

# Market Outlook



The general liability market has consistently underperformed for insurance carriers in recent years. As claims have increased in frequency and severity, insurance carriers have responded by tightening underwriting standards, deploying less capacity and seeking rate increases. Despite recent trends, carriers have begun to see some improvement in general liability results. In 2022, it's predicted that most policyholders will encounter another year of modest rate increases for general liability coverage. Policyholders who operate in sectors with elevated general liability exposures (e.g., real estate, construction, manufacturing, retail and hospitality) may be more prone to double-digit rate increases and restrictive underwriting standards and may experience difficulties securing higher coverage limits.

## 2022 Price Prediction

Overall:  
**+2.5% to 15%**

## Developments and Trends to Watch

- **Social inflation concerns**—Social inflation refers to the heightened frequency and severity of insurance claims. These rising costs result from societal trends and views toward increased litigation, broader contract interpretations, plaintiff-friendly legal decisions and large jury awards. Together, these factors can raise the cost of insurance. Currently, the primary factor influencing social inflation within the liability market is nuclear verdicts—especially in the case of commercial auto accidents and class-action lawsuits. According to the latest data from industry experts, these trends have contributed to a more than 300% increase in the median value of major U.S. verdicts since 2014.
- **Surging single-fatality expenses**—Single-fatality losses have become an increasingly prevalent concern within the liability insurance space over the past decade. Such losses can stem from various scenarios (e.g., on-site accidents, product defects and commercial auto crashes) in which organizations are held liable for the resulting fatalities. According to Advisen loss data, the median cost of a single-fatality loss spiked 67% between 2010 and 2020, jumping from \$2.3 million to \$3.7 million. Although these losses have occurred across industry lines, the manufacturing and construction sectors collectively contribute to more than one-third (35%) of overall single-fatality losses, primarily due to their high-risk operations. The increasing cost of such losses is attributed to a rise in fatal incidents as a whole, social inflation and surging medical expenses. When single-fatality events arise, they are generally followed by wrongful death lawsuits. These lawsuits may result in a range of awarded damages—including medical costs, funeral expenses and lost wages, among others—thus leading to costly liability claims.

## Tips for Insurance Buyers

- Work with your insurance broker to educate yourself on key market changes affecting your rates and how to respond using loss control measures.
- Ensure your establishment has measures in place to reduce the potential for customer or visitor injuries (e.g., maintaining safe walking surfaces and promoting proper housekeeping).
- Examine your general liability coverage with your insurance broker to ensure limits match up with your insurance needs.