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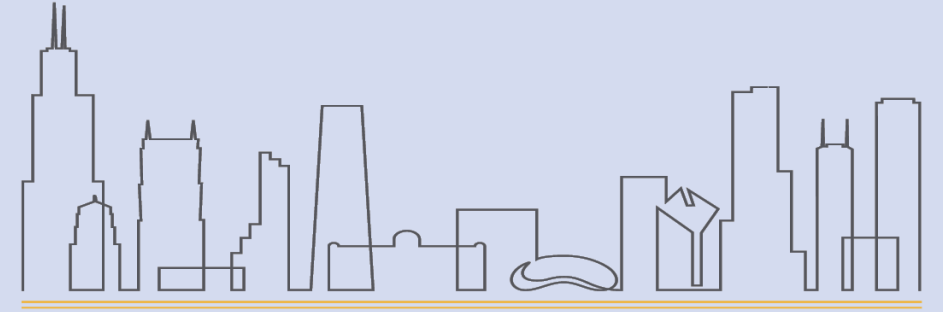
GENESIS® 2024 CLIENT FORUM

BUILDING CONNECTIONS



A Member of the Berkshire Hathaway Family of Companies

BUILDING CONNECTIONS



Glenn Frankel, Head of North America Property/Casualty Claims, GenRe

“Riding the Wave: Claims Issues and Challenges”



Riding the Wave

Claims Issues and Challenges

Glenn A. Frankel
Head of North America Claims
Gen Re



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Overview/Agenda

Property

CAT Frequency and Severity

- Billion Dollar Events

Climate Change – What is going on??

- Temperatures
- Rapid Intensification
- Demographics
- Severe Convective Storms
- Wildfires
- US Infrastructure

Inflation

- Supply Chain
- Labor Shortages
- Replacement Costs

Florida

Casualty

Social Inflation

- Third Party Litigation Financing
- Plaintiff Attorney Advertising
- Plaintiff Trial Strategies
- Changing Jurors

Auto

- Frequency and Severity
- Trucking

Artificial Intelligence

Biometric Information Privacy

Mass Torts

- Resolution Strategies
- Public Nuisance
- PFAS



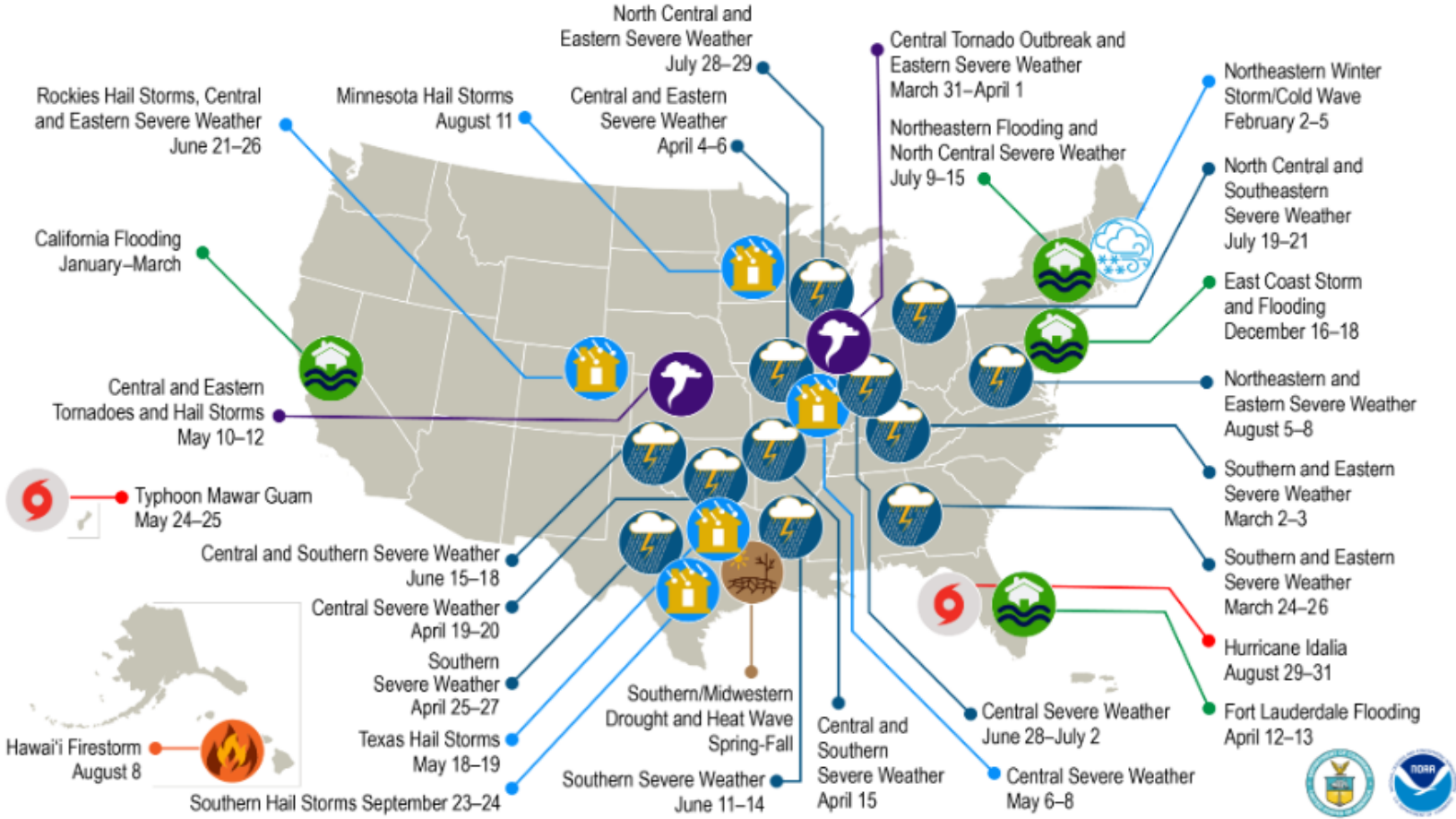
Property

CAT Frequency and Severity

2023 Loss Activity

U.S. 2023 Billion-Dollar Weather and Climate Events

- Drought/Heat Wave
- Flooding
- Hail
- Hurricane
- Severe Weather
- Tornado Outbreak
- Wildfire
- Winter Storm/Cold Wave



28 Events

Flooding
4

Convective Storms
19

Hurricane/Typh.
2

Wildfire
1

Winter Storm
1

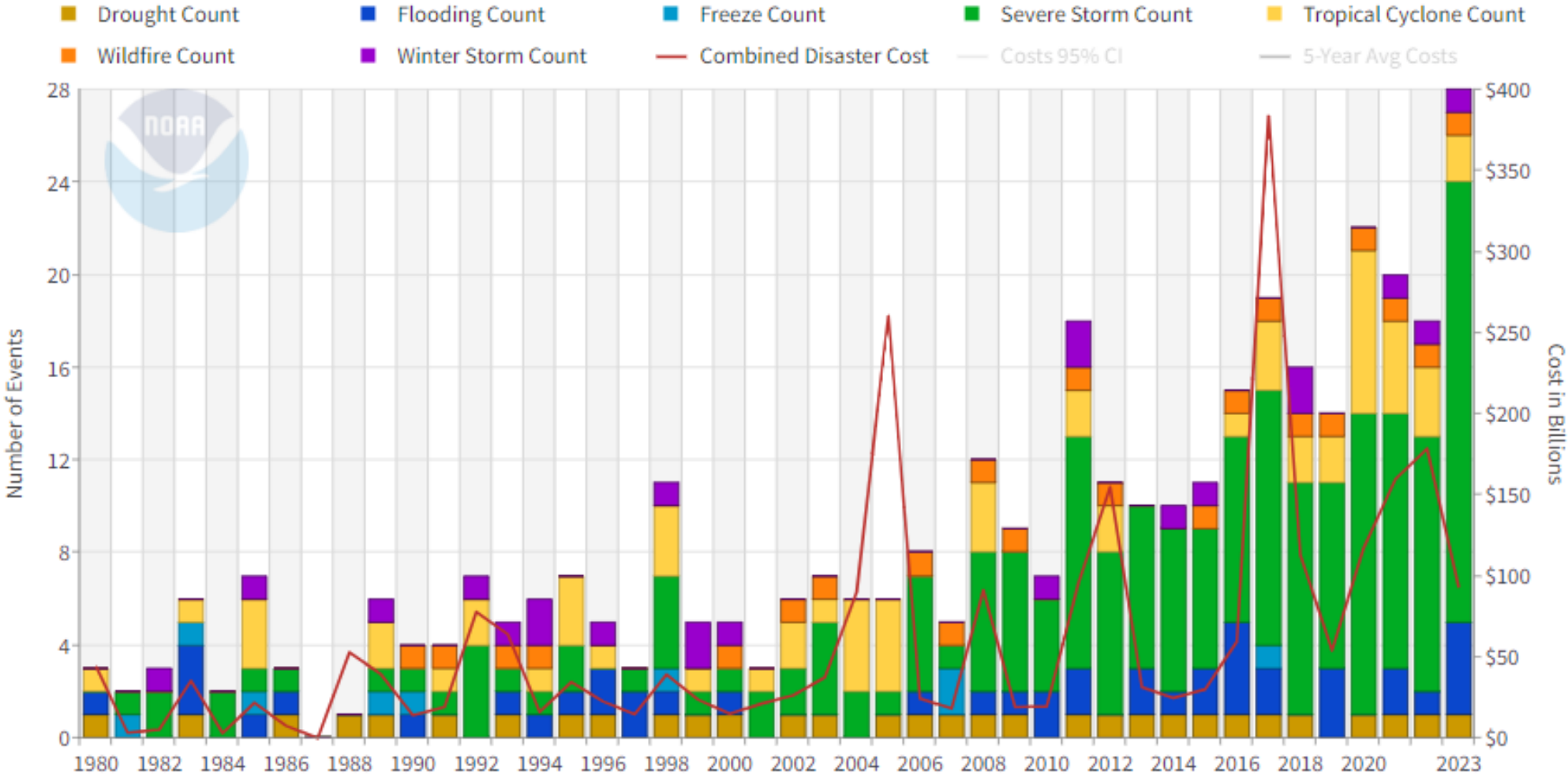
Drought
1

Total Cost
\$93B

Source: <https://www.ncei.noaa.gov/access/billions>



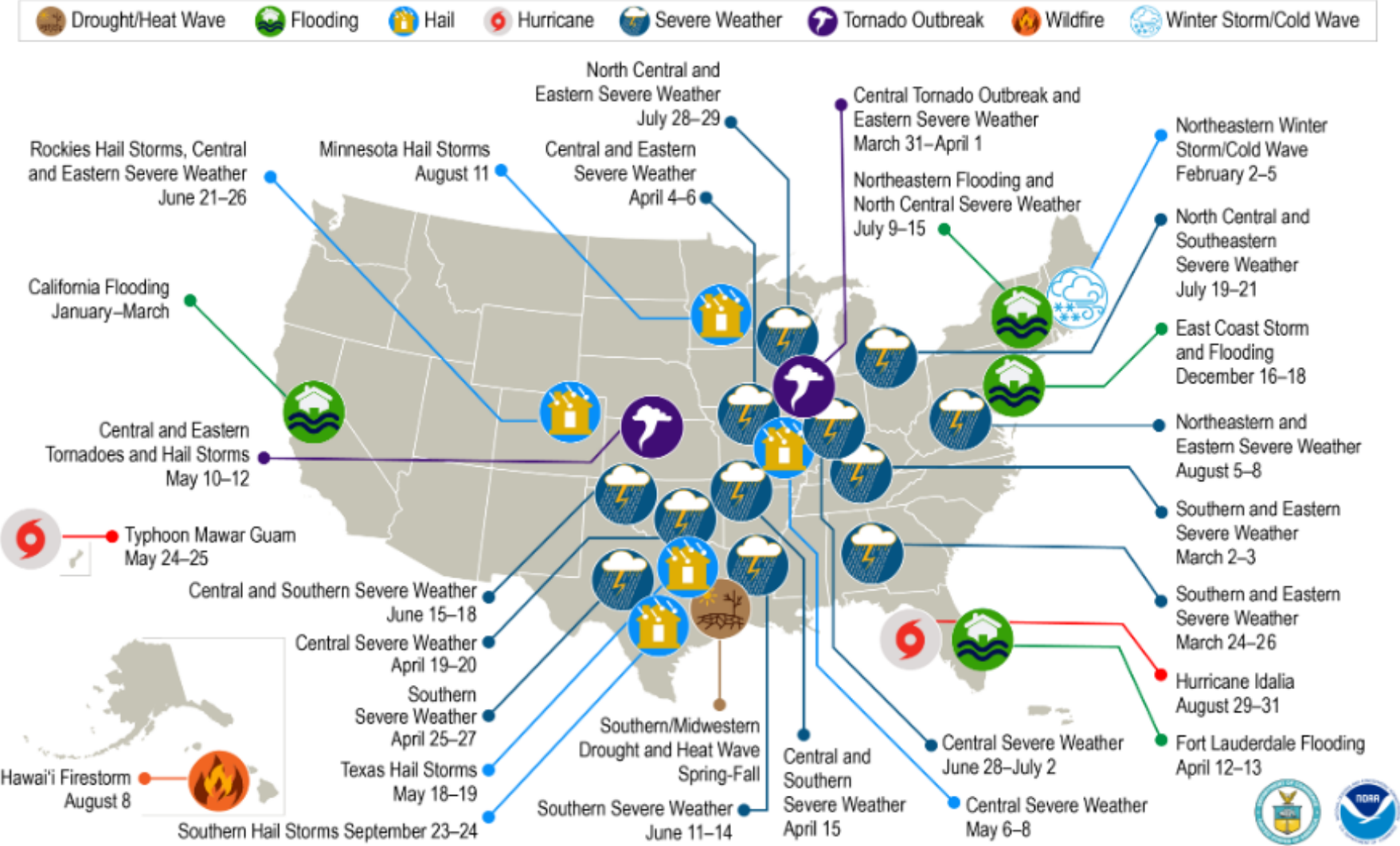
U.S. Billion Dollar Disaster Events 1980–2023 (CPI Adjusted)



Source: www.ncei.noaa.gov/access/billions/time-series



2023 Billion Dollar Events



Source: <https://www.ncei.noaa.gov/access/billions>

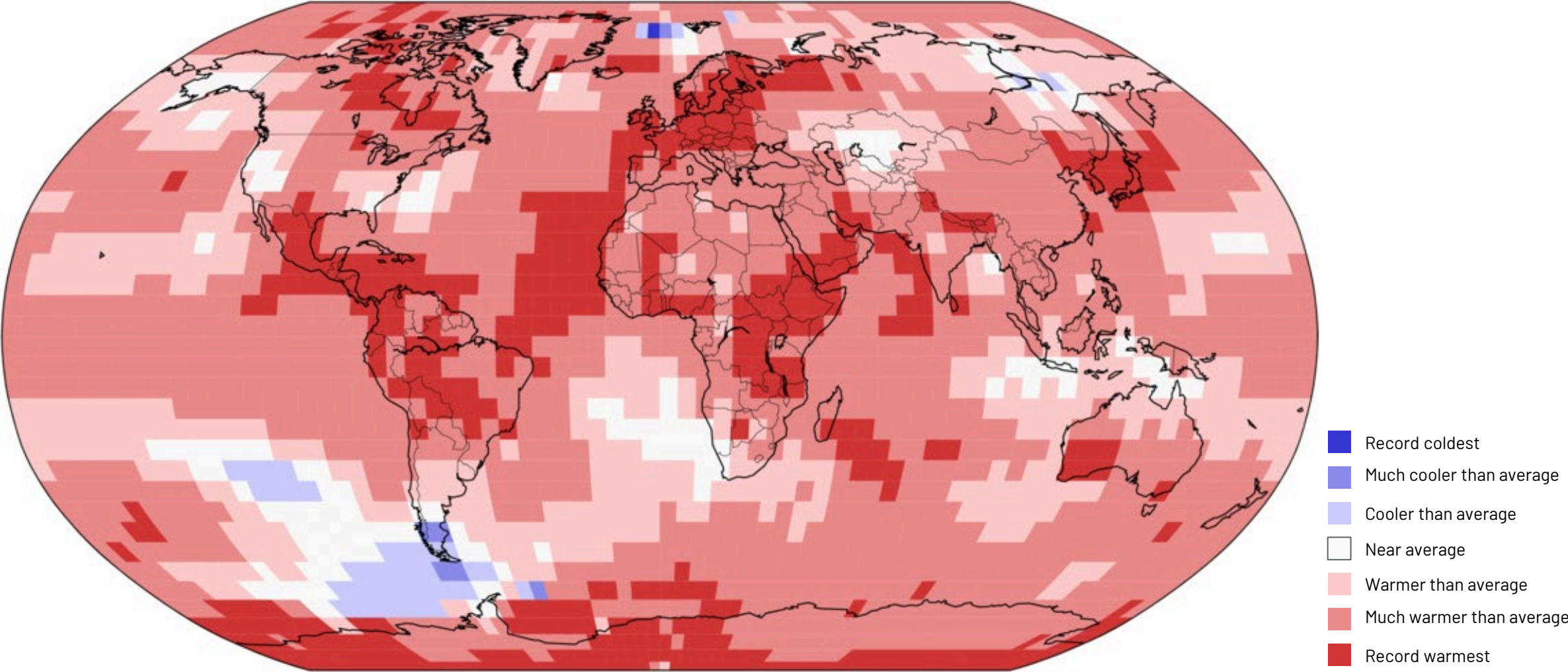




Property

Climate Change – What is going on??

Land and Ocean Temperature Percentiles – Sep 2023



2023 Tropical Season

Year of Rapid Intensification

**Rapid
Intensification**

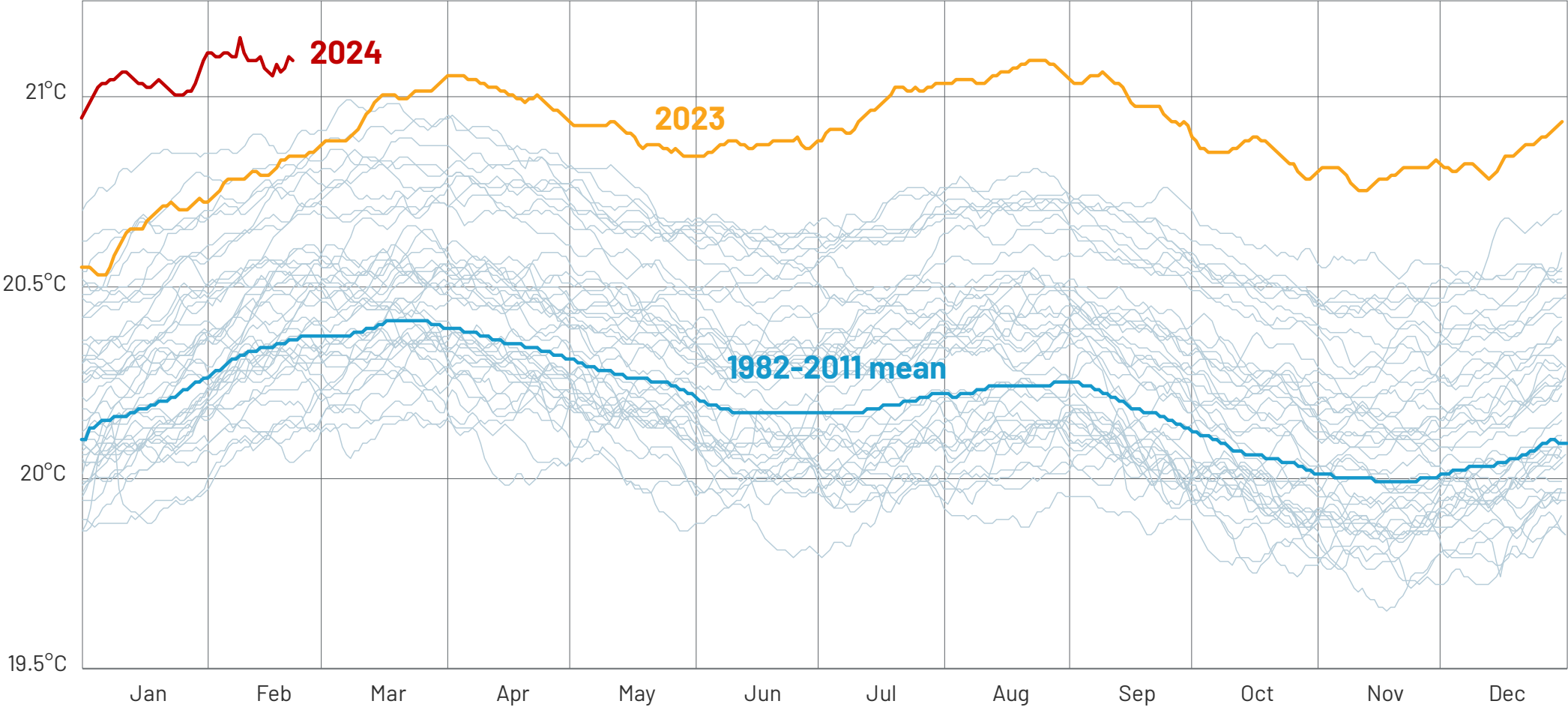
35mph

*increase
within 24 hours*

2023 Rapidly Intensifying Storms		Intensification
Hurricane Franklin	<i>Atlantic</i>	46 mph in 12 hours
Hurricane Idalia	<i>Atlantic</i>	40 mph in 18 hours
Hurricane Lee	<i>Atlantic</i>	86 mph in 24 hours
Hurricane Dora	<i>East Pacific</i>	52 mph in 24 hours
Hurricane Hilary	<i>East Pacific</i>	58 mph in 24 hours
Hurricane Jova	<i>East Pacific</i>	86 mph in 24 hours
Hurricane Lidia	<i>East Pacific</i>	58 mph in 18 hours
Hurricane Norma	<i>East Pacific</i>	60 mph in 24 hours
Hurricane Otis	<i>East Pacific</i>	104 mph in 24 hours
Typhoon Mawar	<i>West Pacific</i>	52 mph in 18 hours
Typhoon Doksuri	<i>West Pacific</i>	75 mph in 36 hours
Typhoon Khanun	<i>West Pacific</i>	80 mph in 24 hours
Typhoon Saola	<i>West Pacific</i>	46 mph in 24 hours
Typhoon Bolaven	<i>West Pacific</i>	92 mph in 24 hours

2024 Hurricane Season...

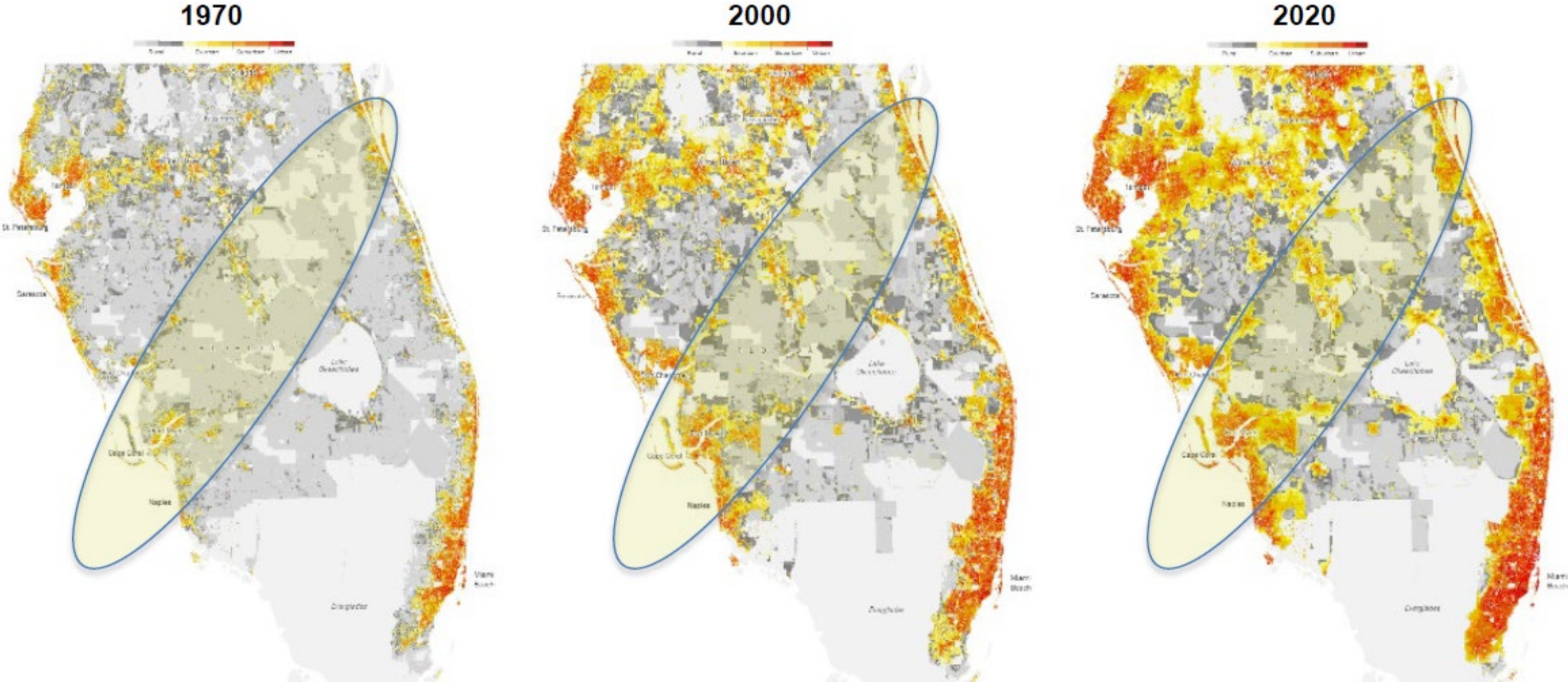
Average Daily Global Sea Surface Temperatures – 1982-2024



Sources: US National Oceanic and Atmospheric Administration, Climate Reanalyzer



Moving into Harm's Way – Florida – 1970–2020

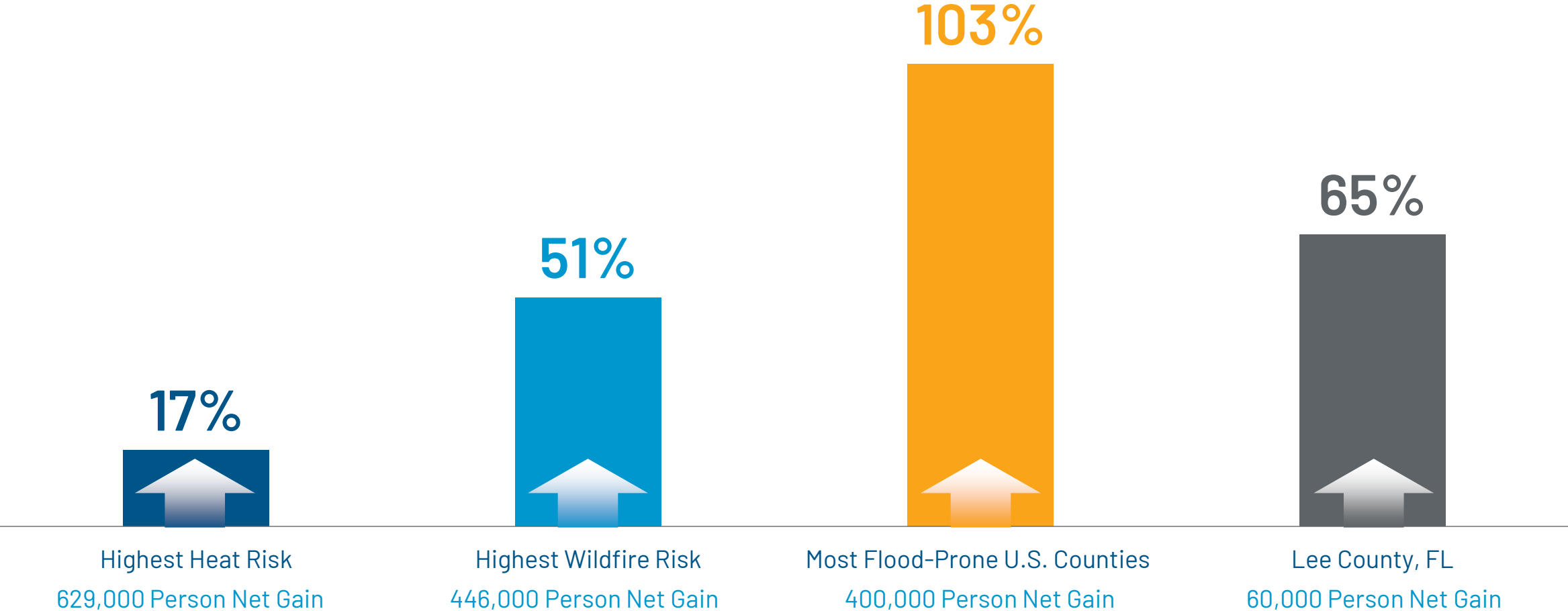


Source: <https://www.washingtonpost.com/climate-environment/2022/09/28/florida-population-growth-hurricane-ian-path>



Moving into Harm's Way

U.S. Migration – 2021-2022 vs. 2019-2020

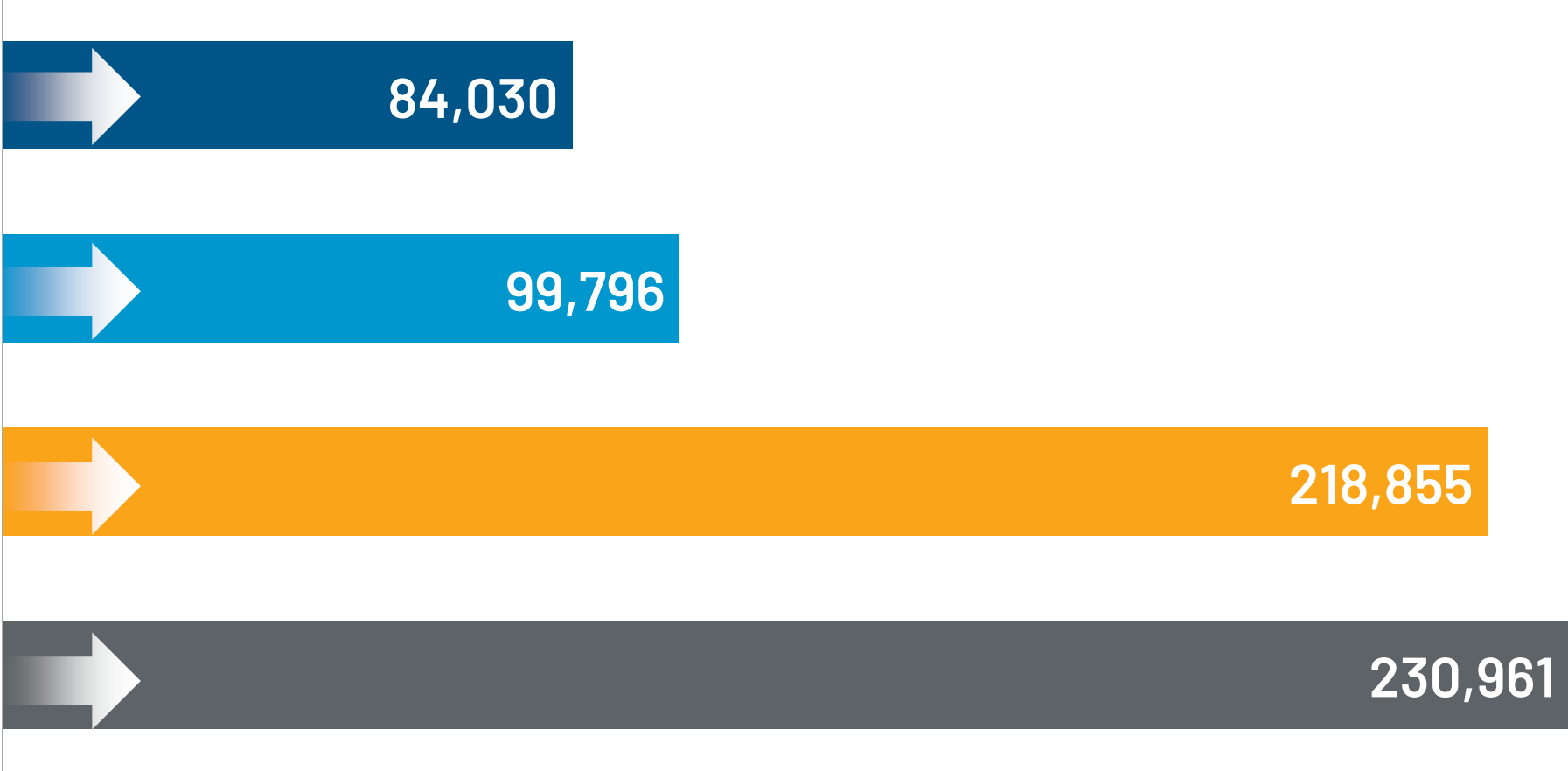


Source: <https://www.redfin.com/news/climate-migration-real-estate-2023>

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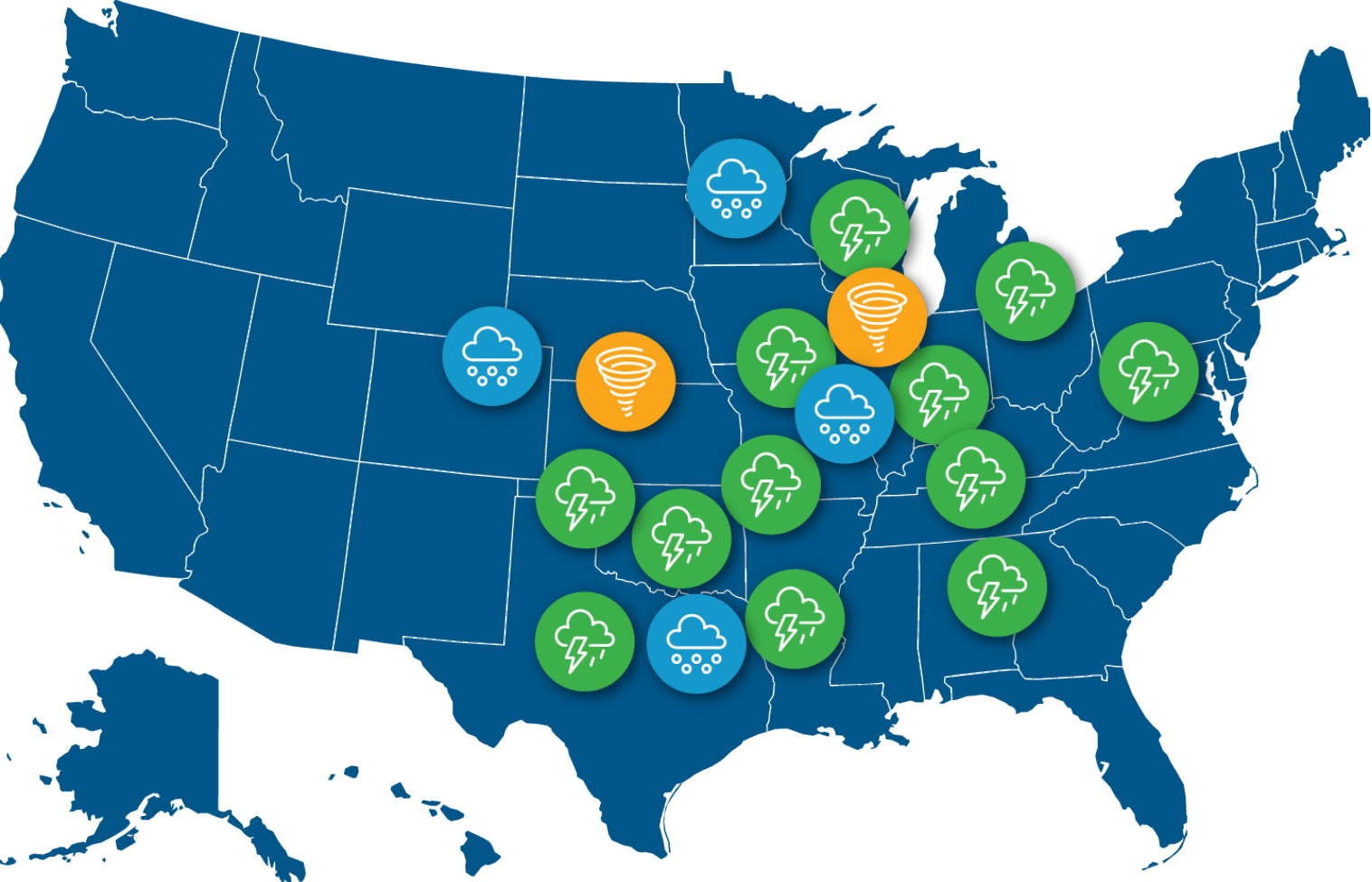
Moving into Harm's Way

2022 – States with Largest Net Gain






Source: <https://www.nar.realtor/blogs/economists-outlook/where-people-moved-in-2022>

Severe Convective Storms - 2023

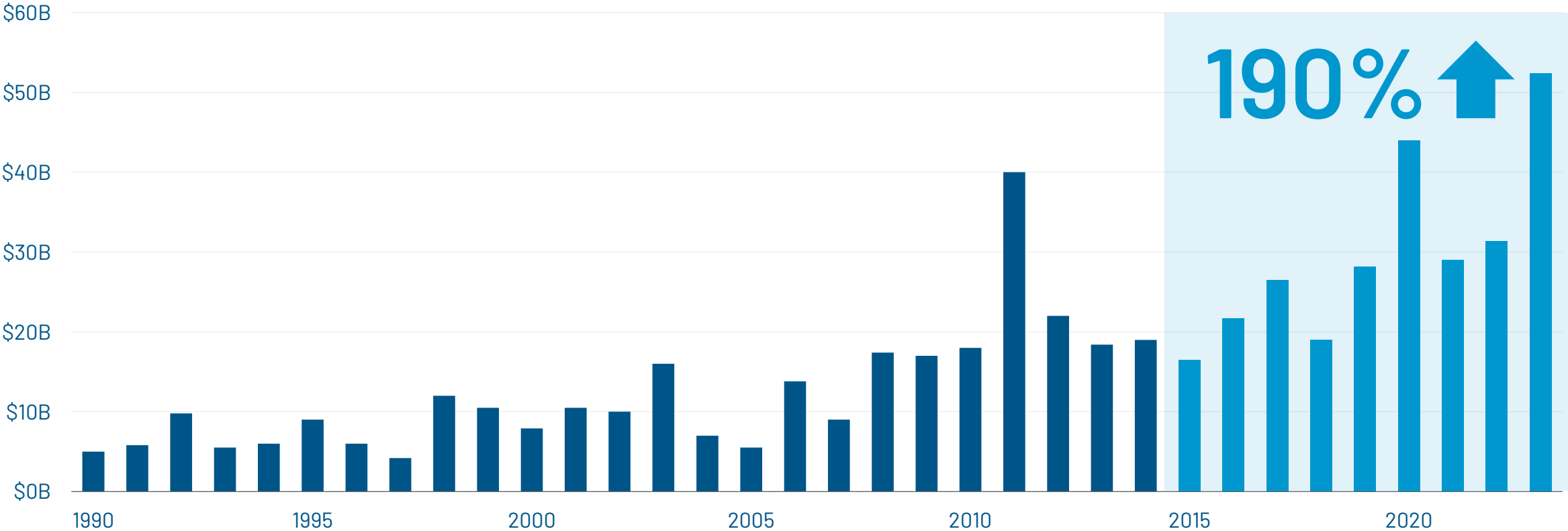


19/28 Events

-  Severe Weather
-  Hail
-  Tornado Outbreak

Severe Convective Storms

Convective Storms – Annual Insured Loss – 1990 – 2023



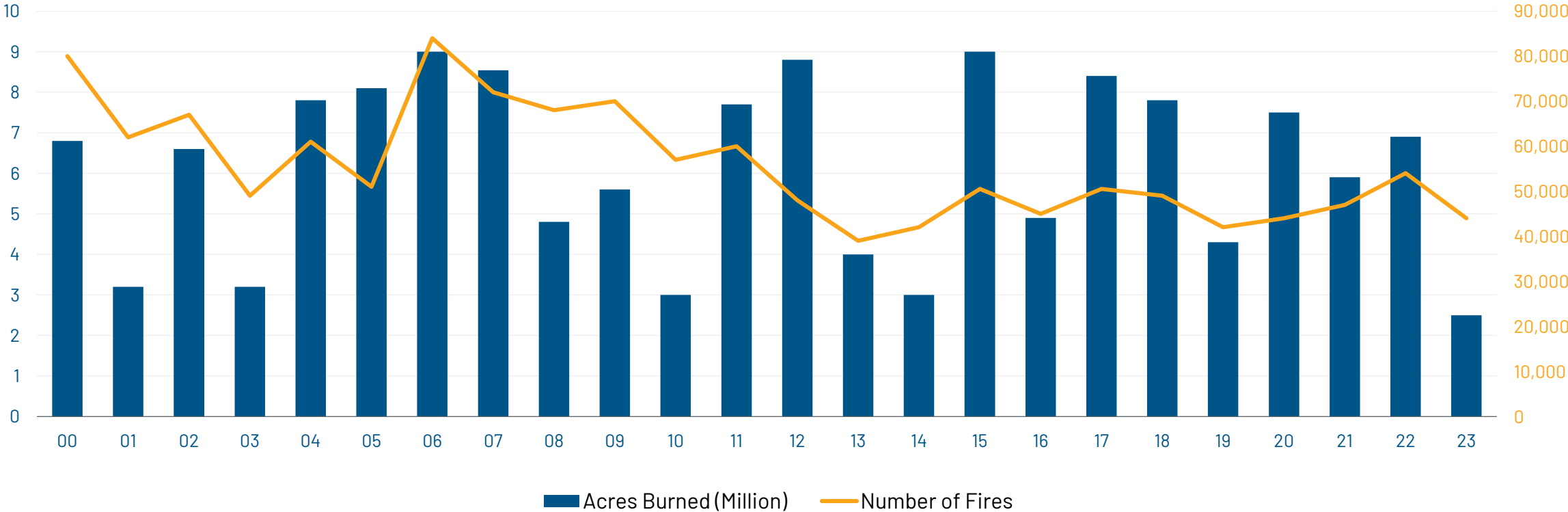
Sources: Arthur J. Gallagher & Co. and https://www.iii.org/sites/default/files/docs/pdf/triple-i_state_of_the_risk_convective_storms_10232023.pdf

Wildfires

U.S. Wildfires *January Through September (2000-2023)*

Acres Burned
(Millions)

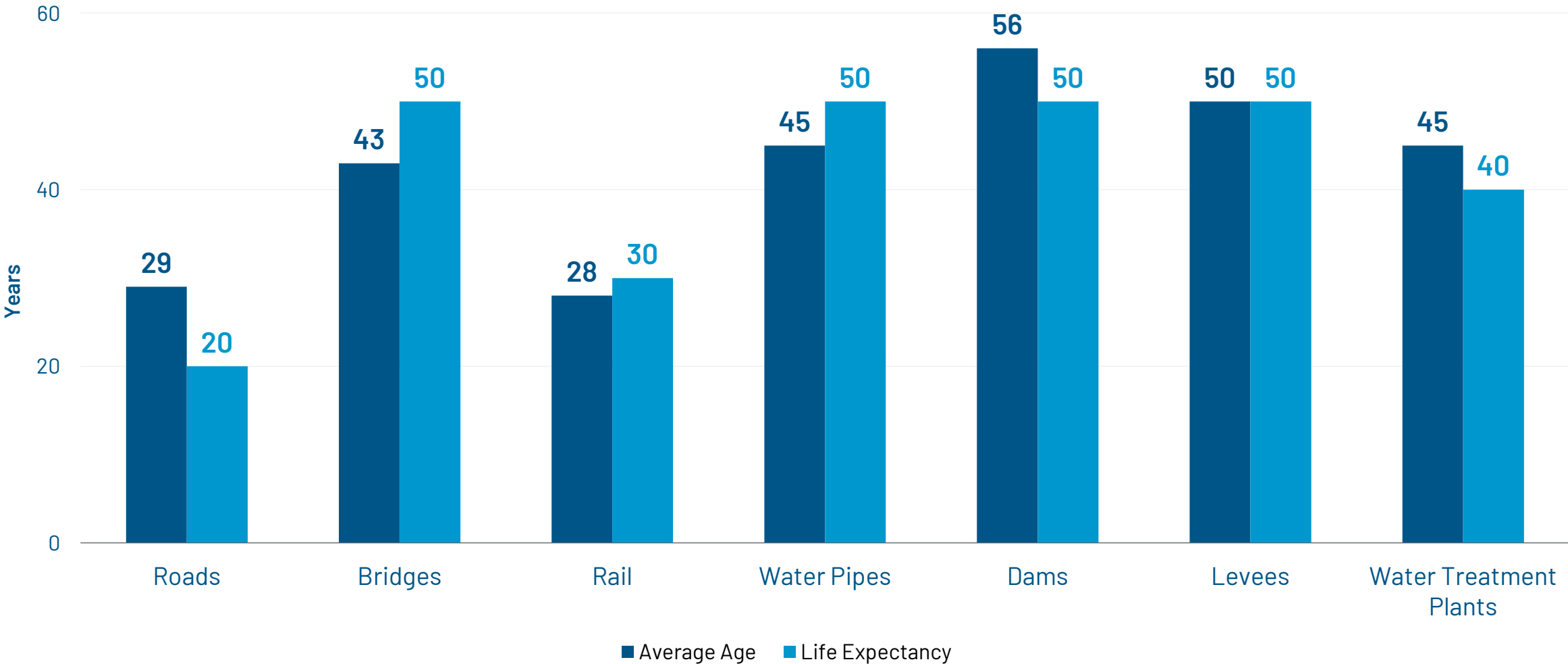
Number of
Fires



Source: National Center for Environmental Information (NCEI), U.S. Wildfires, January-September.

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U.S. Infrastructure



Source: <https://phys.org/news/2022-09-america-aging-infrastructure-sags-pressure.html>

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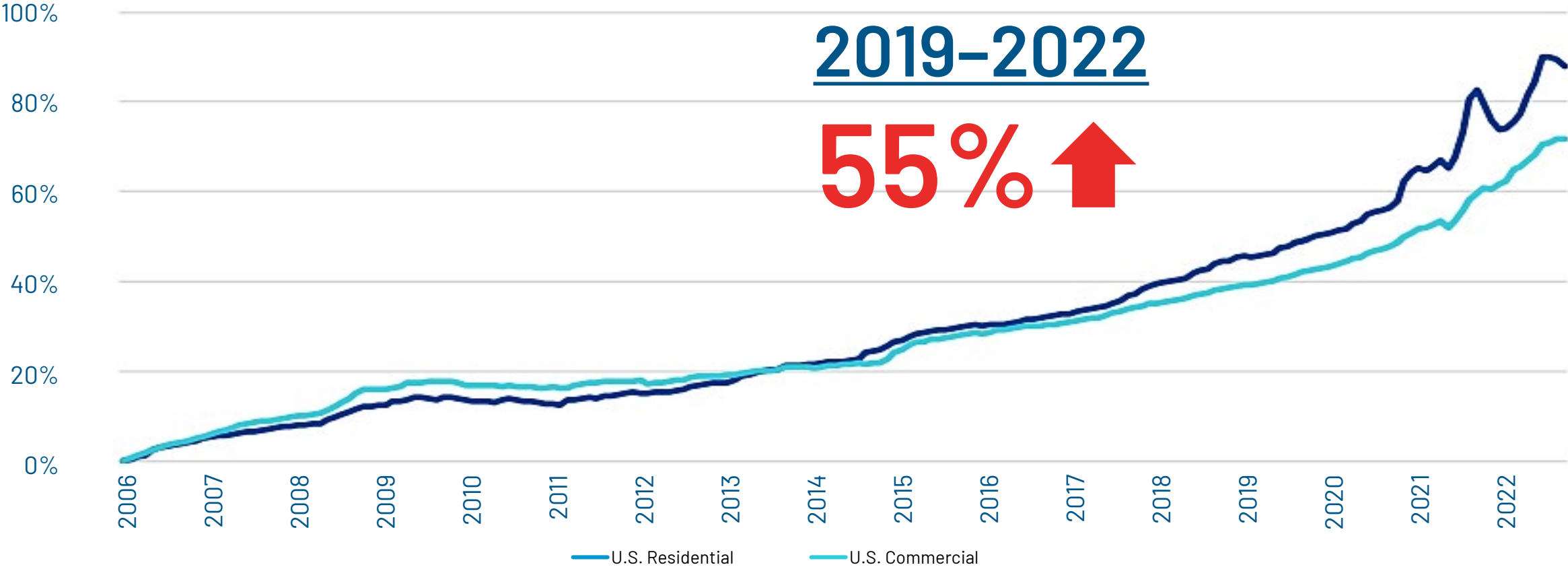


Property

Inflation

Inflation – Reconstruction Costs

Reconstruction Costs – 2006–2022

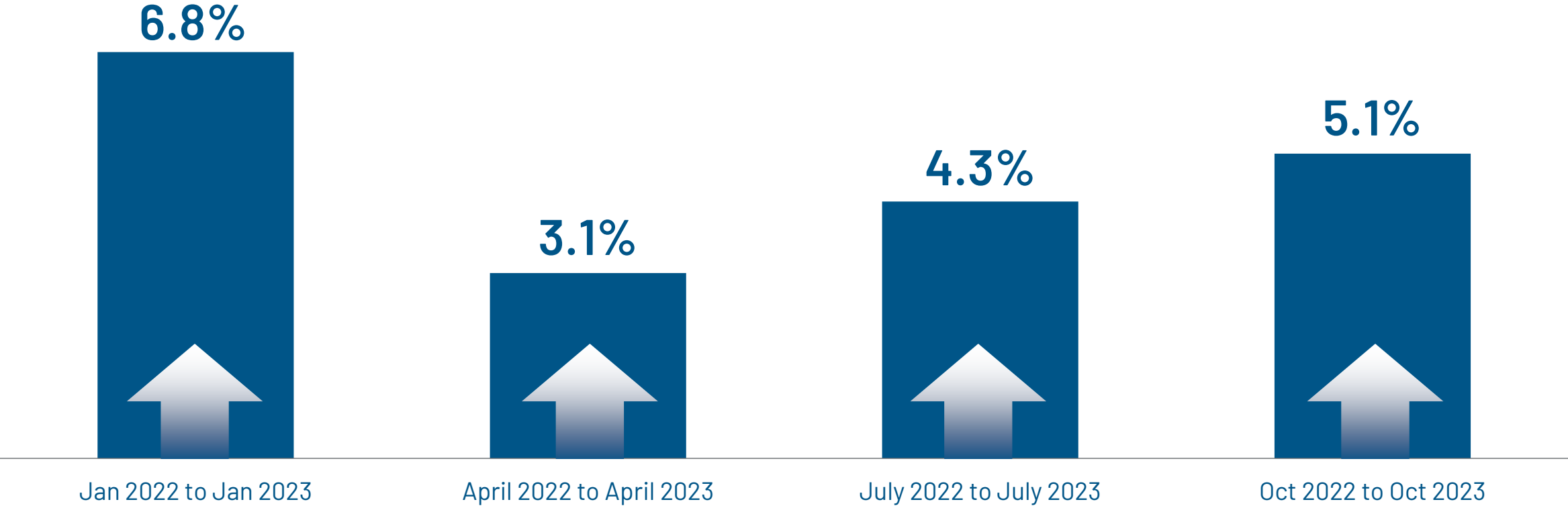


Source: Verisk – 2022 U.S. Hurricane Season Review.

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Inflation – Reconstruction Costs

Reconstruction Costs – Year-Over-Year

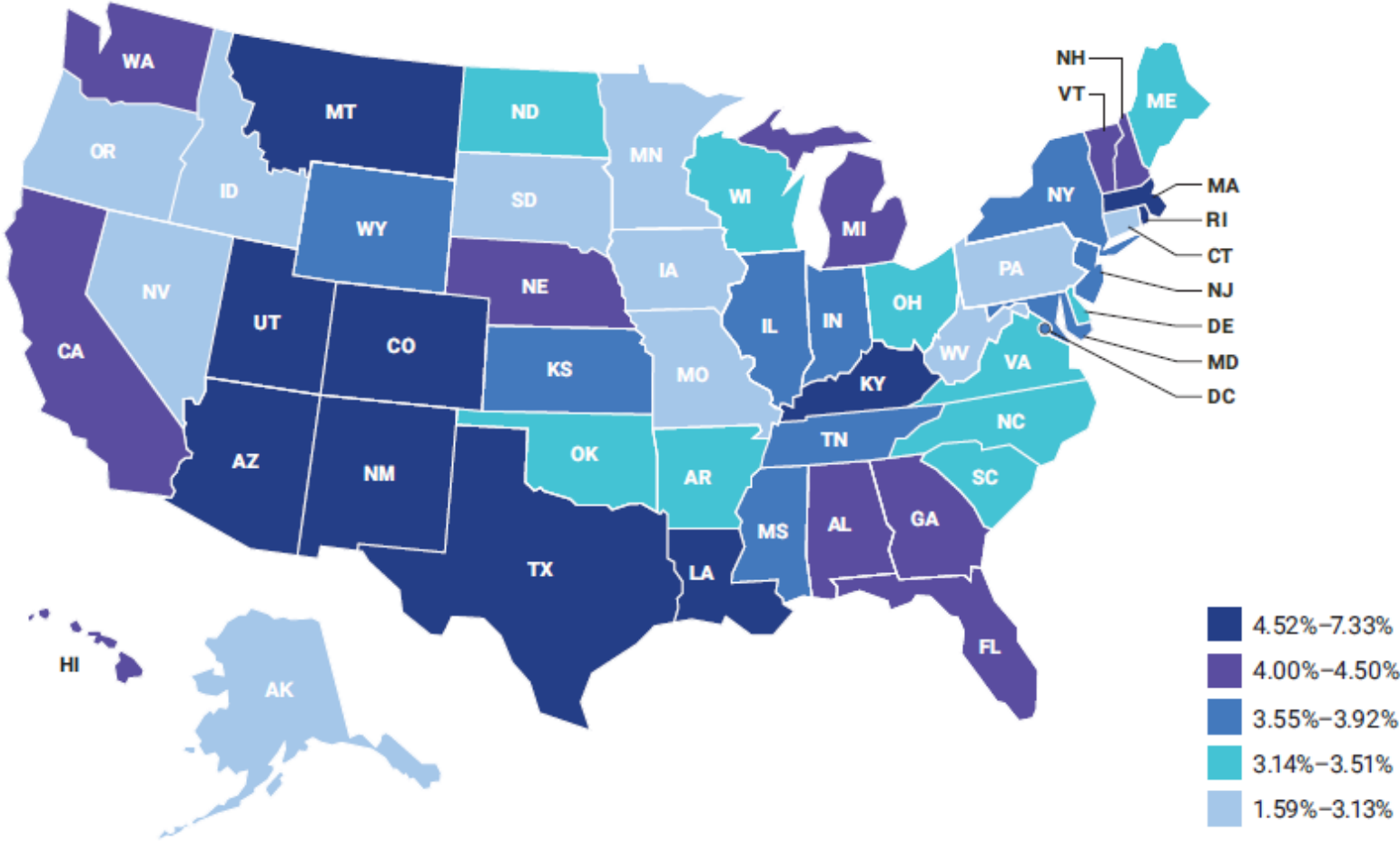


Source: Verisk – 360Value Quarterly Reconstruction Cost Analysis, Q4 2023: United States.

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Inflation – Reconstruction Costs

Reconstruction Costs – Residential – October 2022 to October 2023



Overall
3.9% ↑



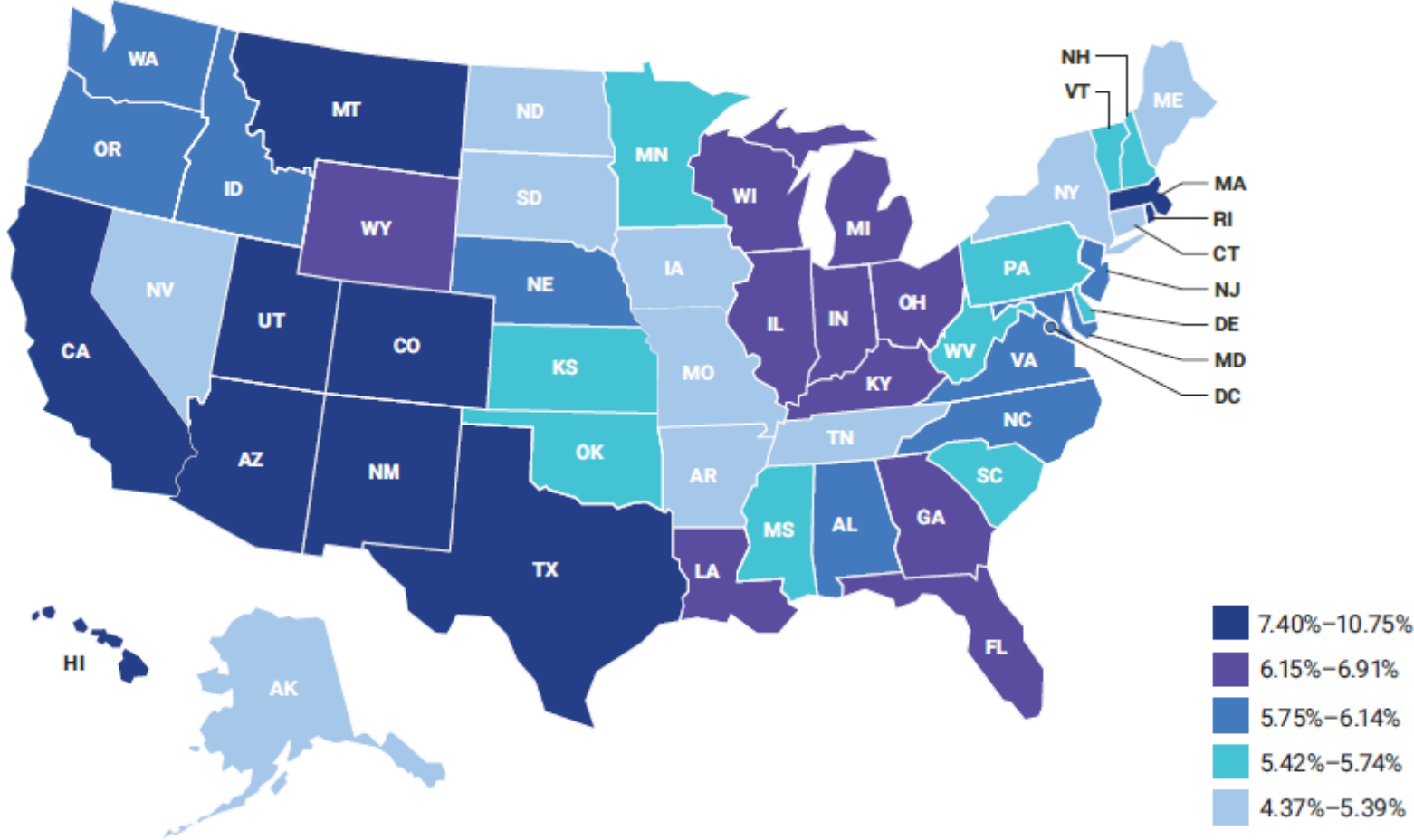
Source: Verisk – 360Value Quarterly Reconstruction Cost Analysis, Q4 2023: United States.

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Riding the Wave: Claims Issues and Challenges | April 2024

Inflation – Reconstruction Costs

Reconstruction Costs – Commercial – October 2022 to October 2023



Overall
6.3% ↑

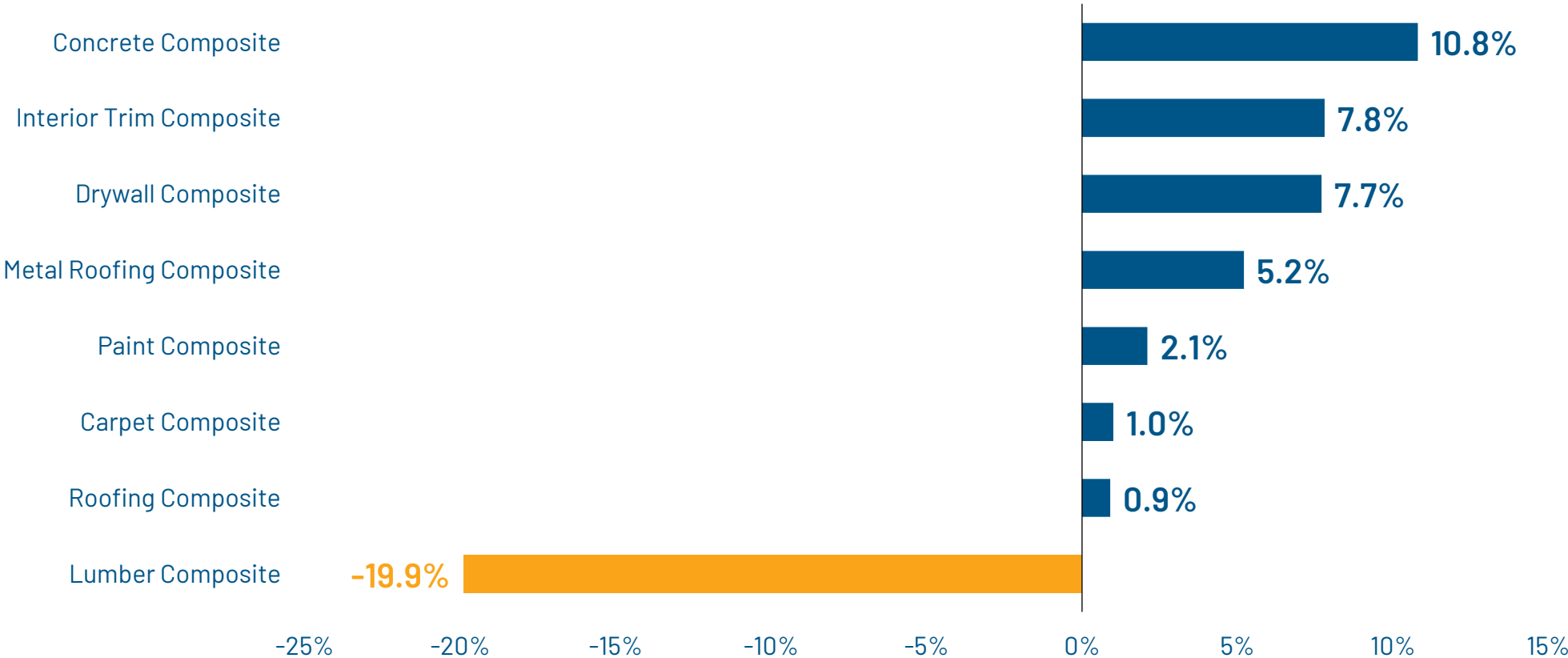


Source: Verisk – 360Value Quarterly Reconstruction Cost Analysis, Q4 2023: United States.

Inflation – Reconstruction Costs

Reconstruction Costs – Material – October 2022 to October 2023

Percentage Change in Costs

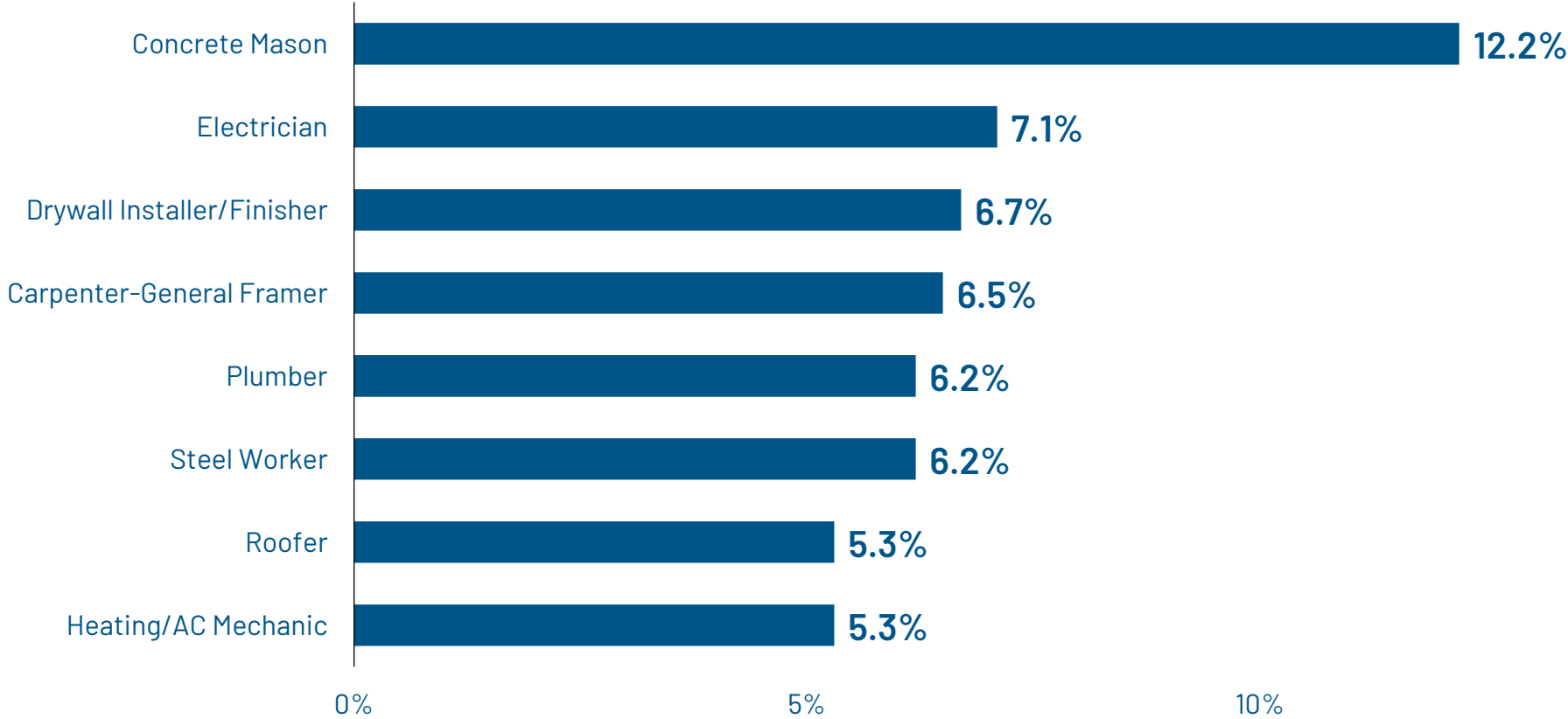


Source: Verisk – 360Value Quarterly Reconstruction Cost Analysis, Q4 2023: United States.

Inflation – Reconstruction Costs

Reconstruction Costs – Labor – October 2022 to October 2023

Percentage Change in Costs



Source: Verisk – 360Value Quarterly Reconstruction Cost Analysis, Q4 2023: United States.





Property

Florida

St. John's Insurance Company



2016

180 pending lawsuits

2021

3,508 pending lawsuits

2022

Insolvent

Florida – Roofs





Casualty

Social Inflation

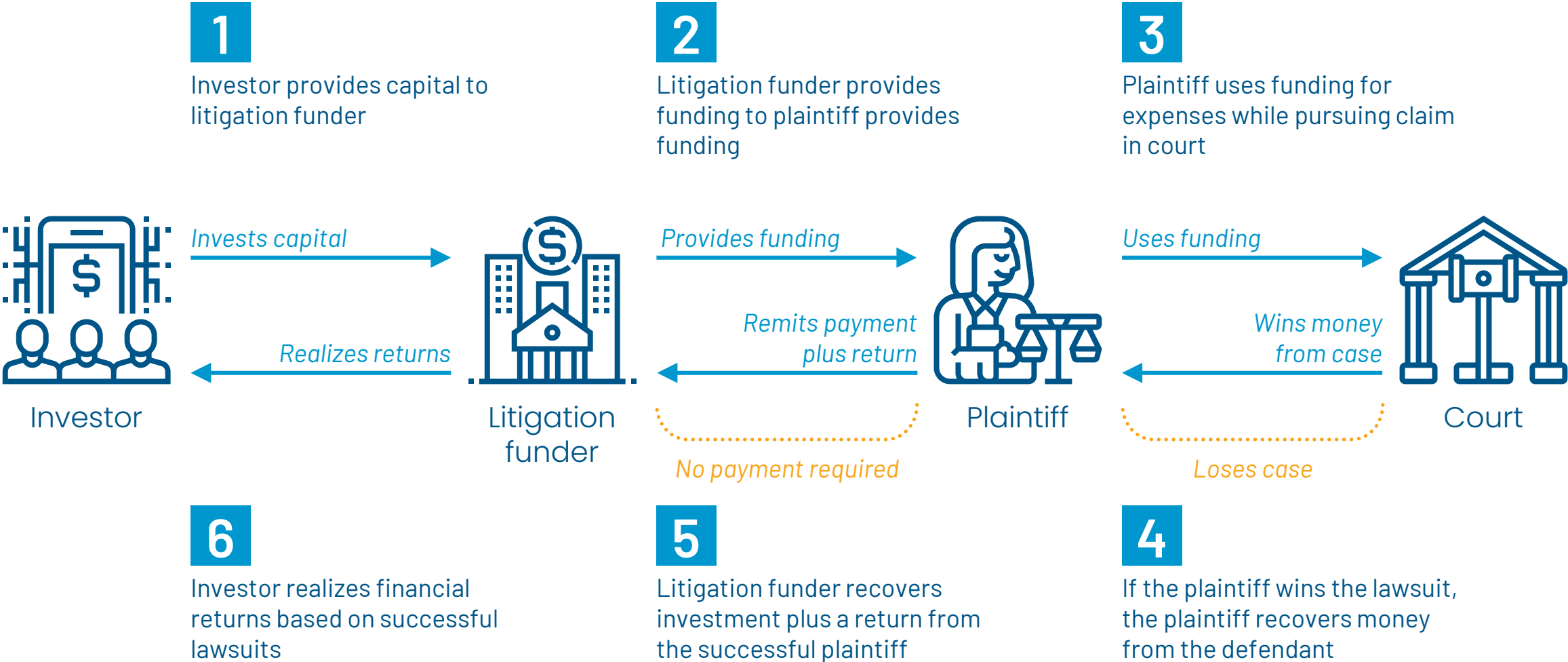
Social Inflation

Contributing Factors



**Third Party
Litigation Financing**

Social Inflation – Third Party Litigation Financing



Source: <https://www.gao.gov/products/gao-23-105210>

Social Inflation – Third Party Litigation Financing

Impact

No Transparency

Prolongs Lawsuits

More Verdicts

Increased Legal Costs

2016 – 2022:

Defense Costs: 30%↑

Complex Cases: 60%↑

Changes Settlement Evaluation

Vicious Cycle

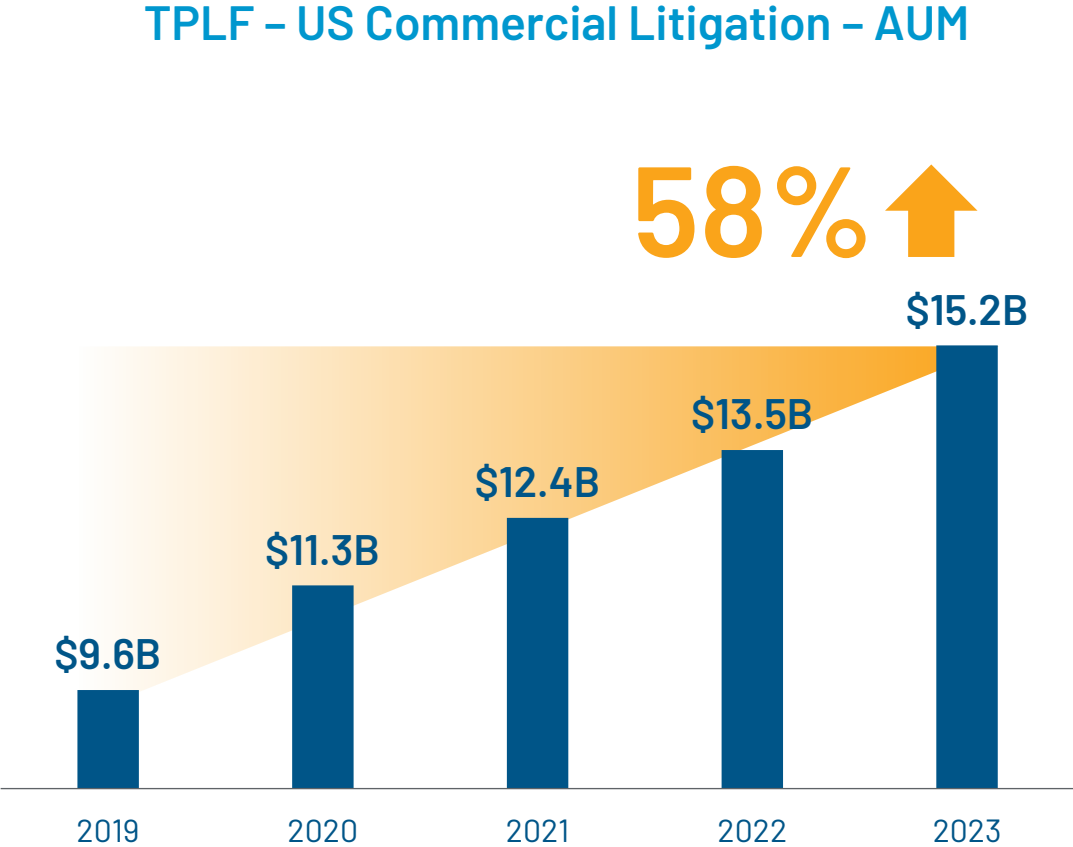
National Security Concerns



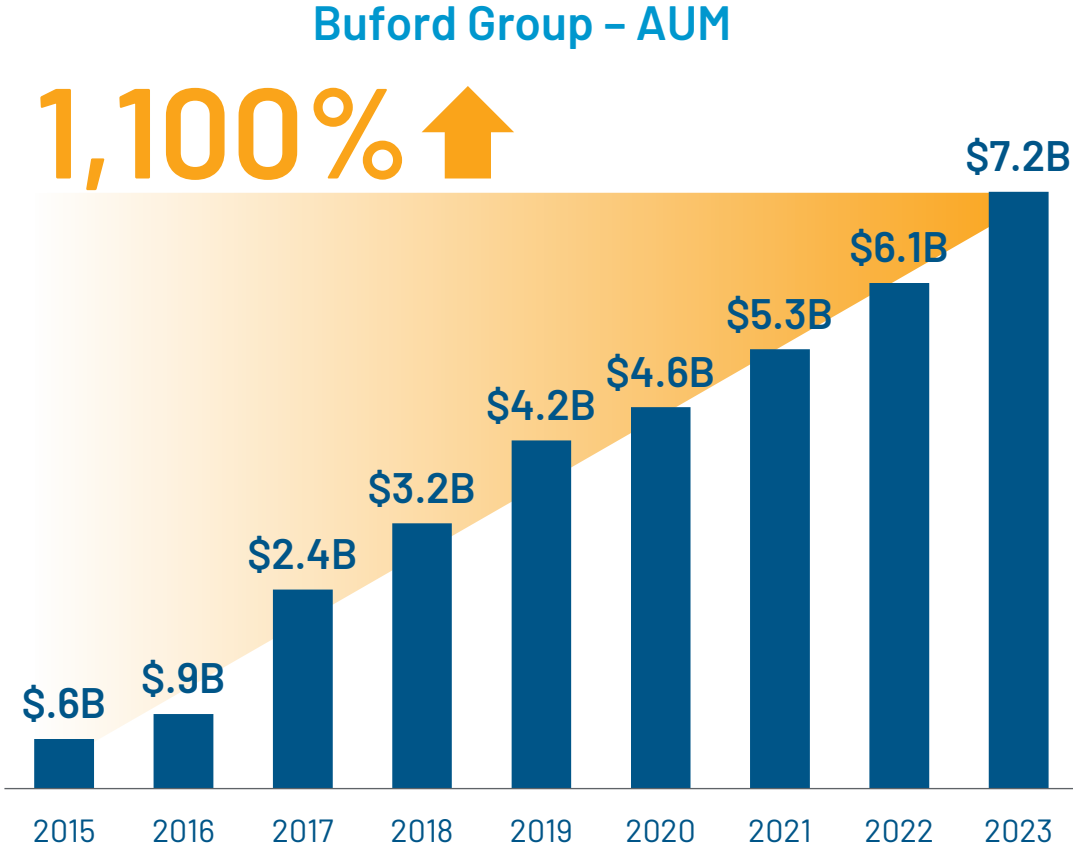
Social Inflation – Third Party Litigation Financing

Assets Under Management

TPLF – US Commercial Litigation – AUM



Buford Group – AUM



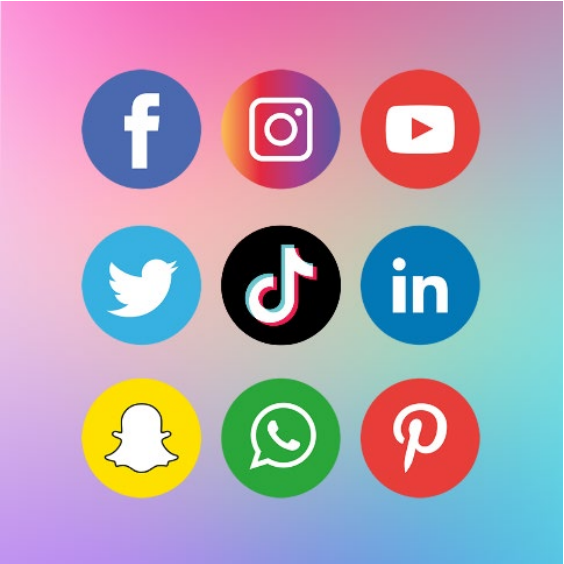
Source: The Westfleet Insider, Reuters, 2022 Litigation Finance market Report and Buford Capital.

Social Inflation

Contributing Factors



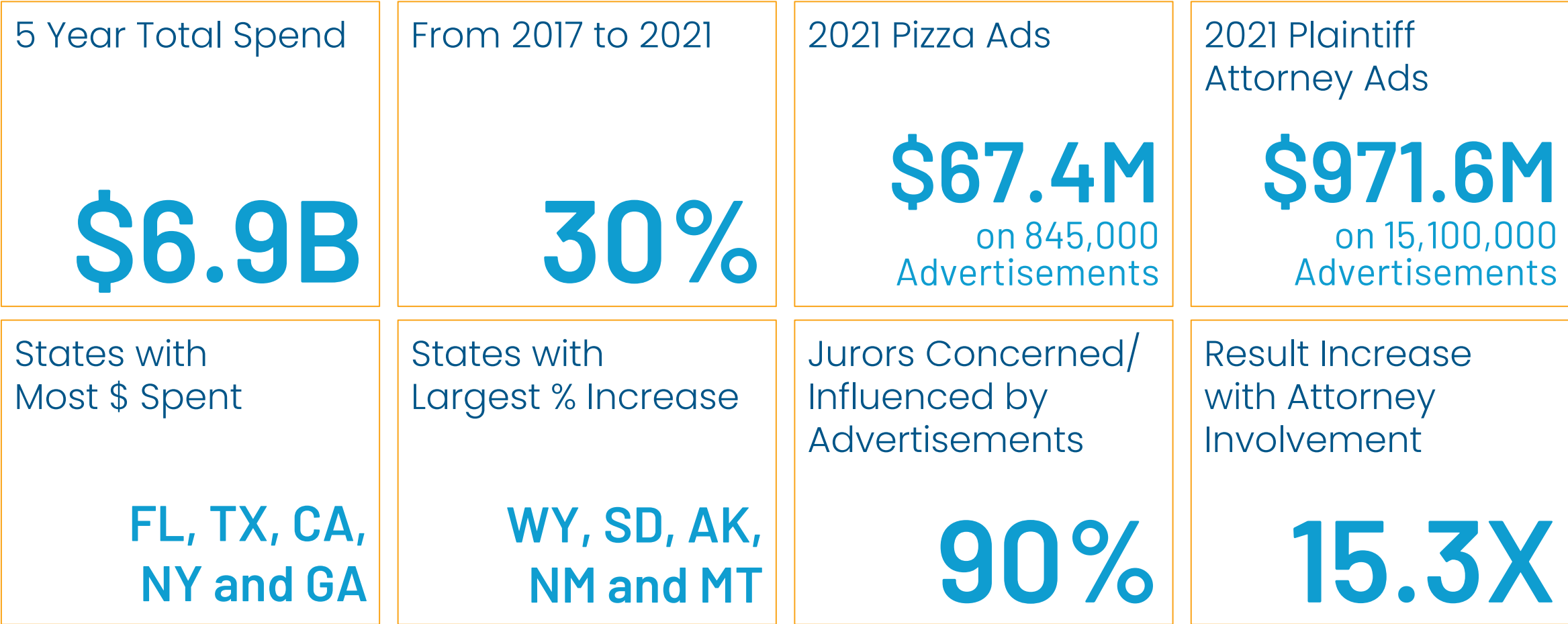
**Third Party
Litigation Financing**



**Advertising/
Social Media Impact**

Social Inflation – Plaintiff Attorney Advertising

2017-2021

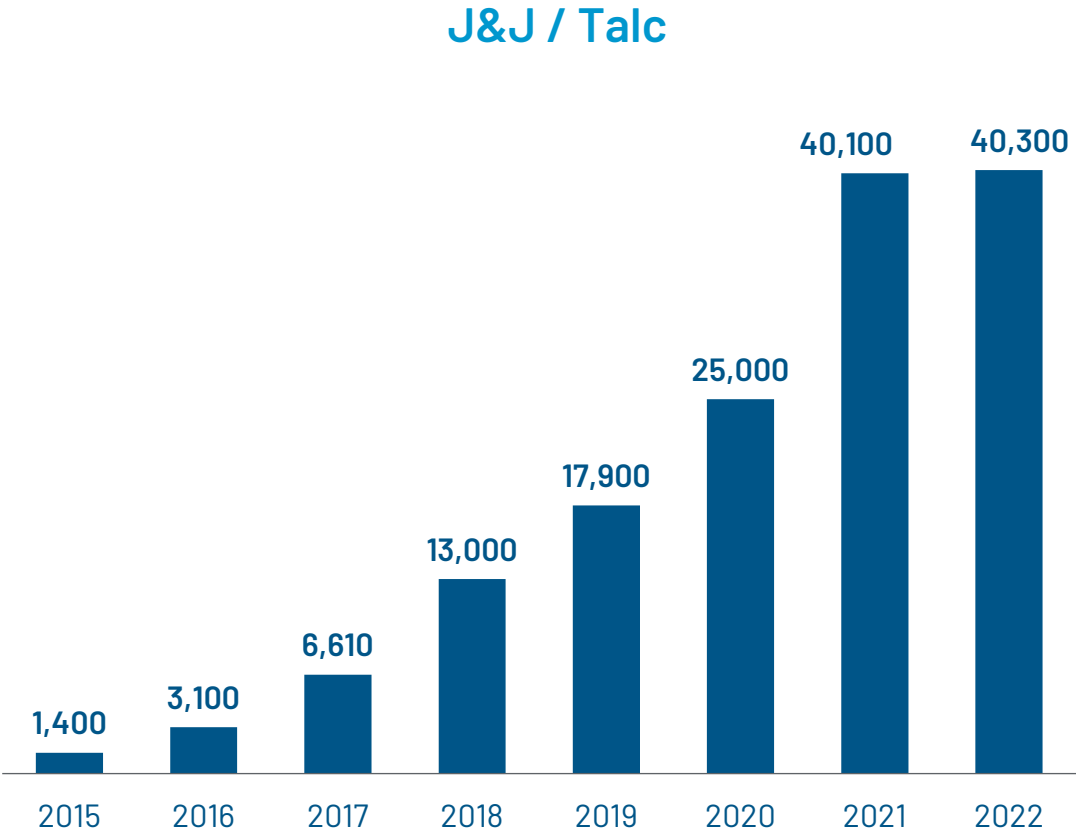


Sources: Legal-Services-Advertising-Report-United-States-ATRA-2017-2021 and <https://www.apci.org/attachment/static/5542>

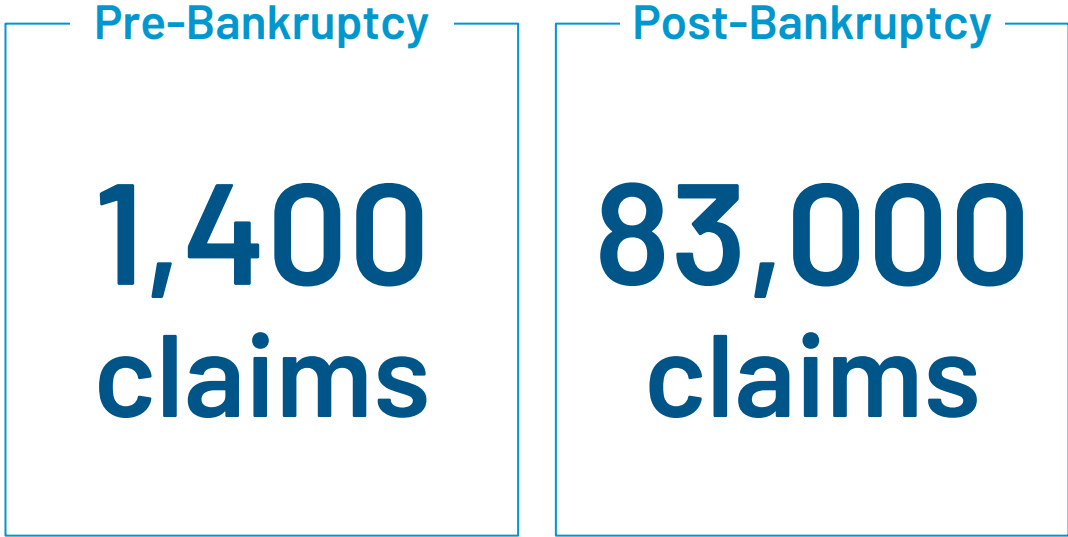
Social Inflation – Plaintiff Attorney Advertising

Claim Volumes

J&J / Talc



Boy Scouts / Sexual Molestation



Source: J&J 10-Ks; Boy Scouts Bankruptcy Documents.

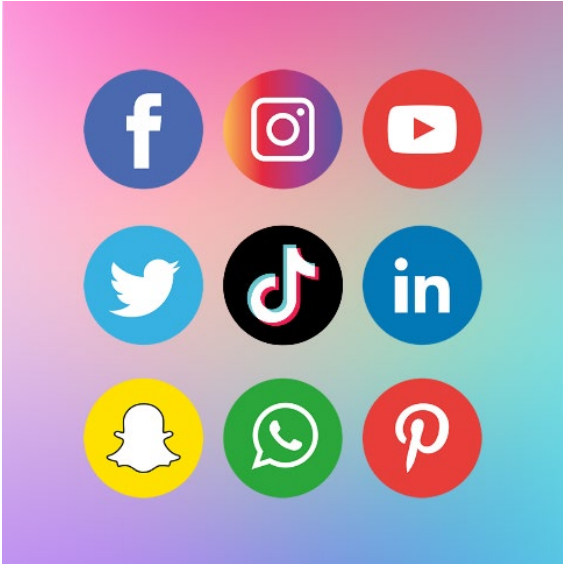
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Social Inflation

Contributing Factors



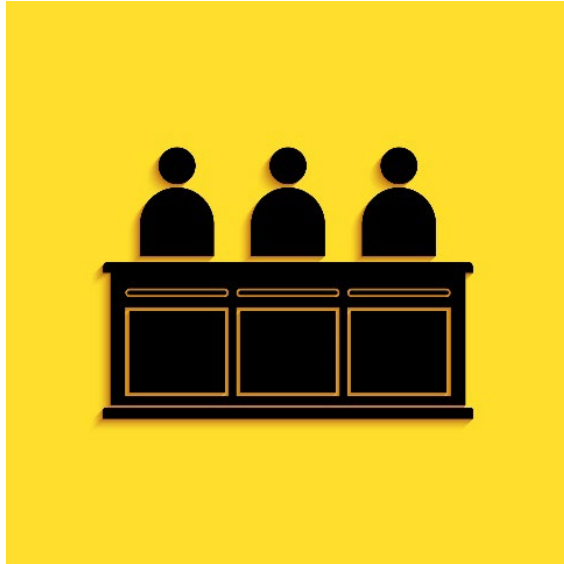
**Third Party
Litigation Financing**



**Advertising/
Social Media Impact**



**Plaintiff Trial
Strategies**



**Changing Juries:
The New Normal**

Social Inflation – Jury Research

1	Trust the U.S. Justice System	Pre-Pandemic	67%	→	Post-Pandemic	<50%
2	No Confidence in the U.S. Justice System	Pre-Pandemic	8%	→	Post-Pandemic	17%
3	Large Corporations Viewed Negatively	Pre-Pandemic	27%	→	Post-Pandemic	45%
4	Favor Punitives to Punish Corporations		77%			
5	Corporate Executives Lie					76%
6	It Takes “Billions” to Send Message to Corporations		30%			
7	Positive View of Attorneys Defending Corporations					23%
8	Positive View of Plaintiffs’ Attorneys		58%			
9	People Will Bring False Claims					75%
10	Company Response Critically Important		91%			
11	Defendant Corporation Success Depends on Emotional Connection					67%

Source: <https://www.reuters.com/legal/litigation/todays-jurors-are-not-ok-probably-dont-like-you-2023-08-07>; <https://magnals.com/covid-effect-on-damages>

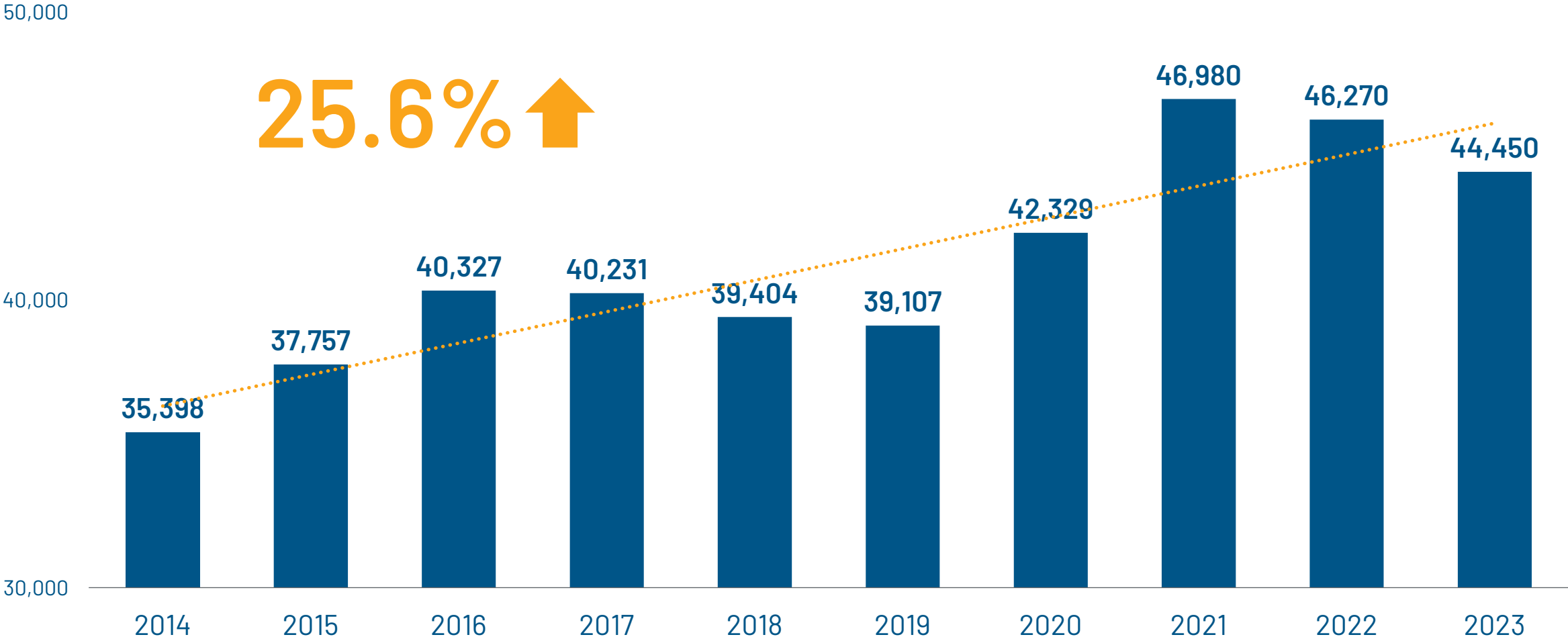




Casualty

Auto

Auto – Traffic Fatalities (2014 – 2023)

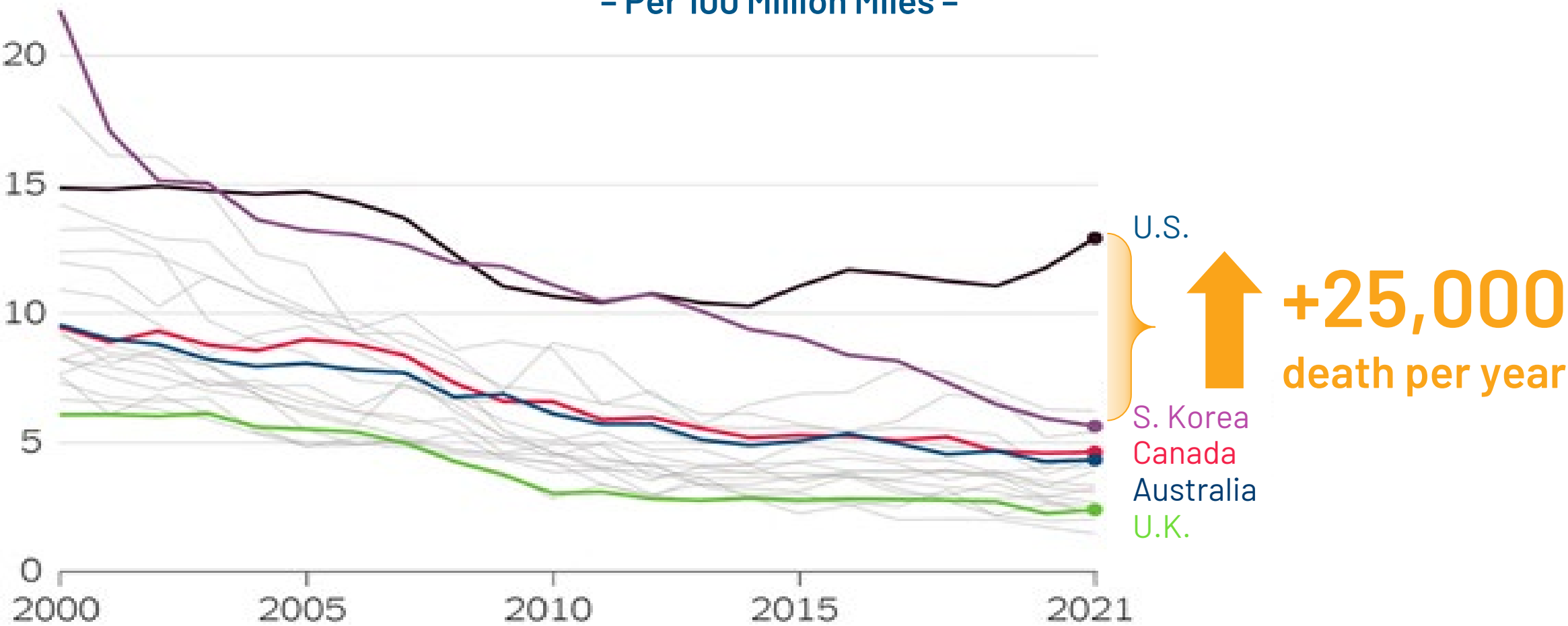


Source: Preliminary Semiannual Motor Vehicle Death Estimates- Injury Facts (nsc.org).

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Auto – Traffic Fatalities – U.S. vs. The World

Death Rate From Road Accidents – Per 100 Million Miles –



Source: The New York Times | National Safety Council.



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Auto – Impaired Driving

2021 Alcohol Stats

Percent of Road Fatalities Involving Alcohol

31%

Individual Alcohol Consumption

2.9% ↑

2022 Marijuana Usage

Age: 19–30

44%

Age: 35–50

28%

Sources: <https://www.insurancejournal.com/news/national/2023/08/21/736043.htm>;
<https://nida.nih.gov/news-events/news-releases/2023/08/marijuana-and-hallucinogen-use-binge-drinking-reached-historic-highs-among-adults-35-to-50>

Auto – Traffic Fatalities

2019-2022

Miles Traveled Fell

3%

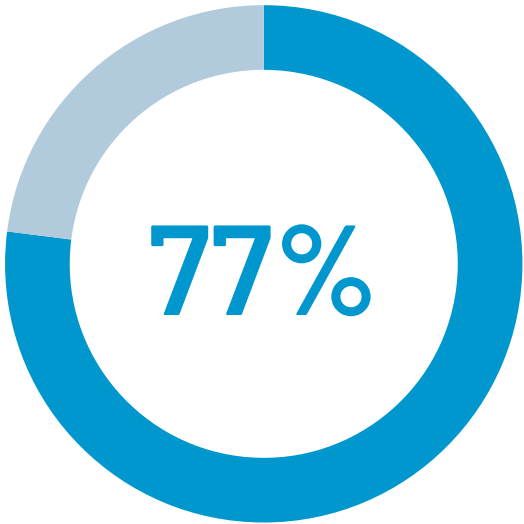


18%

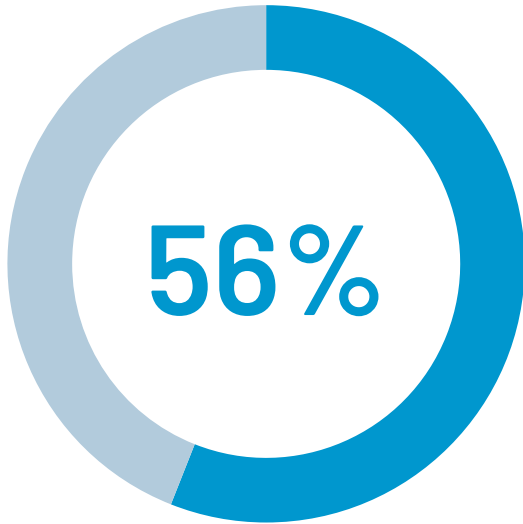
Traffic Fatalities up

Auto – Distracted Driving

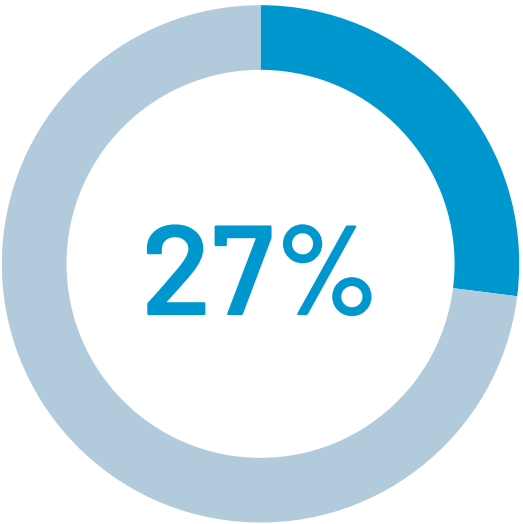
Use cell phone



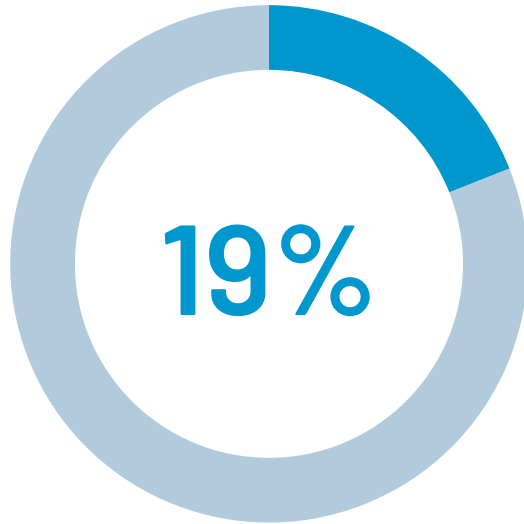
Read texts/emails



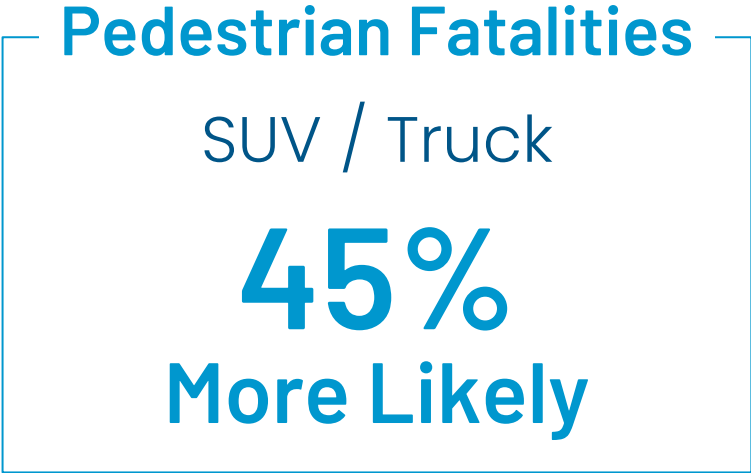
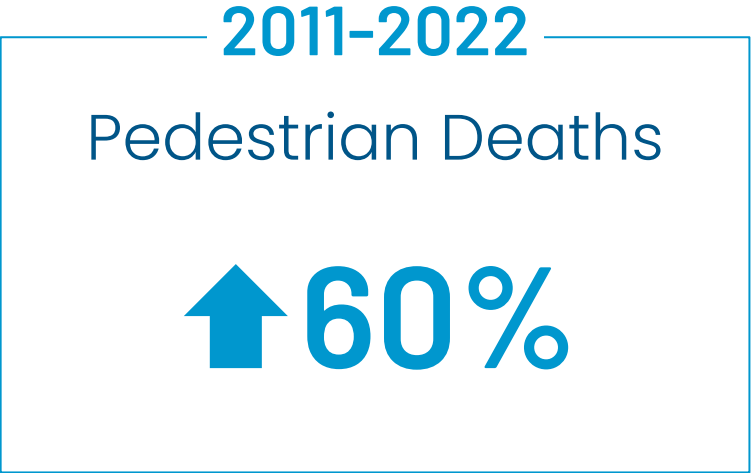
Use social media



Online shop

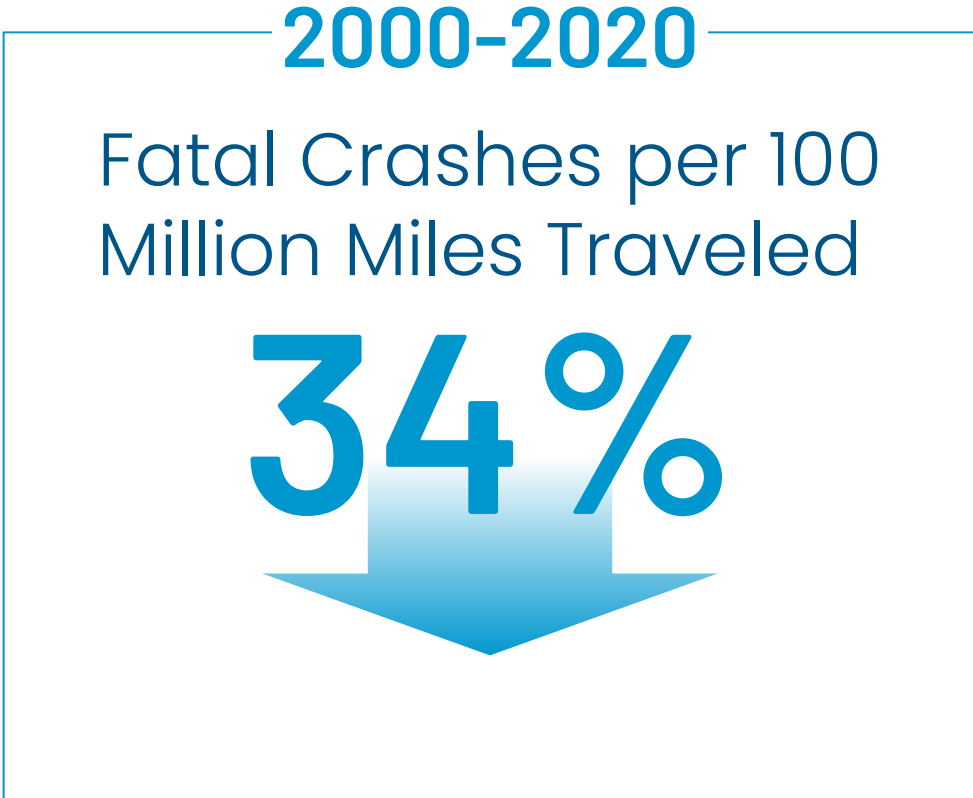


Auto – Pedestrian Deaths



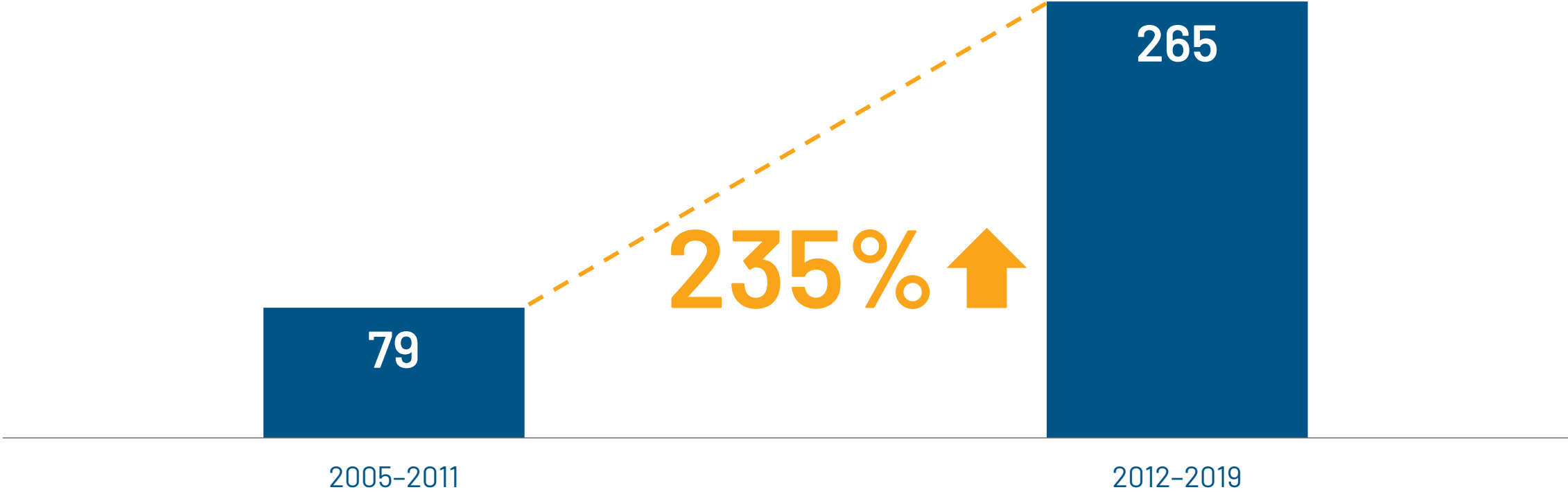
Source: National Highway Traffic Safety Administration and Governors Highway Safety Association.

Trucking – Miles vs. Safety



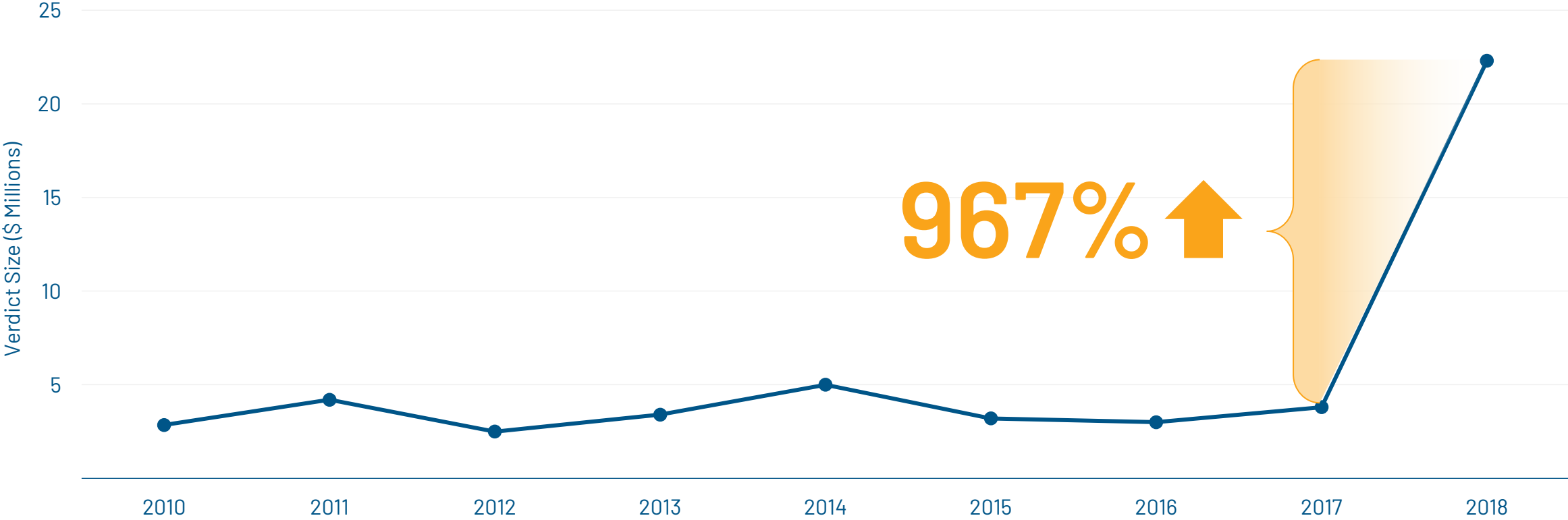
Trucking – Verdicts > \$1M

Number of Trucking Cases With Verdicts Over \$1 Million



Trucking – Average Verdict Size

Average Size of Trucking Verdict (2010–2018)



Source: American Transportation Research Institute, *Understanding the Impact of Nuclear Verdicts on the Trucking Industry*, p. 18 (Jun. 2020).

Trucking – Current State

Individuals that believe they are safer drivers than commercial drivers

83%

People who say they've witnessed a commercial vehicle driving dangerously

81%

Commercial drivers prioritize schedule over safety

83%

Age of majority of truck drivers

55 and older

Severe crashes that involve commercial trucks

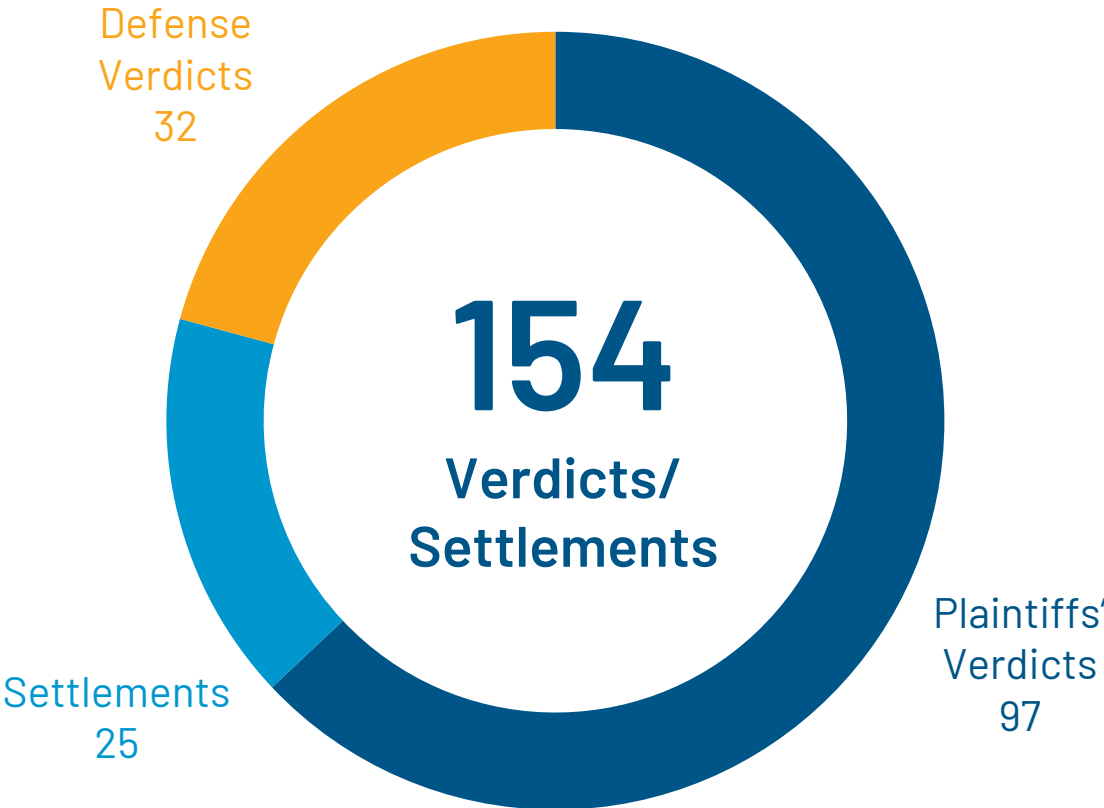
3%

Fatal accidents involving trucks caused solely by passenger vehicles

70%

Sources: Data based on a survey of 1,000 U.S. adults conducted by Wakefield Research for Verizon Connect and official National Highway Traffic Safety Administration and Federal Motor Carrier Safety Administration data; <https://news.umich.edu/most-fatal-crashes-involving-heavy-trucks-are-not-the-fault-of-truckers-u-m-study-says>; <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8883137>

Trucking – Settlements and Verdicts (June 2020 – April 2023)



Settlements

Median Amount	Mean Amount
\$210,000	\$10,608,219

Plaintiffs' Verdicts

Median Award	Mean Award
\$314,217	\$31,862,776



Source: <https://institutelegalreform.com/research/roadblock-the-trucking-litigation-problem-and-how-to-fix-it>



Casualty

Artificial Intelligence

Artificial Intelligence (AI)

Evolving AI Issues



**Hallucinations/
Reliability**



**Inherent Biases/
Discrimination**



Robots



Data Leakage

Artificial Intelligence (AI)

But How Smart is AI?

?

*Sally (a girl) has 3 brothers.
Each brother has 2 sisters.
How many sisters does Sally have?*

One



Casualty

Biometric Information

Biometric Information Legislation

Purpose: Protect the privacy of biometric information by regulating how businesses collect, use and store biometric information

Illinois: Biometric Information Privacy Act (BIPA)

2023 Proposed Legislation with Private Right of Action

- Arizona
- Hawaii
- Maryland
- Massachusetts
- Minnesota
- New York
- Tennessee
- Vermont





Casualty

Mass Torts

Mass Torts

1

Resolution Strategies



2

Public Nuisance



3

PFAS





Q&A / Thank You!



Glenn Frankel
Head of North America Claims
glenn.frankel@genre.com
203 328 6266

genre.com

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