

Are Your Casualty Limits Adequate? Don't Chance It.

In the years immediately following the pandemic, casualty rates surged sharply, forcing many insureds and agents to make tough choices about sacrificing coverage to save premium. While dramatic rate hikes have somewhat stabilized, the cost of preserving current limits is still rising. With the casualty market continuing to tighten, insureds face a growing challenge: deciding how to offset premium increases in an uncertain economy. Some businesses might rationalize the decision to reduce policy limits as a savings tactic, a decision that could leave the insured exposed.

With an increase in not only the number of claims but also the size of claims that insurers are paying, a \$1 million umbrella or excess liability policy no longer offers as much protection as it once did. A few years ago, for example, a simple third-party liability claim, such as a slip and fall, or minor auto damage might have cost \$5,000. Today, the same circumstances could add up to a claim of \$40,000 or more. Litigated claims are even more expensive, and resolving one can quickly consume an insured's limits. What's driving up the frequency and severity of payouts? Several factors, including:



Rising Claims Expenses + Social Inflation: The U.S. Consumer Price Index (CPI) has risen 3% for the 12 months ending in September 2025, and that inflation directly affects the cost of settling insurance claims.¹ When prices for materials, auto parts, construction supplies, and skilled labor increase, the expenses associated with repairing property, replacing damaged equipment, or covering medical treatment also rise. In casualty lines, inflation influences more than just physical repair costs. It also contributes to "social inflation," where higher jury awards, attorney fees, and litigation costs push claim severities even higher. As a result, even modest inflation can significantly increase insurers' loss costs, which in turn puts upward pressure on premiums. Maintaining adequate limits and reviewing insurance programs regularly becomes critical to ensure that coverage keeps pace with the rising cost of claims.



Catastrophe Losses: 2024 was marked by significant global economic losses from natural disasters, many of which went uninsured. In the U.S., hurricanes and severe convective storms such as Hurricanes Helene and Milton, generated especially high insured losses. These large-scale catastrophe events not only strained property markets but also influenced casualty lines, contributing to increased reinsurance costs, higher premiums, and tighter underwriting as carriers seek to offset the broader financial impacts of these losses across their portfolios.



Amplified Inflation Effects: Inflation tends to have a greater impact on higher coverage layers. As costs rise, large losses grow disproportionately, meaning the claims that exceed deductibles or primary limits become more frequent and more severe.

SOCIAL INFLATION

Large jury verdicts are a significant source of social inflation in liability claims because they tend to influence public opinion on litigation and elevate the amount of money plaintiffs are willing to accept to settle lawsuits. So-called nuclear verdicts are growing in jurisdictions around the United States, and companies in many industries remain attractive targets for plaintiff lawsuits. Trucking is one industry that has seen a major share of such large verdicts. According to the American Transportation Research Institute (ATRI), the average size of verdicts over \$1 million in trucking litigation increased by nearly 1,000% from 2010 to 2018.² That trend has continued into 2024 and 2025, with several recent examples reinforcing the growing exposure:

- + \$141.5M Verdict (Florida, 2024):** A Florida jury awarded \$141.5 million in a trucking negligence case against a now-defunct Florida-based company, following a multi-vehicle accident involving a logging truck that resulted in multiple injuries, including permanent brain damage to a child.³
- + \$101M Award (Texas, 2024):** A tractor-trailer struck a Ford F-150 from behind. The plaintiff suffered neck and back injuries and was unable to continue working. A jury awarded \$101 million in damages.⁴

ATRI's most recent research found that cases involving specific violations, including Hours-of-Service or driver history violations, resulted in plaintiffs receiving verdicts 100% of the time. Similarly, cases involving drivers on cellphones resulted in plaintiff verdicts almost 92% of the time. Geography matters for liability exposures, too.



Trucking claim plaintiffs also saw 100% success rates in verdicts within certain states like Georgia, North Carolina, and New York.⁵

INSURANCE MARKET REACTIONS

With losses up, insurance companies are cutting back capacity for more classes of risk and raising rates across the board. Fewer insurers are willing to offer coverage at lower attachment points. A commercial umbrella policy that might have previously attached at \$1 million - \$2 million will now attach at \$5 million or even \$10 million. And a carrier that previously provided a \$10 million limit may now only want to provide \$5 million or less. For risks with larger fleets or problematic loss experience, the minimum attachment point to attract meaningful capacity may be significantly higher.

WHAT RETAIL AGENTS CAN DO

Helping insureds understand their exposures and the value of updating insurance programs is a critical role for retailers, especially in harder market cycles. Retail agents can add value by checking every contract for required insurance limits to make certain that insureds have the right amount of coverage to fulfill their business agreements.

Additionally, retailers should explain to insureds what nuclear verdicts are, how those can occur, and advise insureds to insulate themselves against them even if doing so means carrying higher limits than they are contractually required to carry. Lastly, retailers and insureds will need time to shop for coverage if an incumbent insurer opts to leave their account. Partnering with a trusted wholesale specialist a minimum of 60 to 90 days before policy expiration is a good idea to ensure access to additional E&S capacity solutions. To help retailers respond quickly and effectively in this tightening market, CRC offers exclusive, in-house

Insurisk solutions, including e3 Excess Casualty and Spectrum XS Casualty. These programs provide brokers and agents with flexible capacity-sharing options designed to fill difficult excess layers and maintain stable coverage. By leveraging these tools, retail partners can access the expertise and speed needed to deliver competitive, comprehensive solutions that meet evolving client needs.

BOTTOM LINE

Claims inflation and litigation trends mean that a standard \$1 million umbrella liability policy doesn't provide the protection it once did. Insureds need guidance in understanding their evolving liability exposures and structuring insurance programs that effectively mitigate those risks. With the market continuing to tighten, and some carriers declining to renew or reducing capacity in certain classes of business, it is critical for retailers to partner with a specialized wholesale broker early in the renewal process. A knowledgeable wholesale specialist can help retailers secure the most competitive and comprehensive coverage solutions available to address rising liability challenges.

CRC Specialty stands apart as a trusted wholesale partner with unmatched market access, proprietary analytics, and exclusive program solutions that give retailers an edge. Our deep industry expertise, national scale, and collaborative culture enable us to negotiate smarter placements, deliver faster turnarounds, and craft tailored solutions that help clients stay protected.

For more information, contact your CRC Specialty Producer today.

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ENDNOTES

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4. Truck Accident Lawsuit Returns a \$101 Million Verdict, Isaacs & Isaacs Personal Injury Lawyers October 29, 2024. <https://wewin.com/semi-crash-verdict-101-million/>
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