

# Why are umbrella rates on the rise?

The frequency and severity of umbrella claims have significantly increased over the past decade.



SINCE 2010



Umbrella claims frequency **has more than doubled**<sup>1</sup>

Umbrella claim payouts have **increased 67%**, reaching an average payout of **over \$500,000**<sup>1</sup>

## AUTO ACCIDENTS

A strong economy, affordable gas prices and a growing elderly population have led to more vehicles on the road<sup>2</sup> - and more accidents<sup>3</sup>. Vehicles now have safety features that may allow people to survive accidents but with disabling injuries which may require a lifetime of care.



**80% of umbrella claims** are the result of an auto accident<sup>1</sup>



Pedestrian deaths have **increased 53%** since 2009; that represents **17% of all vehicle fatalities**<sup>4</sup>



In 2017, **9% of all traffic fatalities** were linked to distracted driving (cell phones, eating/drinking, etc.)<sup>5</sup>

## LIABILITY CLAIMS

Health insurance and medical care costs have increased rapidly over the past couple decades<sup>6</sup>, which has had a significant impact on umbrella claims.



The cost of dog bite claims has **increased by 134%** from 2003 to 2019<sup>7</sup>



Falls and auto accidents are the leading causes of traumatic brain injuries, which **increased 53%** between 2006 and 2014<sup>8</sup>



Claims regarding slander, internet libel, personal defense, slip-and-falls and social host liability have **increased over the last 10 years**<sup>9</sup>

## LEGAL TRENDS

Juries have become desensitized to large verdicts, with many jurors feeling a sense of social obligation to ensure the injured are financially compensated, regardless of negligence<sup>9</sup>. Jury awards in excess of \$1 million are no longer noteworthy.



Liability claims with attorney representation **increased by nearly 10%** between 2014 and 2018<sup>1</sup>



Legal services advertisement spending **more than tripled** between 2007 and 2017<sup>10</sup>



Law firms reported a **414% increase** in the use of litigation finance between 2013 and 2017<sup>11</sup>

Contact your local **Safeco**<sup>®</sup> independent agent for more information.

<sup>1</sup>Safeco claims data

<sup>2</sup>Federal Highway Administration, Highway Statistics 2018

<sup>3</sup>National Highway Traffic Safety Administration, 2020 Report

<sup>4</sup>Insurance Institute for Highway Safety, Fatality Facts 2018

<sup>5</sup>National Highway Traffic Safety Administration, Distracted Driving in Fatal Crashes 2017

<sup>6</sup>Centers for Medicare & Medicaid Services, National Health Expenditures 2019

<sup>7</sup>Insurance Information Institute, Spotlight on: Dog bite liability

<sup>8</sup>Centers for Disease Control and Prevention, Traumatic Brain Injury & Concussion

<sup>9</sup>Insurance Information Institute, Advisen Conference: Claims are getting bigger and nastier

<sup>10</sup>U.S. Chamber Institute for Legal Reform, Bad for Your Health: Lawsuit Advertising

Implication and Solutions

<sup>11</sup>Burford Capital, 2017 Litigation Finance Survey