Johnson & Johnson	1,000M		Taishan Gypsum Co.	248M
Johnson & Johnson	570M		University of Southern CA	215M
PG&E	569.5M		Ford Motor Company	151.8M
PG&E	415M		Columbia Gas of MA	143M
Bayer	387.5M		Navistar International	135M
Johnson & Johnson	387.5M		Ralston GA	125M
Johnson & Johnson	325M		Ride the Ducks Of Seattle	123M
Sherwin-Williams	305M		Johnson & Johnson	120M
Monsanto	289M		San Bernardino County	113.4M
Schnitzer Steel Industries	280M		New York City Transit Authority	110.2M
Purdue Pharma L.P.	270M			

Does Summer Make a Difference?

Month	Count of Verdicts/Settlements
January	0
February	5
March	3
April	2
May	4
June	4
July	9
August	6
September	1
October	1
November	0
December	0

The Balancing Act

“Don’t worry, D&O will bail us out...wait, what?”



109% vs. 88%

“100M for 100K sounded like a good idea at the time”

Lack of Cross-Line subsidization

Weakening Reserve Position

Severity Trends

Lower for Longer Interest Rates

Long Buyer's Market

Exclude

Rate

Structure / Trigger Changes

Capacity Management

Risk Selection

2nd Quarter Results Insurer Commentary

- AIG is watching the evolving developments in the tort environment, with the expanding impact of “social issues and social inflation.” – *AIG*
- Recent loss trends are “surprisingly high,” particularly in liability lines...Jury awards are rising and medical and social inflation is higher – *Liberty Mutual*
- “...as we look at the more recent data coming in subsequent to the second quarter, we continue to see loss activity that is coming in hotter than we would have expected. And that's after the higher level of expectation we had after the fourth quarter and the second quarter. ... so we respond with both price and litigation claims handling strategies.” - *Alan Schnitzer, Travelers CEO, September 2019*

2nd Quarter Pricing Insurer Commentary

- “... increased loss frequency and severity in a number of long-tail business lines are starting to squeeze carriers’ margins as social inflation appears to be driving loss cost trends higher. This is significant because the casualty market has been the main catalyst of nearly all past market turns and it comes at a time of diminishing reserve redundancies.” – *Guy Carpenter, 2019 Changing Nature of Risk*
- General liability is likely the next commercial segment to harden – *W.R. Berkley*
- In major accounts and specialty commercial... Renewal price change for major accounts was 8.5% ...excess casualty up almost 10%. ...Turning to our middle market and small commercial business, premiums overall were up over 4.5%. Middle market pricing for primary casualty was up 4.5%; excess umbrella up over 6% - *Chubb*

Nuclear Fission: What Causes Explosive Verdicts?

Nuclear Fission: What Causes Explosive Verdicts?



Derek R. Broaddus
Allied World
[Moderator]



Adam Boesen
Courtroom
Sciences Inc.



Gregory S. Katz
Lewis Brisbois

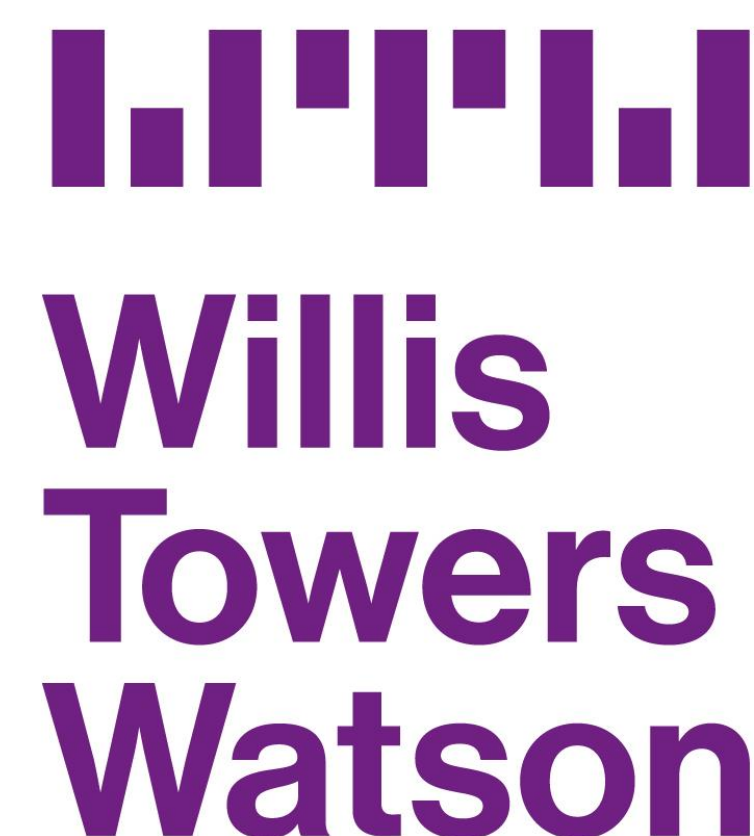


Hon. George J. Silver
New York City Courts

Break!



Thank you to our Sponsors



Pricing, Capacity, and Big Nasty Claims

Pricing, Capacity, and Big Nasty Claims



Jonathon Drummond
Willis Towers Watson
[Moderator]



Debbie Goldstine
Lockton



J. Michael
Kirchgessner
AIG



Kathy Reid
Berkshire Hathaway
Specialty Insurance

View from the Top

View from the Top



Tony DeFelice
Aon
[Moderator]



Andy Barberis
AIG



Paul S. DeGiulio
Allied World



Michael G.
Merlo
Aon



Robin E. Saul
Arch Insurance
Bermuda

Closing Remarks & Cocktail Reception

