Office of Commissioner of Insurance and Safety Fire
Protect | Enforce | Educate | Inform

JOHN F. KING
Commissioner of Insurance and Safety Fire

Two Martin Luther King Jr. Drive
West Tower, Suite 702
Atlanta, Georgia 30334

November 1, 2024

The Honorable Brian Kemp
Governor of State of Georgia
203 State Capitol
Atlanta, GA 30334

The Honorable Eddie Lumsden
Chair, House Insurance Committee
220-A State Capitol
Atlanta, GA 30334

The Honorable Larry Walker
Chair, Senate Insurance and Labor Committee
421-A State Capitol
Atlanta, GA 30334

Dear Governor Kemp, Chairman Lumsden, and Chairman Walker:

Pursuant to H.B. 1114, the Office of the Commissioner of Insurance and Safety Fire completed the attached report as required under the Georgia Tort Reform Act. Included herein is a quantitative report as well as an initial Executive Summary of the report.

OCI stands ready to answer any questions which may result from this report or data collection process.

Sincerely,

John F. King
Commissioner of Insurance and Safety Fire
State of Georgia

Data Analysis for Tort Reform Act

Prepared by:

Office of Commissioner of Insurance and Safety Fire

Commissioner John F. King

November 1, 2024

Executive Summary

The following report was conducted as a result of House Bill 1114, the "Data Analysis for Tort Reform Act," Effective Date 04-22-2024. Under the legislation, the Georgia General Assembly tasked the Office of Commissioner of Insurance and Safety Fire (herein "OCI") with collecting and providing an in-depth analysis of insurance claims data to identify policy levers for tort reform legislation. Our findings reveal crucial insights for policymakers to improve the efficiency of the insurance industry and enhance the overall legal landscape. This executive summary provides a concise overview of our key observations and recommendations.

DATA ANALYSIS

Our data analysis revealed several significant trends:

Frequency and type of claims: Claims frequency has steadily increased between 2014 and 2023. The five-year average claim count between 2014-2018 was 583,756 claims, compared to the five-year average claim count between 2019-2023 of 729,191 – a 24.91% increase (Table 4).

In the measured period, Private Passenger Auto Liability (PPAL) made up approximately 89% of all claims and 58.7% of paid indemnity. Commercial Auto Liability (CAL) represents 7% of all claims and 16.1% of paid indemnity. General Liability (GL) represents 2.3% of all claims but 21% of paid indemnity. In total, these lines of business constitute 98.3% of claims and 95.8% of paid indemnity (Table 5).

When comparing auto claims by claim type, it becomes apparent that Bodily Injury (BI) claims constitute a major plurality of dollars in paid indemnity at 49.3%. Second comes property damage at 17.8%, and Collision at 16.8% (Table 13).

Upon review of large losses, defined as losses over $30,000, Private Personal Auto Liability continues to dominate with a majority of the claims. However, most losses over $500,000 fall under Commercial Auto Liability and General Liability (Table 19).

Claim severity: In addition to the rising number of claims, the average claim payout has risen, further exacerbating the financial burden on insurers and policyholders. In data sets referencing dollars paid indemnity, it must be noted that figures in recent years have not reached maturity due to active and ongoing claims.

Claim severity has increased at a faster rate compared to claim count over the measured period (Chart 3). When controlling for closed legal and non-legal claim involvement, legal claims indemnity has risen significantly faster than non-legal claim indemnity. (Charts 4-6).

The data also shows a growing percentage of claim payments are full-limits claims. Legal claims show a notable increase in full limit losses, with a plurality of claims since 2020 resulting in full limit losses. In comparison, non-legal claims only slightly shifted in the direction of higher claim severity, with a plurality of claims for the entire measured period in the 10-50% loss range (Charts 8-9).

Year over year, the number of large losses, defined as losses over $1 million, have steadily increased. Measuring by accident year, it is evident that the trend lines plateau as cases in the accident year reach maturity, further emphasizing the importance of considering active and ongoing cases in our analysis (Chart 14).

Legal Involvement: In the measured period, legal involvement in claims has grown significantly, resulting in a drastic increase in paid indemnity.

Legal claims comprise an overwhelming majority of the percentage paid indemnity across nearly every line of business. Paid indemnity for Personal Auto Liability with Bodily Injury, Commercial Auto Liability with Bodily Injury, and General Liability has 80% or greater legal involvement in claims. (Chart 1). Only 40.6% of the totality of claims analyzed had legal involvement, yet 71.7% of paid indemnity fell to this group (Table 8).

Legal claims have grown in both paid indemnity and claim count throughout the measured period. The percentage shares for these measurement shave steadily increased between 1-3% year over year, except for 2022 and 2023 which remain immature (Table 14). The same remains true, or greater, when measuring Personal Property Auto Liability and General Liability for the same data (Tables 15-16).

Settlement amounts with legal and non-legal involvement have increased. However, claims with legal involvement tend to close for 66.2% higher, on average, compared to non-legal claims; this trend has been significantly increasing over time (Table 17).

Summary: The frequency, severity, and legal involvement in claims are all rising at a rapid rate. Private Passenger Auto Liability constitutes a majority of claims and paid indemnity, with the latter being highly driven by bodily injury. Claims are generally shifting towards full-limit losses, with a plurality of legal claims resulting in these high-payouts. Unsurprisingly, legal claims represent a majority of paid indemnity, which has been further exacerbated by increasing legal involvement in claims.

I. Policy Levers for Reform:

Based on the analysis received and the non-actuarial information collected, we offer the following policy levers for tort reform legislation:

A. Accurate Bodily Injury Compensation

1. Direct Collateral Source Reform—Several States take steps to address the evidence which is admissible to demonstrate the amount actually paid in medical expenses. The General Assembly attempted to address this issue previously by enacting Ga. L. 1987, p. 915, § 3, which provided for a refutation of the collateral source rule by codifying O.C.G.A. § 51-12-1(b). *For discussion see: Denton v. Con-Way S. Express*, 261 Ga. 41, 402 S.E.2d 269 (1991) *overruled by Grissom v. Gleason*, 262 Ga. 374, 376 (1992); *See also 2021 MT SB251 and 2020 IA SF2338.*
2. Introduction of Third-Party evidence of cost of medical services—While significant attention has been focused on the introduction of medical claims actually paid, the potential for choice in provider could play a significant factor in the overall rise in the billed cost of the healthcare service provided. The allowance for rebuttable evidence from a Third-Party Database to be presented as evidence to demonstrate what the average paid amount for medical claims within a particular geographic area is, could provide a check on increasing billing rates.
3. Providing for a schedule for past and future medical bills—As with other Collateral Source Reform, at least one other state has sought to address the issue by providing that costs for past and future care be paid at a fixed percentage of what Medicare or Medicaid (depending on medical coding classification) would reimburse. *See 2023 FL HB 83.*

B. Premises Liability Negligence Standard Reform

1. Throughout the responses, many respondents referenced the recent change in the negligence standard as it relates to premises liability. The "totality of the circumstances" standard as articulated by the Georgia Supreme Court alters the previously applied standard for determining when a property owner is acting in a negligent manner by introducing a significant amount of uncertainty into what will be considered important to such determination. Several states have sought in recent years to clarify the limitations on liability in cases involving injuries to invitee, licensees, and trespassers due to the actions of third parties. *See 2022 CO SB 22-115, 2023 FL HB 83, and 2019 MS SB 2901.*

C. Third-Party Litigation Financing

1. Third Party Litigation financing companies are entities that advance funds to plaintiffs or potential plaintiffs in a lawsuit to provide short-term funding for litigation costs. These corporations include privately held companies, publicly traded companies, and hedge funds. States have taken various approaches to addressing this issue.
    a) Disclosure—Nearly all jurisdictions which have sought to address the Third Party Litigation Financing matter have required that the presence of a lending agreement be disclosed in the course of discovery. *See 2023 IN HB 1124, 2023 MT SB 269, and 2024 WV SB 850.*
    b) States have taken differing approaches to address litigation funding other than disclosure. These policies have included capping the percentage which may be charged to plaintiffs, prohibiting fee splitting or commissions to attorneys or medical providers who refer clients to funding companies, prohibiting funding companies from influencing case decisions, and blocking foreign entities from funding lawsuits in the state. *See 2023 IN HB 1124 and 2024 WV SB 850.*

D. Miscellaneous

1. Venue Shopping—States have looked to reform where plaintiffs may bring their cases, so as to limit where actions are brought to where they reside, where the tortious act actually occurred, or the location of the corporation's principal place of business.
2. Time-Limited Demands—Respondents provided multiple replies regarding time limited demands or "Holt Demands," which through a variety of reasons posed significant issues for insurers in the state. The Georgia General Assembly, in the 2024 session responded in the previous General Assembly with S.B. 83 to reform the process for these negotiations. Since this legislation became effective on April 1, 2024, the report was unable to adequately evaluate the effects of such legislation.
3. States across the nation are split on the treatment of whether the failure to use a seat belt during an accident should be admissible, and if so to what end. Jurisdictions vary on this issue with solutions ranging from Georgia's current standard that such fact is not admissible under any circumstance, to other jurisdictions admitting such evidence only as related to the calculation of the verdict amount or reduction of the verdict by a percentage, while several jurisdictions enable admission of the lack of the use of seat belt to

demonstrate negligence on behalf of the plaintiff, thus allowing for a contributory negligence determination.

4. Nuclear Verdicts—or verdicts exceeding $10 million—make the fair and prompt resolution of claims more difficult, contribute to unnecessary litigation and appeals, and threaten the viability of small Georgia businesses and Georgia's logistics network due to the rising cost of insurance coverage and availability of such coverage. Implementing caps on non-economic damages, such as pain and suffering, would reduce the average claim payout, thereby lowering insurance costs. Further, the tactic of "anchoring" or presenting juries with an unreasonably high reference point for damages as a basis to argue for large pain and suffering and noneconomic damages computations contributes to these excessive verdicts. Reform of "anchoring" tactics would contribute to the reduction of instances in which juries are manipulated into handing down verdicts that surpass what has long been considered reasonable.

II. Conclusion

In conclusion, our analysis of insurance claims data has identified several key factors contributing to the rising cost of insurance across several lines of business. Some of the policy levers included above, such as inflated medical costs and third-party litigation funding, likely have effects on all lines of liability insurance. The policy levers provided for within this report are not meant to be an exclusive listing, but rather potential options for the General Assembly to utilize. By implementing targeted policy reforms, policymakers can address these issues and create a more sustainable legal landscape.

Georgia Tort Reform Act (HB 1114) Data Call

As Required by Directive 24-EX-4

Prepared for:

Georgia Office of Commissioner of Insurance and Safety Fire

November 1, 2024

Report by: Risk & Regulatory Consulting, LLC

rrc
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CONSULTING
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Scope of Work

Risk & Regulatory Consulting, LLC ("RRC" or "Contractor) performed an analysis to provide a macro view of certain insurers ("Insurers") current state as it relates to the impact of tort lawsuits and the assessment of tort related risks per House Bill 1114 ("HB 1114") also known as "Data Analysis for Tort Reform Act". HB 1114 was intended "To amend Title 33 of the Official Code of Georgia Annotated, relating to insurance, so as to enact the "Data Analysis for Tort Reform Act"; to provide for definitions; to provide for applicability; to provide for data collection from certain Insurers, insurance rating organizations, and state agencies; to provide for confidentiality; to provide for data analysis; to provide for reports; to provide for automatic repeal; to provide for related matters; to provide for a short title; to provide for legislative findings; to provide for an effective date; to repeal conflicting laws; and for other purposes." Section 3 of HB 1114 amended Title 33 of the Official Code of Georgia Annotated, relating to insurance, by adding a new chapter. The new Chapter is Chapter 66. The complete language of Chapter 66 can be found in Appendix A.

The engagement involved aggregating and analyzing over 6.5 million records collected via a data call. The Contractor's scope of the engagement with the Georgia Office of Commissioner of Insurance and Safety Fire ("OCI") was to analyze, summarize, and trend the Insurers' data and information. The analysis, summaries and observations in the Report are based solely on the Insurers' data. Data submissions were self-reported by the Insurers without audit or verification. The work was limited to collecting, reviewing and correcting (as needed), summarizing, and analyzing the data provided by the insureds. The work performed by the analysis team did not include suggesting any actions or making any decisions based on the data analysis.

Due to the requirements of HB 1114, this analysis was completed under a compressed timeframe. As a result, the analysis team was unable correct some data anomalies which may have identified additional trends. The analysis team expects to address these issues in subsequent data calls and analyses.

Upon completion of the analysis by the Contractor, a report (Report) was drafted in coordination with the OCI, pursuant to the requirements of HB 1114.

Data Call Process Overview

In accordance with the requirements of HB 1114, the OCI commenced a data call ("Data Call") of 1,535 personal and commercial auto, personal and commercial umbrella, and commercial general liability (Homeowners excluded) Insurers transacting business in the state of Georgia for accident dates between January 1, 2014, and December 31, 2023 ("Period of Review"). The Data Call requested the following data and documents:

a) Affidavit

b) Entity Summary Information

c) Line of Business ("LOB") Claims Information

d) Supplemental Actuarial Analysis (or other statistical analysis) readily available of the risks due to tort

litigation that affect premiums

e) Filings Reflecting Impact on Tort Reform Legislation

f) Current Conditions Questionnaire

The Data Call notification letter, instructions, and submission file templates can be found in Appendix B.

RRC was engaged by the OCI to collect and analyze the data received from the Insurers as noted above. The Contractor evaluated the reasonableness of the data provided by the Insurers and made further inquiries of the Insurers as deemed necessary. In addition, upon agreement with the OCI, an affidavit was obtained from the Insurers confirming the accuracy, completeness and integrity of the data provided to the OCI. The Contractor did not independently verify the Insurers' data and did not perform any verification procedures to determine the completeness of the data provided by the Insurers; therefore, the Contractor makes no representations regarding the accuracy and integrity of the data and information submitted by the Insurers. Contractor personnel participated in this engagement in their capacity as Market Conduct Examiners, Data Analysts, and Actuaries under the direction and supervision of the OCI. The Contractor provides no representations regarding questions of legal interpretation or opinion, which is the sole responsibility of the OCI.

Data Collection and Consolidation Process

Process Overview Summary

RRC collected all requested data in Excel format, imported the data into a SQL Server database to consolidate all Insurers' responses, and used the database to review data quality, correct the data, and generate analytical reports. RRC collected all requested data in Excel format, imported the data into a SQL Server database to consolidate all Insurers' responses, and used the database to review data quality, correct the data where possible, and generate analytical reports.

Data Collection and Import Process

RRC provided Insurers with Excel data file templates to fill in for each data call requirement. RRC designed a SQL Server database to consolidate the data from all Insurers. The database contains one table per requirement document, as shown in Table 1 below.

Table 1

Data Call Requirement Template Document	Database Table
03. Entity Summary Information - Dataset and Data Dictionary.xlsx	SummaryInfo
04. LOB Claims Information - Dataset and Data Dictionary.xlsx	LOBClaim
05. Supplemental Actuarial Analysis - File List.xlsx	SupplementalActuarialAnalysisFileList
06. Filings Reflecting Impact of Tort Reform Legislation - File List.xlsx*	FilingsReflectingTortReformLegislationFileList
07. Current Conditions Questionnaire.xlsx	LOBCurrentConditionsQuestionnaire

*Table 1 – Data call requirement to database table mapping. * Note that "06. Filings Reflecting Impact of Tort Reform Legislation - File List.xlsx" was not required for the 2014-2023 data call period.*

Insurers created their data files by filling in the Excel templates that RRC provided. Insurers then submitted the data files to RRC via Citrix ShareFile, a secure file transfer service. Upon receipt, RRC validated each data file to verify that it followed the format defined in the template and therefore could be imported into the database. RRC's database administrators imported all data files that passed this validation step into the database via automated data import processes that RRC defined for each data call requirement. If a data file failed validation, the data file was not imported into the database.

Data Quality Review and Data Correction

RRC's data analysis team and database administrators reviewed the data in each database table for conformance with the data requirements, such as allowed value lists or allowed field formats, that RRC communicated to the Insurers in the Excel data file templates. Most Insurers conformed to the data requirements; however, RRC identified several common data quality problems and corrected them when possible.

The following types of data correction were performed by as part of the automated database import process that RRC's database administrators used to consolidate the data call responses:

- Extraneous whitespace before or after text values was removed.
- Date values were converted into date format in the database regardless of whether they were provided in the requested "MM/DD/YYYY" format.
- Numeric values, such as dollar amounts, were stripped of commas and dollar signs.
- Text values meant to conform to a list of allowed values provided by RRC were truncated to the length of

the longest value in the allowed values list and then capitalized. For example, values such as "litigated" and "nonlitigated" were truncated and capitalized to "L" or "N" to conform to values in the allowed value list.

These types of data correction were necessary to store all the Insurers' data call submissions in the same format in the database.

The other type of data correction was performed manually by RRC's database administrator after the data had been imported into the database, only under the direction of RRC's data analysis team:

- For database fields such as LOB (line of business), Claim Type, and Claim Feature, a direct translation was made of a full-text value to the corresponding code value found in the allowed value list. For example, for Claim Feature, the value "BI - Bodily Injury" found in the data file was changed to "BI" in the database, to conform to the allowed value for the "Bodily Injury" claim feature.

This type of data correction was performed to enable RRC's data analysis team to group and filter database records having some field values that did not perfectly conform to their associated allowed value lists.

See Table 2 below for details about common data quality problems and the data corrections applied to them.

Table 2

Data Call Requirement Template Document	Common Data Quality Problems and Data Correction Applied to Them
03. Entity Summary Information - Dataset and Data Dictionary.xlsx	Some Insurers did not summarize their data to correct summary level, which is Carrier, Accident Year, LOB, and Claim Type. Instead, these Insurers provided data summarized at the claim level or the claimant level. Some Insurers provided Claim Type values that are out of scope for the data call. Some Insurers provided Claim Type values that do not conform to the list of allowed values for Claim Type that RRC specified in the Excel data file template. RRC corrected Claim Type where possible. To do so, RRC's data analysts first mapped non-allowed Claim Type values to allowed Claim Type values, then RRC's database administrator updated the Claim Type values in the database table.
04. LOB Claims Information - Dataset and Data Dictionary.xlsx	Some Insurers provided Claim Feature values that are out of scope for the data call. Some Insurers provided Claim Feature values that do not conform to the list of allowed values for Claim Type that RRC specified in the Excel data file template. RRC corrected LOB and Claim Feature values when possible. To do so, RRC's data analysts first mapped non-allowed LOB and Claim Feature values to allowed LOB Claim

Data Call Requirement Template Document	Common Data Quality Problems and Data Correction Applied to Them
	Feature values, then RRC's database administrator updated the LOB and Claim Feature values in the database table. Some Insurers provided lists of data, rather than single field values, for lawsuit-related fields, such as Date Lawsuit Filed, Plaintiff Attorney Firm, and Defense Attorney Firm. RRC adjusted the data types of lawsuit-related fields to accommodate these lists, and created additional fields to capture the earliest and most recent Date Lawsuit Filed values and the counts of Plaintiff Attorney Firm and Defense Attorney Firm values. Some duplicate claims were submitted by multiple Insurers within the same insurer group. RRC identified these claims by matching the fields Group Name, Claim ID, Line of Business, Claim Feature, Date Of Loss, Paid Indemnity Amount, and Policyholder Address ZIP Code, across different records. To make this work, RRC added a Group Name table to the database. RRC populated the Group Name table with NAIC Group values for all Insurers that submitted data. RRC sourced the NAIC Group data from S&P Global Market Intelligence. Once duplicate claims were identified, RRC flagged all but the first claim in each grouping of duplicates as a possible duplicate claim using a field named "Possible Duplicate Claim" that RRC added to the database table. The records flagged as "Possible Duplicate Claim" were reviewed and sizable number of the claims were not actually duplicate. They were valid records and should be included in any analysis. As such, it was determined that the remedy would cause more harm than the issue it aims to resolve, and we would not be excluding these possible duplicate records. The main situation(s) giving rise to record duplication were noted and marked for future data call enhancements. The issue of possible duplicate records mentioned above was revisited for the records with claims over $30k tagged as 'possible duplicate'. As there were only just over 15k records, a manual duplicate review and removal process was possible.
05. Supplemental Actuarial Analysis - File List.xlsx	Most Insurers did not provide supplemental actuarial analysis. These Insurers either submitted no records for this requirement, or a single record that indicates that no files were provided. Many insurer groups submitted the same actuarial analysis files for each insurer in the group. This means that numerous responses are duplicated across Insurers.
06. Filings Reflecting Impact of Tort Reform Legislation - File List.xlsx*	Not applicable. No data was received for this requirement in the 2014-2023 data call period.
07. Current Conditions Questionnaire.xlsx	Many insurer groups submitted the same questionnaire responses for each Carrier in the

Data Call Requirement Template Document	Common Data Quality Problems and Data Correction Applied to Them
	group. This means that numerous responses are duplicated across Insurers. Many Insurers submitted the same questionnaire responses for each Line of Business. This means that numerous responses are duplicated within Insurers.

*Table 2 – Common data quality problems for each data call requirement and the data corrections applied to them. * Note that "06. Filings Reflecting Impact of Tort Reform Legislation - File List.xlsx" was not required for the 2014-2023 data call period and will be used in future data calls.*

Data Dictionaries

RRC requested that the Insurers provide a data dictionary within each data call requirement template document. A data dictionary provides a tool to assist the data analysts in understanding the data provided in each data field. It also provides additional detail about each attribute of a data field, including any interpretations the Insurers made. Few Insurers provided adequate data dictionaries with their responses. No data dictionary information was imported into the database; it resides in the data files received from the Insurers.

Database Support for Analytical Reporting

Under the direction of RRC's data analysis team, RRC's database administrators created a view, which is a SQL query stored in the database, for RRC's data analysis team to use to report on LOB Claims Information. This view contains all of the data fields collected for the "04. LOB Claims Information - Dataset and Data Dictionary.xlsx" requirement. It also contains the following computed fields:

Table 3

Computed Field	Description
Exclude From Analysis	A flag to be set by the database administrator, under the direction of the data analysis team, to exclude records from analysis. Not used.
Accident Year	The year of the Date of Loss field.
Legal Flag	Flags records that have an associated lawsuit. Its value is set to "Y" (for yes) if at least one of the following conditions is true: • Litigated/Nonlitigated Indicator is "Y" (for yes) • Plaintiff Attorney Firm is specified (that is, is not set to "N/A") • Date Lawsuit Is Filed is specified (that is, is not set to "N/A") Otherwise, its value is set to "N" (for no).

Computed Field	Description
LOB (Corrected)	The line of business code, corrected to be only one of the allowed values for LOB as defined in the data call requirement template document.

LOB	LOB (Corrected)
PPAL	PPAL
CAL	CAL
GL	GL
CU	CU
PU	PU
All other values	Other

Line of Business (Corrected)	A full-text version of LOB (Corrected).

LOB (Corrected)	Line of Business (Corrected)
PPAL	Personal Auto Liability
CAL	Commercial Auto Liability
GL	General Liability
CU	Commercial Umbrella
PU	Personal Umbrella
All other values	Other

Claim Feature Code (Corrected)	The Claim Feature Code, corrected to be only one of the allowed values for LOB as defined in the data call requirement template document.

Claim Feature Code	Claim Feature Code (Corrected)
BI	BI
LW	LW
PD	PD
IN	IN
3P	3P
CO	CO
UM	UM
OT	OT
All other values	Other

Computed Field	Description
Claim Feature (Corrected)	A full-text version of Claim Feature Code (Corrected).

Claim Feature Code (Corrected)	Claim Feature (Corrected)
BI	Bodily Injury
LW	Lost Wages
PD	Property Damage
IN	Indemnity
3P	3rd-party Bodily Injury
CO	Collision
UM	Uninsured or Underinsured Motorist
OT	Other
Other	Other

Claim Settled Code (Corrected)

A consistent version of Claim Settled, expressed as a code.

Claim Settled	Claim Settled Code (Corrected)
YES	Y
Y	Y
NO	N
N	N
N/A	N/A
NA	N/A
All other values	Unknown

Claim Settled (Corrected)

A full-text version of Claim Settled Code (Corrected).

Claim Settled Code (Corrected)	Claim Settled (Corrected)
Y	Yes
N	No
N/A	N/A
Unknown	Unknown

Open Closed Indicator Code (Corrected)

Open/Closed Indicator, corrected to be one of the allowed values only.

Open/Closed Indicator	Open Closed Indicator Code (Corrected)
O	O
C	C
All other values	Unknown

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<tr><th>Computed Field</th><th>Description</th></tr>
<tr><td>Close Delay Days Band</td><td>A grouping field based on Close Delay Days.

<table><tr><th>Close Delay Days</th><th>Report Delay Days Band</th></tr><tr><td>NULL</td><td>NULL</td></tr><tr><td>< 0</td><td>NULL</td></tr><tr><td><= 30</td><td>A: 1 Mth</td></tr><tr><td><= 61</td><td>B: 1-2 Mths</td></tr><tr><td><= 182</td><td>C: 3-6 Mths</td></tr><tr><td><= 365</td><td>D: 6-12 Mths</td></tr><tr><td><= 730</td><td>E: 12-24 Mths</td></tr><tr><td><= 1461</td><td>F: 24-48 Mths</td></tr><tr><td><= 2922</td><td>G: 48-96 Mths</td></tr><tr><td> > 2922</td><td>H: 8+ yrs</td></tr></table></td></tr>
<tr><td>Close Delay Days RptDt</td><td>The number of days between Date Reported To Insurer and Date Initially Closed. The value is NULL if either Date Reported To Insurer or Date Initially Closed is NULL. The value is -1 if Date Initially Closed comes before Date Reported To Insurer.</td></tr>
<tr><td>Close Delay Days Band RptDt</td><td>A grouping field based on Close Delay Days RptDt.

<table><tr><th>Close Delay Days RptDt</th><th>Close Delay Days Band RptDt</th></tr><tr><td>NULL</td><td>NULL</td></tr><tr><td>< 0</td><td>NULL</td></tr><tr><td><= 30</td><td>A: 1 Mth</td></tr><tr><td><= 61</td><td>B: 1-2 Mths</td></tr><tr><td><= 182</td><td>C: 3-6 Mths</td></tr><tr><td><= 365</td><td>D: 6-12 Mths</td></tr><tr><td><= 730</td><td>E: 12-24 Mths</td></tr><tr><td><= 1461</td><td>F: 24-48 Mths</td></tr><tr><td><= 2922</td><td>G: 48-96 Mths</td></tr><tr><td> > 2922</td><td>H: 8+ yrs</td></tr></table></td></tr>
<tr><td>NAIC Group ID</td><td>The NAIC Group ID for the insurer. RRC sourced the NAIC Group data from S&P Global Market Intelligence.</td></tr>
<tr><td>Group Name</td><td>The NAIC Group Name for the insurer. RRC sourced the NAIC Group data from S&P Global Market Intelligence.</td></tr>
</table>

Table 3 – Computed fields defined in the LOB Claims Information database view used for analysis and reporting.

High-level Data Statistics / Key Take Aways

Key Take Aways

The mix of claims with legal representation and with no legal representation changed by line of business and by claim type. The charts below clearly show the degree of legal involvement in the claims. Note that the auto lines of business are split between Bodily Injury (BI) versus all other coverages (xBI). Legal involvement is a significant determinant of claim severity. This is shown in various charts in the body of the report.

Chart 1 below shows that legal claims dominate paid indemnity for most lines of business. Specifically, the blue bar shows the percentage of total indemnity payments attributable to claims with legal involvement versus the orange bar (no legal involvement). Note that in these charts, the auto lines of business are split between Bodily Injury (BI) versus all other coverages (xBI).

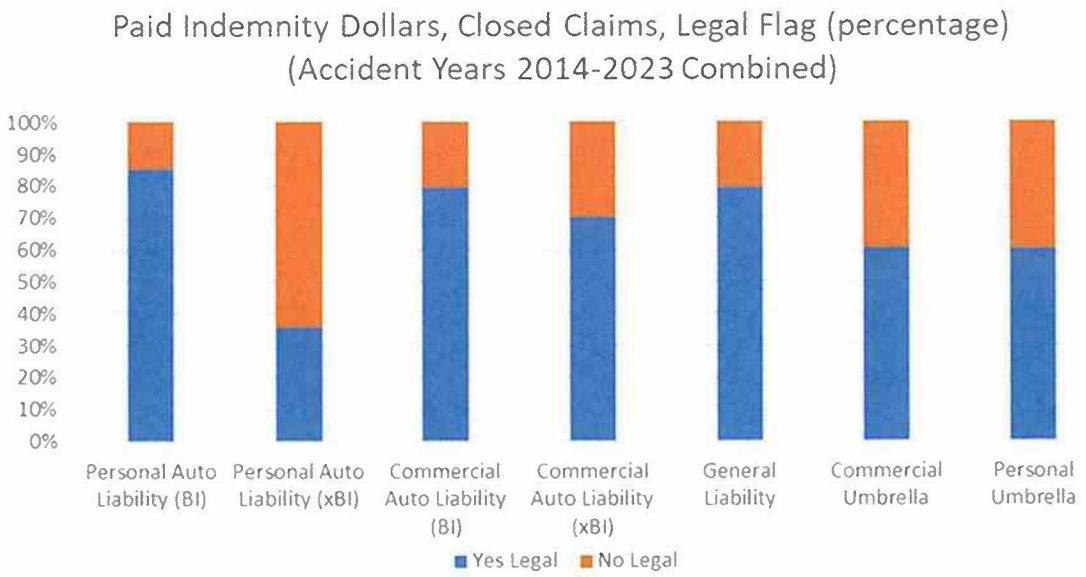

Chart 1 – Mix of Legal, Non-Legal claims for Closed claims by Line of Business (Auto split BI and xBI)

Chart 2 below shows the difference in severities between Legal and Non-Legal by line of business and claim type (Bodily Injury and non-Bodily Injury) for the auto lines and General Liability. Since losses for personal claims are much lower, on average, than commercial claims, the left axis relates to personal average severities and the right axis is for commercial lines of business. The Umbrella lines have been excluded due to credibility concerns.

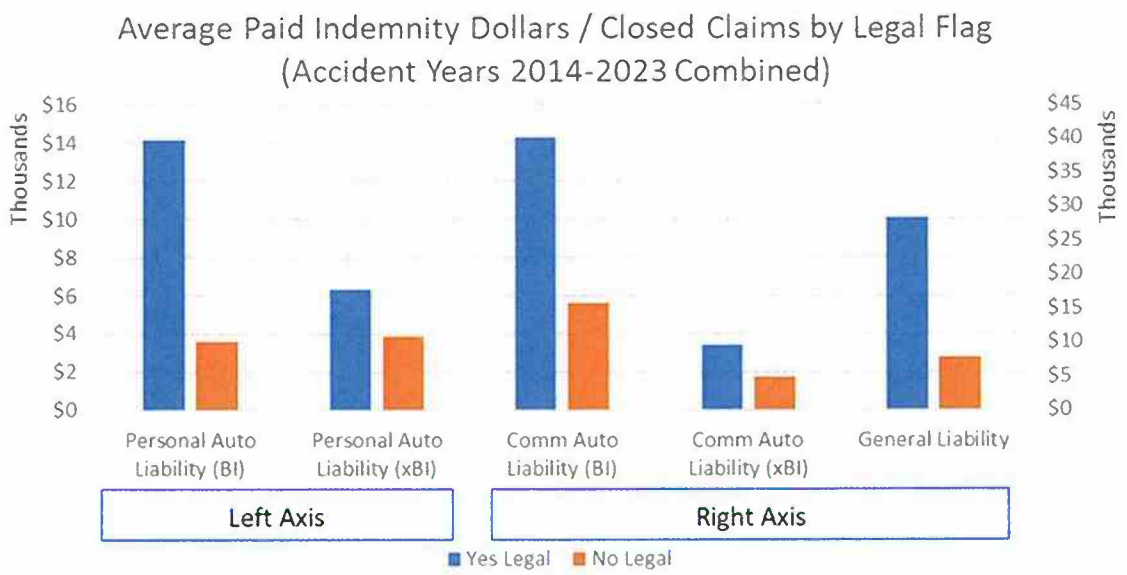

Chart 2 – Average Paid Indemnity for Closed claims for Auto (split BI and xBI) and General Insurance

The following tables summarize the data submitted by various fields in the data. The tables give a high-level introduction to the data with several different views shown. These views include:

- Data by Accident Year
- Data by Line of Business
- Data by Claim Feature
- Data by Open / Closed claim indicator
- Data by Legal Flag

Some data records were tagged / marked as Invalid and were excluded from the data analysis. Data records were marked as Invalid in the following situations:

- Data received from claims with unknown accident dates or accident dates outside of the Period of Review
- Data received with LOB that were not included in the provided Data Dictionary
  - Some LOB items were unclear (e.g. 19.4, ANTI, ERPL)
  - Some LOB items were confusing (e.g. AUTO could have been personal or commercial auto)
  - Some non-allowed LOB values were adjusted to allowed LOB values[1]
- Data received with Claim Features that were not included in the provided Data Dictionary
  - Some non-allowed Claim Feature values were adjusted to allowed Claim Feature values[1]
- One record was excluded from the Demand Limits statistics (see Table 18 – on page 40) as the Demand Value was $8 billion and this was considered a data error

[1] This is discussed above in the Data Quality Review and Data Correction section

Table 4

Information by Accident Year

Georgia HB1114 - Data Analysis for Tort Reform Act

LOB Claim Information - Accident Year

Accident Year	Record Count	Total Paid Indemnity	Valid / Invalid?	Percentage by Count	Percentage by Indemnity Amount
219	1	-	Invalid	< 0.0%	-
1900	159	-	Invalid	< 0.0%	-
2003	1	-	Invalid	< 0.0%	-
2008	16	-	Invalid	< 0.0%	-
2009	60	-	Invalid	< 0.0%	-
2010	103	5,670	Invalid	< 0.0%	< 0.0%
2011	57	136,793	Invalid	< 0.0%	< 0.0%
2012	33	517,631	Invalid	< 0.0%	< 0.0%
2013	105	820,089	Invalid	< 0.0%	< 0.0%
2014	485,173	2,880,741,570	Valid	7.4%	4.8%
2015	559,201	3,693,287,006	Valid	8.5%	6.2%
2016	617,894	6,947,771,427	Valid	9.4%	11.7%
2017	612,989	4,425,507,506	Valid	9.3%	7.4%
2018	643,527	6,175,316,315	Valid	9.8%	10.4%
2019	714,746	10,842,392,901	Valid	10.8%	18.2%
2020	591,739	4,994,300,441	Valid	9.0%	8.4%
2021	763,320	7,779,425,419	Valid	11.6%	13.1%
2022	795,387	6,617,043,449	Valid	12.1%	11.1%
2023	780,767	4,969,479,036	Valid	11.8%	8.3%
2024	1,710	5,465,499	valid but excluded	< 0.0%	< 0.0%
(blank)	31,496	250,563,761	Invalid	0.5%	0.4%
Total	6,598,484	59,582,774,513			

Table 4 – LOB Claim Information by Accident Year

Table 5

Information by Line of Business

Georgia HB1114 - Data Analysis for Tort Reform Act

LOB Claim Information - Line of Business (LOB)

LOB	Record Count	Total Paid Indemnity	Valid / Invalid?	Percentage by Count	Percentage by Indemnity Amount
PPAL	5,870,646	34,951,889,833	Valid	89.0%	58.7%
CAL	464,027	9,604,259,893	Valid	7.0%	16.1%
GL	152,465	12,484,824,999	Valid	2.3%	21.0%
PERS	85,384	192,053,376	Invalid	1.3%	0.3%
CU	10,193	1,682,923,780	Valid	0.2%	2.8%
AUTO	9,994	77,552,707	Invalid	0.2%	0.1%
(blank)	2,074	(20,985,074)	Invalid	< 0.0%	< 0.0%
PU	1,966	563,748,414	Valid	< 0.0%	0.9%
COMM	680	1,568,347	Valid	< 0.0%	< 0.0%
19.4	432	539,464	Invalid	< 0.0%	< 0.0%
ANTI	199	2,911,488	Invalid	< 0.0%	< 0.0%
ERPL	133	2,800,426	Invalid	< 0.0%	< 0.0%
17 other items	291	38,686,862	Invalid	< 0.0%	< 0.0%
Total	6,598,484	59,582,774,513			

Table 5 – LOB Claim Information by Line of Business (LOB)

Table 6

Information by Claim Feature

Georgia HB1114 - Data Analysis for Tort Reform Act

LOB Claim Information - Claim Feature

Claim Feature	Record Count	Total Paid Indemnity	Valid / Invalid?	Percentage by Count	Percentage by Indemnity Amount
PD	2,106,319	7,714,598,588	Valid	31.9%	12.9%
BI	1,970,318	24,038,779,755	Valid	29.9%	40.3%
CO	1,602,273	7,132,031,749	Valid	24.3%	12.0%
UM	629,760	5,539,348,576	Valid	9.5%	9.3%
IN	72,907	13,276,978,610	Valid	1.1%	22.3%
OT	68,714	68,815,335	Valid	1.0%	0.1%
3P	62,636	1,565,547,697	Valid	0.9%	2.6%
ME	35,515	56,255,080	Invalid	0.5%	0.1%
RE	11,139	5,043,157	Invalid	0.2%	< 0.0%
CL	10,485	22,121,779	Invalid	0.2%	< 0.0%
NO	8,675	48,244	Invalid	0.1%	< 0.0%
(blank)	4,404	4,077,483	Invalid	< 0.0%	< 0.0%
74 other items	15,339	159,128,459	Invalid	0.2%	0.3%
Total	6,598,484	59,582,774,513			

Table 6 – LOB Claim Information by Claim Feature

Table 7

Information by Closed Claim Flag

Georgia HB1114 - Data Analysis for Tort Reform Act

LOB Claim Information - Open / Closed Indicator

Claim Feature	Record Count	Total Paid Indemnity	Valid / Invalid?	Percentage by Count	Percentage by Indemnity Amount
Closed	6,348,523	52,513,143,311	Valid	96.2%	88.1%
Open	233,604	7,028,786,240	Valid	3.5%	11.8%
Unknown	16,357	40,844,962	Valid	0.2%	0.1%
Total	6,598,484	59,582,774,513			

Table 7 – LOB Claim Information by Open / Closed Indicator

Note that we have tagged 'Unknown' as a valid open / close indicator. The analysis team concentrated almost entirely on the records flagged as 'Closed'.

Table 8

Information by Legal Flag

Georgia HB1114 - Data Analysis for Tort Reform Act

Valid Information - Legal Flag - All Records

Legal Flag	Record Count	Total Paid Indemnity	Valid / Invalid?	Percentage by Count	Percentage by Indemnity Amount
N	3,920,895	16,860,779,468	Valid	59.4%	28.3%
Y	2,677,589	42,721,995,046	Valid	40.6%	71.7%
Total	6,598,484	59,582,774,513			

Table 8 – LOB Claim Information by Legal Flag

Trending Analysis Summary
Supplemental Actuarial Analysis

As part of the data collected under the 'Supplemental Actuarial Analysis' section of the Data Call, the Insurers were instructed to "Provide any relevant supplemental actuarial analysis (or other statistical analysis) readily available of the risks due to tort litigation that inform premiums." RRC received 615 items from the Insurers in response to this request. After analyzing the data provided by the Insurers and removing duplicates from the same insurer, there were 417 unique items in the information provided by the Insurers. The 417 unique items were reduced to 112 items once duplicates were removed from multiple Insurers which occurred because the data call requested separate responses for each entity within a group.

The 112 items were divided into Actuarial Items and Non-Actuarial Items. A breakdown of the two categories is as follows – items relevant to changes in litigated claims is summarized below:

- Actuarial Items:
  - Charts of legal involvement in claims (by count and by dollar) by accident year
  - Charts showing increased frequency and severity
  - Charts showing claim severity results for Georgia ("GA") versus Countrywide ("CW")
- Non-Actuarial items:
  - Actual demand letters received from lawyers (redacted)
  - List of court cases that illustrate or highlight experience that is driving GA liability payments upwards
  - Comments on time limited demands and the assertion that plaintiff's attorneys will add numerous and difficult terms in the hopes that a 'bad faith' claim will be triggered[2]

The non-actuarial input provided a framework from the Insurers which offers valuable insights into the Bodily Injury litigation space in Georgia. The following comment is typical of the information received from multiple Insurers:

> *"In sum, several key measures of cost drivers are higher in Georgia than in other states. These include the propensity to file injury claims once an incident occurs and claim litigation. Other cost drivers in Georgia include the changing urban population and the evolving outlook of constituents in rural areas. Georgia has become more of a liability-expanding jurisdiction, with decisions coming out of the State appearing to have shifted in approach more than other states. There is a significant increase in nuclear verdicts. All these cost drivers have necessitated higher claim payouts and costs."*

One insurer outlined recent court decisions and the impact on the claim's finalization process. Their summary is as follows:[3]

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[2] See https://www.mmmlaw.com/news-resources/georgia-legislature-overhauls-holt-demand-statute-in-effort-to-curb-failure-to-settle-litigation/ for some discussion on this tactic.

[3] The respondent uses multiple acronyms. RRC has assumed UM/UIM is referring to Uninsured/Underinsured Motorists coverage, LLR is referring to Letter of Liability Release and BI is referring to Bodily Injury. RRC has assumed medical specials in bodily injury demands refer to the total expenses incurred for medical diagnosis and treatment following an injury.

"General comments:

- *We receive a significant amount of UM/UIM demands without the signed LLR or Letter from the tortfeasor stating they are issuing or have issued their BI policy limits.*
- *We receive demands that have the medical specials listed out but no bills or records to accompany them.*
- *Plaintiff attorneys' claim lost wages for a long period of time with no documentation to support the lost wages.*
- *Failure to accept the demand "as is" defined as a rejection.*
- *Terms of the insurance policy are not material to the proceedings – a punitive damages exclusion unenforceable.*
- *Disclosure of policy limits greatly increases probability of higher settlements."*

Finally, the following comment provided by an insurer appears to be a concise non-actuarial summary about the legal situation in Georgia:

> *"In Georgia, time limit demands come with bad faith exposure that is unlike nearly any other state. Plaintiff attorneys add numerous and difficult terms to their time limit demands in the hopes that an insurer will fail to meet 100% of those demands."*

There are numerous references to Time Limited (or Holt) Demands as a driver of claim costs.

Current Conditions Questionnaire

The Data Call included a number of questions regarding current conditions via a questionnaire by line of business. The Insurers' responses to the questionnaire were free-form responses that were reviewed by the analysis team. The summary that follows represents the Insurers' opinions or analysis regarding the drivers of costs and recommendations of tort reform.

The data included 3,675 responses for Private Passenger Auto Liability (PPAL), Commercial Auto liability (CAL), General Liability (GL), Personal Umbrella (PU) and Commercial Umbrella (CU) as well as general comments covering the following:

- Drivers of Premium
- Trends Regarding Litigated Claims
- Claim Reserving Philosophy
- Additional Information

After removing duplications and 'n/a' style responses, the remaining 2,844 responses were reviewed and the most commonly occurring words were extracted.

Table 9

Key Word Review

Georgia HB1114 Insurer Comments Key Word Review	
Key Word	**Occurrence**
Attorney	244
Demand	152
Nuclear Verdicts	110
Expert	107
Social Inflation	90
Financing / Funding	89
Policy Limits	62
Economic	60
Advertising	59
Bad Faith	56
Phantom / Medical	43

Table 9 – Key Word Occurrence in Carrier Comments

The collection of key words used in the comments received is not surprising given overall trends in the U.S. insurance and legal environment. There are, however, some key words that were prominent that we reviewed further; namely: *Funding / Financing* and *Bad Faith*. These, and other elements, are covered in the 'Specific Comments Noted' section below.

Tort Reform Suggestions Received

The following is RRC's analysis team's summation of some of the recommendations for tort reform that we received from the Insurers.

- **Tort Reform**
  - Suggestions for tort reform designed to address observed elevated jury awards and settlement demands (see General Situation and Summary Quotes below).
  - Introducing caps on non-economic damages and punitive damages (see Possible Responses / Options Quotes below).
- **Transparency and Regulation:**
  - Requiring disclosure of litigation funding on the plaintiff's side (see Possible Responses / Options

Quotes below).
    - Enforcing voir dire rules to ensure a fair trial (see Possible Responses / Options Quotes below).
- **Medical Costs:**
    - Adjusting medical bills to reflect actual amounts paid rather than billed amounts to prevent inflated claims (see Possible Responses / Options Quotes below).
    - Implementing fee schedules or collateral source adjustments[4] for medical bills (see General Situation and Summary Quotes below).
- **Bad Faith Protections:**
    - Providing Insurers with protections against bad faith claims[5], allowing them to fully investigate claims before being forced to settle (see Possible Responses / Options Quotes below).
- **Public Education:**
    - Educating the public on the purpose of tort law and the proper evaluation of compensable damages to prevent punitive damages being awarded as compensatory damages (see Other Quotes below).

Specific Comments Noted

The analysis team identified some notable quotes provided by different Insurers pertaining to the reasons why claims increased. The quotes were grouped into four categories:

- General Situation and Summary
- Litigation Funding/Financing
- Legal Tactics
- Possible Responses/Options
- Other

General Situation and Summary Quotes

> *"In recent years, Georgia has seen an increase in nuclear verdicts (verdicts of $10 million or more). Traditionally, Gwinnett, Fulton, and DeKalb counties have produced a large portion of the state's nuclear verdicts, but recently, other more rural counties are seeing similar results. There are several factors that make Georgia a uniquely difficult state for civil defendants. Liability expanding decisions for premises owners, such as the application of the "totality of the circumstances" test, has resulted in a challenging environment for property owners and their insurers. Lawsuit abuse in the form of phantom damages, from application of the state's collateral source rule, artificially inflate medical damages. Litigation funding for medical treatments may encourage unnecessary or improper treatment and promotes an environment ripe for nuclear verdicts. Further, Georgia is one of the only states having a specific statute that allows "anchoring," plaintiffs' attorneys ability to place an extremely high amount of damages into jurors' minds as a base amount for pain and suffering. These unique*

[4] A collateral source adjustment typically means the claimant cannot receive payment for items already covered by other sources (e.g., health or workers compensation insurance).
[5] See footnote #2.

factors and the increase in nuclear verdicts are reasons why Georgia continues to be identified in the American Tort Reform Association's "Judicial Hellholes" report as the nation's most problematic jurisdiction. As a result, claims in Georgia cannot be valued solely on the facts. Rather, the impacts of liability expanding decisions for premises owners, lawsuit abuse, phantom damages, and litigation funding should be considered as they increase claim costs and result in artificially escalated valuation of claims."

"The following are drivers for GA nuclear verdict/settlements that are disproportionate to the injuries or facts:

1. *The practice of allowing for "phantom damages" where courts calculate a plaintiff's medical expenses using the amount that was billed rather than the amount that was actually paid by the medical insurer, medicare/medicaid or workers compensation. Juries are only advised of the billed amount and are not advised of the actual amount paid. [This is generally significant.]*
2. *Third party litigation* [sic] *funding is impacting the integrity of the judicial system and poses a threat to national security. Driving up the costs for consumers and taking advantage of injured parties who often see little of the proceeds from large verdicts.*
3. *GA is one of the few states that allow for anchoring, which is driving large verdicts as it enables plaintiff's counsel to introduce extremely large amounts to the jurors as a starting point for pain and suffering. [Often disproportionate.]*
4. *The expansion of premises liability to include criminal acts has increased liability for business owners and is driving nuclear verdicts and premium increases."*

"Artificially inflated medical specials, increased demand/settlement amounts and raising litigation costs are clearly driving up premium costs in the state of Georgia. The state is becoming increasingly dangerous to conduct business in, with multi-condition-time-limited-demands increasing the risk of bad faith set-ups and punitive / nuclear verdicts."

"Georgia juries routinely return excessive verdicts. Predatory time limit/policy limit demand letters with conditions that are near impossible to meet are being upheld by judges and unfairly punishing insurance companies."

Litigation Funding / Financing Quotes

"There has been an increase in unregulated Third-Party Litigation Financing. This practice allows outside parties to control a claimant's treatment, increase the number of medical specials, and increase the length of time a case remains in litigation."

"[T]he advent of third-party litigation funding has also contributed to higher litigation costs. Plaintiffs' claims are increasingly financed through a variety of third-party funding sources. With access to additional funds, plaintiffs (i) can afford more extensive and expensive legal representation, (ii) can conduct more exhaustive discovery and (iii) can sustain longer litigation. This can lead to larger settlements or judgments, thereby significantly increasing the overall cost of litigation for insurers."

"Litigation funding has negatively impacted our ability to resolve litigated matters in a more expedient fashion."

"Finally, the industry is finding that today, plaintiff lawyers are … bringing in outside investors that try to influence (and capitalize on) the litigation process. The presence of an outside investor can be an obstacle to final settlement, turning the justice system into a commodities market that supports third-party interests, and creating a disconnect in what ought to be fair and reasonable compensation for a legitimate loss."

Legal Tactics Quotes

"In recent years we have seen increases in the cycle times to resolve litigated claims. This increased cycle time is partially the result of an unwillingness of plaintiff attorneys to settle claims and pushing for trials and jury decisions. Since litigated claims have higher severities than non-litigated claims, these trends are putting upward pressure on loss costs."

"Georgia is a plaintiff-friendly state. Plaintiff attorneys, known for their aggressive stance, are also notoriously uncooperative with adjusters. Their quick litigation tactics, often within a month of an accident, and their focus on damages without regard to liability while withholding vital information ultimately increase the overall claim costs. There is a general feeling that the plaintiffs' bar is focused on setting cases up for bad faith."

Possible Responses / Options Quotes

"Two avenues that other states have used to lower overall claim costs are 1) Enacting legislation to allow only the amounts of medical costs paid (rather than billed) to be presented to the jury. 2) Legislative caps on non-economic damages."

"Disclosure of litigation funding on the plaintiff's side, enforcing voir dire rules to provide a level playing field, limiting instances where punitive damages can be claimed, capping pain and suffering."

"A fee schedule or collateral source adjustments for medical bills, as seen in other states, would assist in addressing excessive costs. Additional clarity on reasonable conditions and timelines and providing a safe harbor of no bad faith exposure if those terms are not met. Addressing the appellate court cases which have allowed the rejection of conditional demand responses for items such as a settlement check early, expiration date printed on a check, a typo, etc."

Other Quotes

"SAM [Sexual Abuse & Molestation] *and Trucking claims are almost like strict liability these days, largely due to the threat of nuclear verdicts. Juries do not like SAM and Trucking claims."*

"In our experience the recent FL tort reform of March 2023 has been helpful to establish reasonableness and would be beneficial if GA would adopt something similar."

"In order to protect our insureds and to avoid the potential for bad faith claims following a Holt demand, we have chosen to settle a number of complex liability claims in Georgia at policy limits before they were adequately developed through discovery and investigation. In other states, we would have defended the same claims to conclusion."

"If there is a way to force litigated claims to be reported within a certain timeframe and/or disclose injury information in a reasonable timeframe, I think this would have benefits for the industry. The intentional withholding [sic] *of a) claims existing or b) injury severity by attorneys causes a great deal of harm to the industry."*

"More public education on the purpose of tort law and how it is supposed to put an injured person into the same position they were in before the loss. It is not a vehicle for righting what a juror might believe is a social wrong."

LOB Claims Information

Introduction

The analysis team received data from the Insurers with individual claims data. A summary of the analysis is as follows:

- Data was received from 638 Insurers, representing a total of 4.1 million claims for $59.3 billion paid indemnity and $1.6 billion paid Defense and Containment Costs ("DCC").
- The statistics in the bullet above are based on all of the records that were provided by the Insurers included in the Data Call. Upon review of some records by the analysis team, it was determined that the Line of Business, the claim feature or the accident year were invalid[6]. The information included below excludes the invalid records. We also excluded closed claims with indemnity payments above $10 million to avoid distortions appearing in the trend that may arise when very large losses are included in the analysis. There is a separate section within this Report that discusses claims over $10 million.
- Excluding the invalid information, the data was compiled from 592 Insurers, representing a total of 3.9 million claims for $58.7 billion paid indemnity and $1.5 billion paid DCC. The analysis team found that the data was sufficient to analyze trends for Personal Auto Liability, Commercial Auto Liability, and General Liability. However, the data submitted for Personal Umbrella and Commercial Umbrella was deemed to have an insufficient volume of records to analyze trends isolated by these lines of business.

The analysis team's review of data submitted by the Insurers for all LOBs combined generated the following insights:

- Costs are rising for both litigated claims and non-litigated claims. (Chart 3 on page 31)
- Litigated claims comprise a growing portion of the total paid indemnity. (Table 14 on page 35)
- Rising costs for litigated claims appear to be driven by indemnity. (Chart 7 on page 38)
- An increasing percentage of claims with payment are full limit claims. The increase is driven by litigated claims (non-litigated claims do not show this trend). (Chart 8 on page 39 and Chart 9 on page 39)
- Case incurred amounts increase immediately after a lawsuit is filed. (Table 17 on page 40)
- Claims ultimately close for a much higher settlement, on average, than the case incurred amounts

[6] See prior section for discussion of Invalid records.

immediately prior to when a lawsuit is filed. This trend has been significantly increasing over time. (Table 17 on page 40)

- Reporting delays, especially when the report date is six months or later than the accident date, correspond with significantly higher average claim values. However, claims with report delays comprise a small portion of total claims. (Chart 11 on page 42)
- Closing delays, especially when the closed date is six months or later than the report date, correspond with significantly higher average claim values. (Chart 12 on page 43)
- The analysis team noted some very large claims which could be related to nuclear verdicts[7]. (Table 19 on page 45)

We generally found similar trends for each line of business, but there were a few specific trends observed that differ from the overall trends as follows:

- For PPAL and CAL, litigated claim payments are predominated by Bodily Injury (BI) claim features. (Table 13 on page 34)
- For General Liability, significant increases in the mix of litigated claims by count were not observed. It is possible that this may indicate that increases in costs due to litigated claims are mostly due to PPAL and CAL claims. (Table 16 on page 37)
- Given limited volume of data, trends in Personal and Commercial Umbrella were not observed.

We split the dataset between 'Legal' and 'Non-Legal' records using various results from the data provided and / or some constructed fields based on the data provided. See the prior section about the 'Legal Flag' construction.

Note that, unless stated otherwise, the charts and tables in this section are reviewing paid indemnity amounts.

[7] The term 'nuclear verdict' is being applied to any claim over $10 million.

Summary of Data Records Received

Table 10 below is a summary, by line of business, of the 6.60 million records we received from the Insurers.

Table 10

Georgia HB1114 - Data Submitted All Records		
Line of Business	Record Count ('000s)	Paid Indemnity ($m)
Personal Auto Liability	5,871	34,952
Commercial Auto Liability	464	9,604
General Liability	152	12,485
Commercial Umbrella	10	1,683
Personal Umbrella	2	564
Other	99	295
Total	6,598	59,583

Table 10 – Summary of Record Count and Paid Indemnity – All Records

The number of records was reduced to 6.32 million records once invalid accident years, lines of business and claim features were excluded as shown in Table 11 below. The number of records were reduced further to 6.25 million records once a maximum claim size limit in the review data was set to $10 million as shown in Table 12 below.

Table 11

Georgia HB1114 - Data Analysis for Tort

Valid Records Only

Line of Business	Record Count ('000s)	Paid Indemnity ($m)
Personal Auto Liability	5,719	34,715
Commercial Auto Liability	451	9,529
General Liability	141	12,311
Commercial Umbrella	10	1,643
Personal Auto Liability	2	552
Total	6,324	58,749

Table 11 – Record Count and Paid Indemnity – All Valid Records

Table 12

Georgia HB1114 - Data Analysis for Tort

Claims at and below $10m

Line of Business	Record Count ('000s)	Paid Indemnity ($m)
Personal Auto Liability	5,663	34,695
Commercial Auto Liability	441	6,699
General Liability	135	2,496
Commercial Umbrella	9	1,208
Personal Umbrella	2	552
Total	6,250	45,650

Table 12 – Summary of Record Count and Paid Indemnity – All Valid Records with Indemnity payments below $10m

Results from Lines of Business Claim Dataset

Rising Costs

Rising Costs – All Claims

Chart 3 below shows information from closed claims for all lines of business. The blue line represents the total indemnity payments and uses the left axis while the orange dashed line represents the claim counts and uses the right axis. Please note, there is a dip in 2020 (COVID Pandemic) with a quick recovery in 2021 and onwards. Note that 2022 and 2023 accident years are still immature years, which is the likely cause of the plateau in 2022 and drop in 2023. There is also an upward trend which appears to show that claim counts and dollar amounts are rising. Note that dollar amounts are rising faster than claim counts.

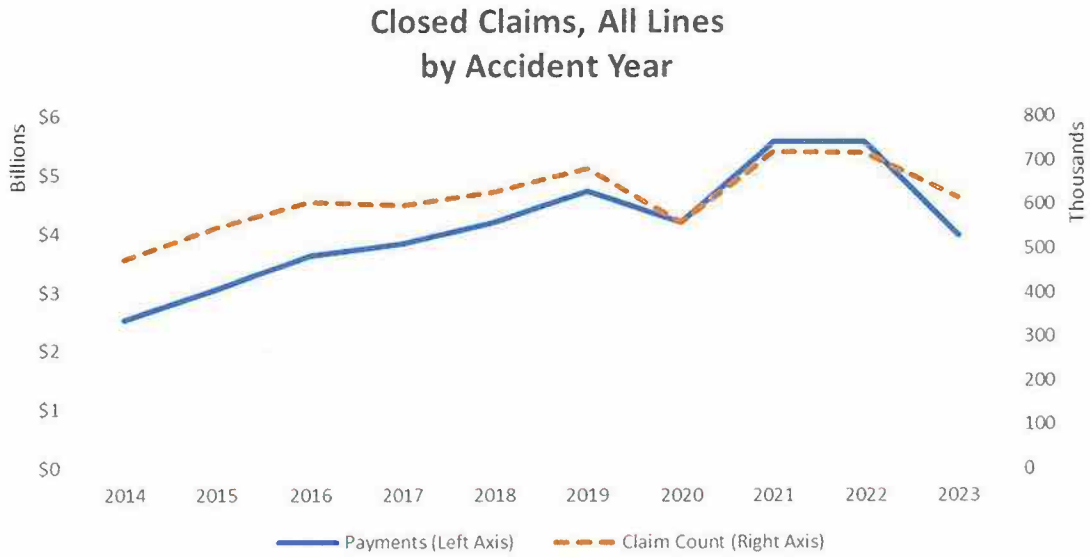

Chart 3 – Indemnity Payments + Count for Closed Claims, All LOBs

Chart 4 below shows the average indemnity severity for closed claims by accident year for Legal, Non-Legal and Combined. Upon review of the increase by accident year it appears that the increase in legal claims accounted for the majority of the increase in the combined claims (the increase in the Non-Legal averages is very modest until 2020). Regarding the drop in accident years 2022 and 2023, it is possible that this is due to our data being immature with the data submission originally set for August 1st, 2024 and extended until August 15th, 2024. It is expected that this severity will increase as those claims develop.

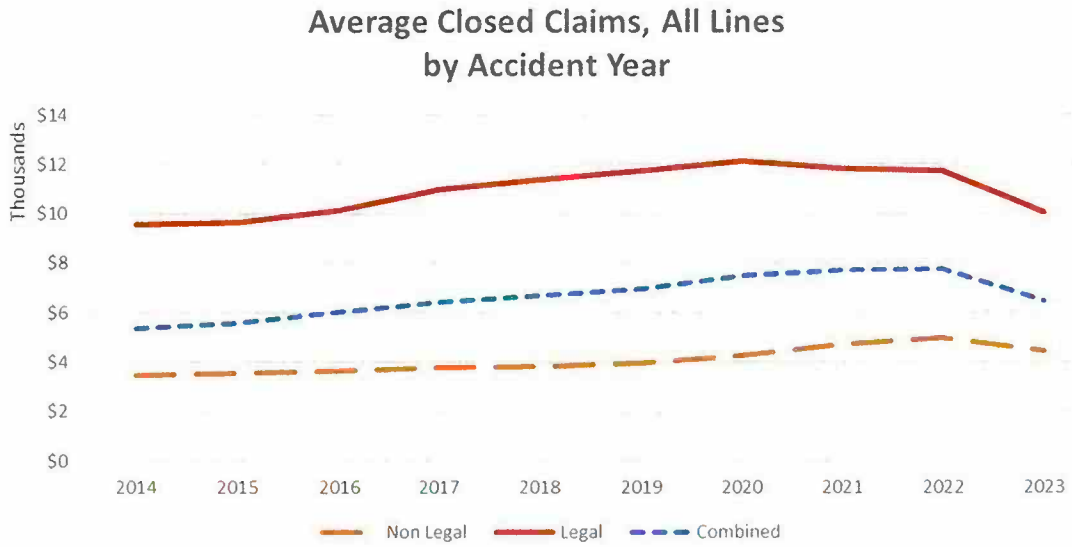

Chart 4 – Average Indemnity Payments for Closed Claims, All LOBs

Rising Costs – Legal Claims

Chart 5 below uses the same structure as the previous chart but this chart focuses on Legal claims[8]. Here, the payment increase is only slightly exceeding the increase in claims by count.

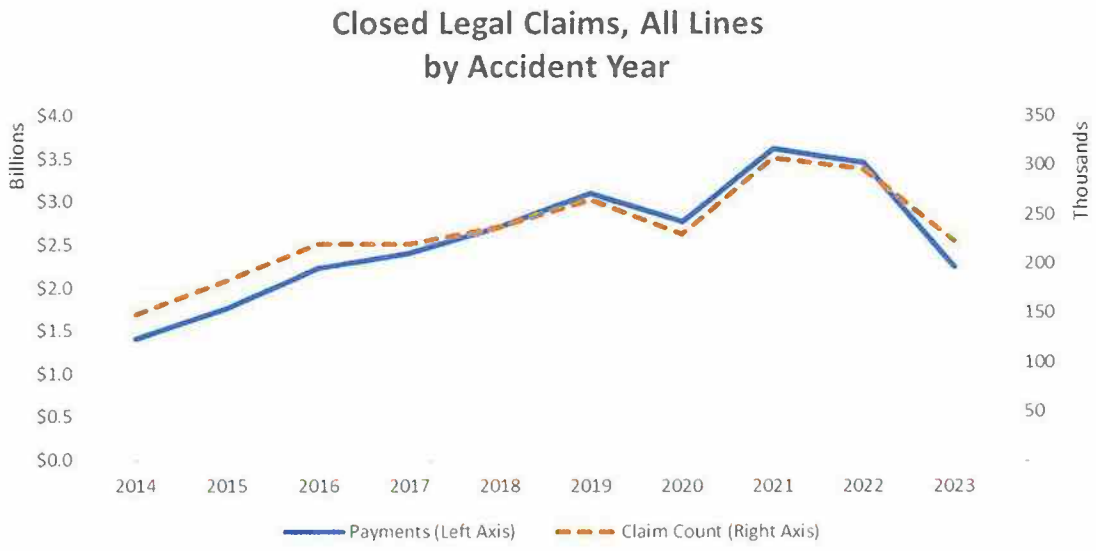

Chart 5 – Total Indemnity Payments for Closed Legal Claims, All LOBs

[8] See section above for how 'Legal Claims' have been defined.

Rising Costs – Non-Legal Claims

The situation is slightly different for closed Non-Legal claims as shown in Chart 6 below. As discussed later in this section, the rate of increase for non-litigated claims is not as high as litigated claims, leading to a greater portion of total paid indemnity attributable to litigated claims.

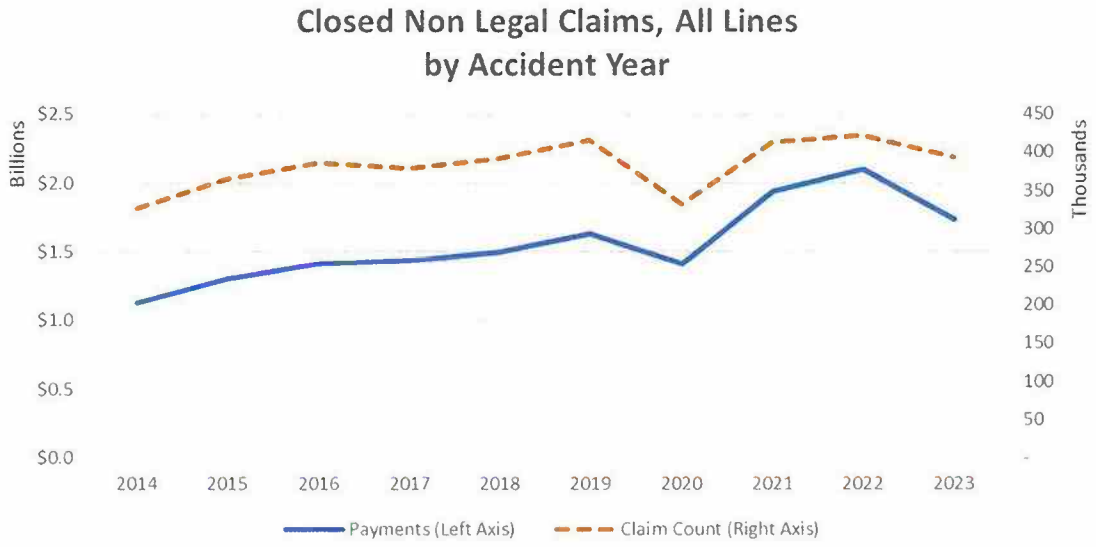

Chart 6 – Indemnity Payments for Non-Legal Closed Claims, All LOBs

Mix of Claims by Feature

Table 13 below shows the mix of auto claims by claim feature. Property Damage, BI and Collision dominate the claims based on count and BI represents almost 50% of paid indemnity. Of BI claims, 84% of the paid indemnity relates to claims with legal involvement.

Table 13

Georgia HB1114 - Data Analysis for Tort Reform Act

Auto Claims by Claim Feature
Split Legal / Non-Legal

Claim Feature	Record Count	%age	Total Paid Indemnity	%age	Legal by Count	Legal by Dollar
3rd-party Bodily Injury	31,110	0.5%	864,924,197	2.2%	61%	76%
Bodily Injury	1,737,941	29.5%	19,578,533,075	49.3%	60%	84%
Collision	1,530,041	26.0%	6,675,170,607	16.8%	13%	17%
Indemnity	52,609	0.9%	391,045,987	1.0%	92%	98%
Lost Wages	30	0.0%	283	0.0%	100%	100%
Property Damage	1,985,909	33.7%	7,085,096,444	17.8%	31%	40%
Uninsured or Underinsured Motorist	547,242	9.3%	5,143,575,459	12.9%	49%	63%
Total	5,884,882		39,738,346,052		37%	62%

Table 13 – Auto (CAL + PPAL) Claims by Claim Feature

Growing Portion for Litigated Claims

Litigated / legal claims comprise a growing portion of the total paid indemnity.

Table 14

Georgia HB1114 - Data Analysis for Tort Reform

Mix of Claims / Legal v Non-Legal

Line of Business [(All)], Claim Feature [(All)]

Accident Year	Record Count	Total Paid Indemnity	Legal by Count	Legal by Dollar
2014	467,251	2,695,823,584	31%	57%
2015	538,921	3,266,945,243	33%	59%
2016	594,287	3,909,451,899	36%	62%
2017	590,878	4,117,963,572	37%	63%
2018	622,486	4,577,925,705	38%	66%
2019	677,596	5,255,301,048	39%	67%
2020	561,383	4,794,574,933	41%	69%
2021	723,274	6,136,836,931	43%	67%
2022	744,612	6,097,199,393	42%	62%
2023	729,268	4,797,766,826	39%	56%

Table 14 – Mix of Closed Claims / Legal and Non-Legal (All LOBs, All Features)

Table 14 above shows the growing size of the Georgia claims with an increase from just under 500 thousand claims in accident year 2014 to over 700 thousand in 2023. The dollars paid have also increased over the period reviewed[9]. The columns on the far right show the legal mix by count and by dollar. There is growth from a rate of 31% (count) / 57% (dollars) in 2014 to 41% (count) / 67% (dollars) in 2021. The drop observed between 2021 and 2023 is likely due to the fact that these are immature accident years.

The legal involvement in some of the lines of business included in this review is even higher. Below is the same table for Personal Auto, BI claims. This table shows that legal claims dominate Personal Auto, BI claims, comprising 86% of total indemnity paid for closed claims in Accident Year 2023.

[9] Note that this table is based on closed claims and that immature accident years (2021 and later) have high number of open claims.

Table 15

Georgia HB1114 - Data Analysis for Tort Reform

Mix of Claims / Legal v Non-Legal

Line of Business [PPAL], Claim Feature [Bodily Injury]

Accident Year	Record Count	Total Paid Indemnity	Legal by Count	Legal by Dollar
2014	130,882	1,020,337,471	51%	78%
2015	151,952	1,249,513,254	53%	79%
2016	166,160	1,484,826,683	58%	83%
2017	161,722	1,533,620,205	60%	85%
2018	169,483	1,674,758,760	61%	87%
2019	182,252	1,893,253,671	62%	88%
2020	149,986	1,675,662,789	65%	89%
2021	191,912	2,149,703,057	67%	89%
2022	196,232	2,199,528,038	65%	88%
2023	191,838	1,639,956,131	62%	86%

Table 15 – Mix of Closed Claims / Legal and Non-Legal, PPAL, BI

Table 15 above shows the legal involvement is also showing an increase in PPAL bodily injury claims with a moderate increase in legal claims by record count but a marked increase in legal claims by indemnity payments.

Table 16

Georgia HB1114 - Data Analysis for Tort Reform

Mix of Claims / Legal v Non-Legal

Line of Business [GL], Claim Feature [(All)]

Accident Year	Record Count	Total Paid Indemnity	Legal by Count	Legal by Dollar
2014	12,773	178,029,070	52%	72%
2015	13,686	171,578,579	51%	77%
2016	13,386	220,562,821	50%	75%
2017	14,317	251,373,558	53%	78%
2018	15,619	330,392,187	53%	80%
2019	15,578	427,145,084	53%	84%
2020	12,220	341,003,696	53%	83%
2021	12,813	331,334,491	55%	84%
2022	12,381	145,741,546	54%	78%
2023	11,907	98,581,160	56%	71%

Table 16 – Mix of Closed Claims / Legal and Non-Legal, GL

Table 16 above shows that legal involvement is also increasing in General Liability claims with a moderate increase in legal claims by record count but a marked increase in legal claims by indemnity payments.

Indemnity Costs are the Driver for legal claims.

The analysis team observed that the increase in claim payments on legal claims appears to be driven by indemnity payments as shown in the Chart 7 below. Note, it appears there were some data anomalies related to reported DCC payments. To the extent that DCC was unreported or there were errors in the DCC amounts, this chart may not show the accurate effect of DCC payments on total spend related to legal claims.

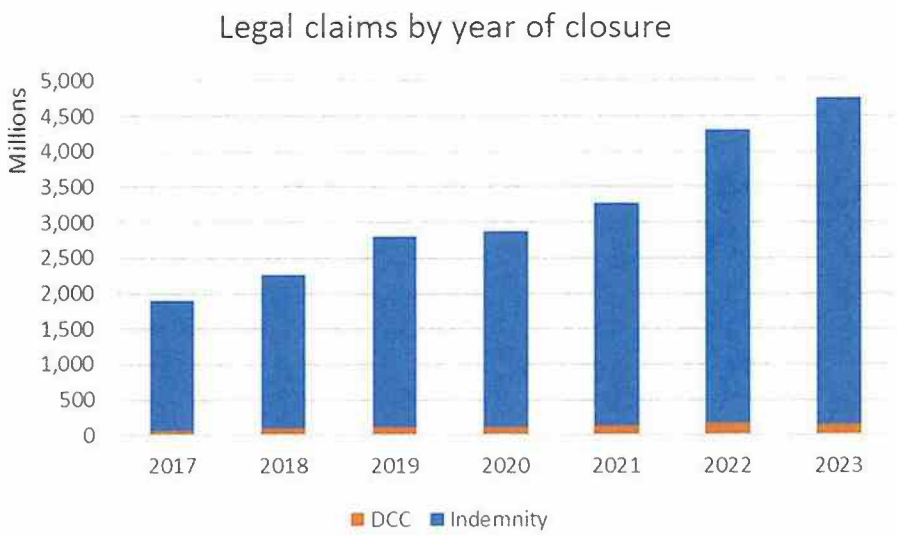

Chart 7 – Indemnity and DCC Payments for closed Legal Claims, select closure years (All LOBs, All Features)

Impact of Full Limits Claims

An increasing percentage of claims with payment are full limits claims. The increase is driven by legal claims (Non-Legal claims do not show this trend).

Several questionnaire responses mentioned Limit Demands and the increasing trend for these settlement demands. One of the data fields requested was policy limits but only 56% by indemnity dollars (35% by count) of records contained valid limit information. Chart 8 below plots the settlement amount against the limits for these records and groups them by accident year into various 'percentage of limits' buckets.

Note the reduction in the '0% to 10%' and the '10% to 50%' of limit buckets over time and the marked increase in the 'full limit loss' bucket – increasing from 30% of settlements to over 45% of settlements.

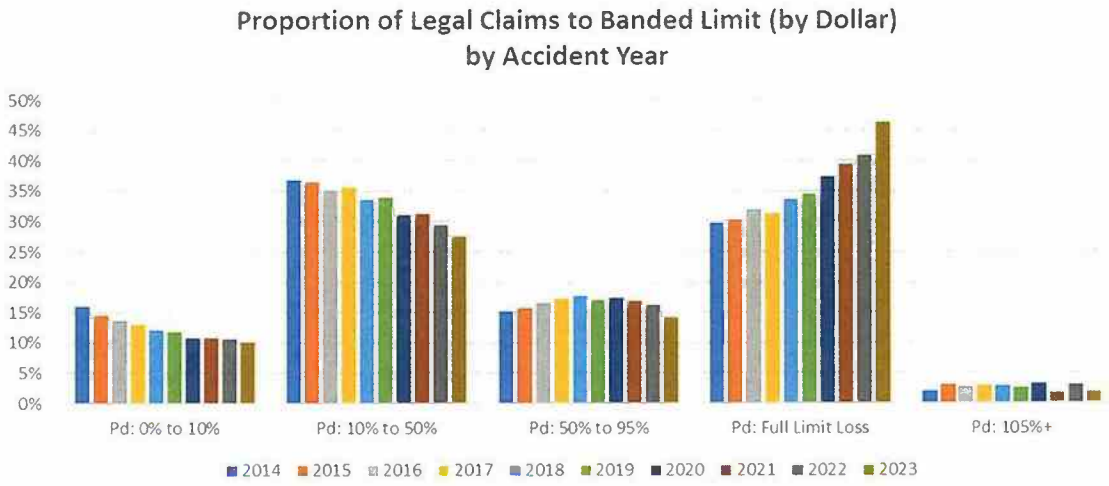

Chart 8 – Legal Claims Payments v Policy Limit – Closed Claims, All LOBs

Chart 9 below shows a marked difference for Non-Legal claims when compared with the Chart 8. For Non-Legal claims, a much lower percentage are full limits claims.

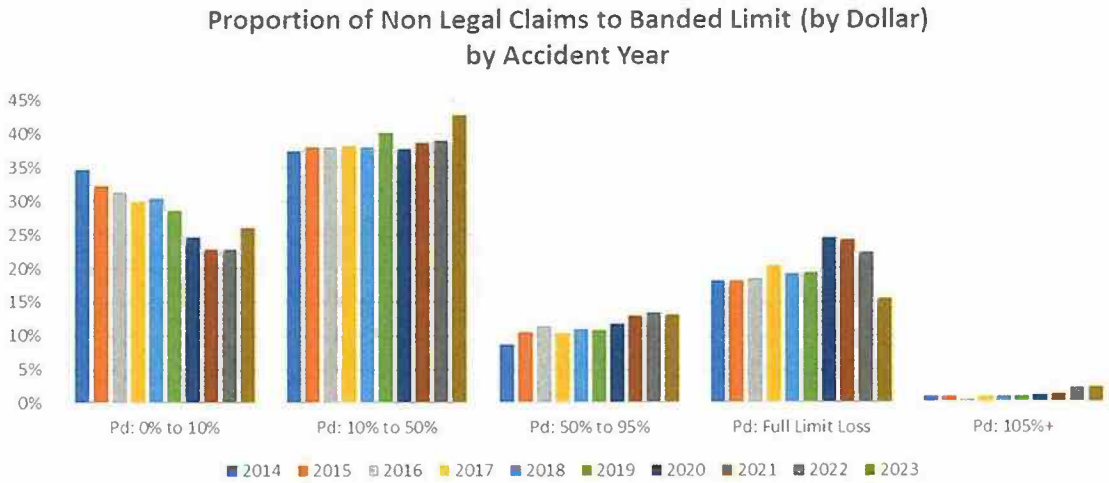

Chart 9 – Non-Legal Claims Payments v Policy Limit – Closed Claims, All LOBs

Impact due to Lawsuit Demands

Impact on Case Estimates

Closed claims with non-zero payments below $10 million were reviewed and those with lawsuit involvement were isolated. The analysis team then reviewed these claims and isolated those that had amounts populated for case incurred immediately prior to the lawsuit. These claims represented 10.1% of the claim population by paid dollars (4.5% by count).

Table 17 below shows the impact on the case estimate immediately prior and post a lawsuit. Also included in the table is the increase between the case estimate immediately prior to a lawsuit compared to the final settlement amount. This table shows that case incurred amounts increase, on average, immediately after a lawsuit is filed. It also shows that claims ultimately close for much higher, on average, than the case incurred amounts immediately prior to the lawsuit; this trend has been significantly increasing over time.

Table 17

Georgia HB1114 - Data Analysis for Tort Reform Act

Impact of Legal Involvement on Prior Case Estimate

Accident Year	Record Count	Total Paid Indemnity	Case Increase from Prior	Settlement, compared to case prior to lawsuit	Settlement, compared to case post lawsuit
2014	10,144	258,007,422	49%	75%	17%
2015	11,993	320,175,612	41%	64%	16%
2016	13,508	400,229,268	50%	110%	40%
2017	16,335	449,911,979	47%	111%	43%
2018	19,685	523,106,675	33%	122%	67%
2019	24,718	672,824,349	34%	129%	71%
2020	23,379	581,252,501	51%	159%	71%
2021	25,172	615,472,421	37%	140%	75%
2022	18,996	447,069,297	33%	181%	112%
2023	10,707	165,460,593	29%	265%	182%

Table 17 – Impact of Legal Involvement on Case Estimate and Settlement Value (All LOBs, All Features)

Demand Impact on Claims

The analysis team also compared the total paid indemnity to the initial demand amount. Claims ultimately closed for less than half of the initial demand. Table 18 below shows this information for claims with non-zero payments below $10 million, where the demand and settlement amounts were populated.

Table 18

Georgia HB1114 - Data Analysis for Tort Reform Act

Impact of Legal Involvement
Initial Demand v Final Payment

Accident Year	Record Count	Initial Demand	Total Paid Indemnity	Average Paid Indemnity	Final Payment as Proportion of Demand
2014	6,686	272,221,610	116,916,826	17,487	43%
2015	9,108	468,131,820	160,843,105	17,660	34%
2016	8,836	336,717,284	154,627,465	17,500	46%
2017	6,236	269,600,913	123,588,397	19,819	46%
2018	6,151	303,594,524	150,127,265	24,407	49%
2019	10,384	591,447,664	248,192,481	23,901	42%
2020	11,817	636,078,202	275,497,471	23,314	43%
2021	23,479	1,262,031,848	536,100,804	22,833	42%
2022	23,324	1,124,987,524	533,425,399	22,870	47%
2023	12,625	621,179,712	275,026,801	21,784	44%

Table 18 – Impact of Initial Demand on Final Indemnity Payment (All LOBs, All Features)

Report Delays

It appears reporting delays, especially when the report date is six months or later than the accident date, correspond with significantly higher average claim values. However, this comprises a small portion of total claims.

By Total Payments

Chart 10 below shows the total settlement dollars by banded report delays for legal and Non-Legal claims. The chart shows the majority of claims are reported quickly (within a week of the accident date).

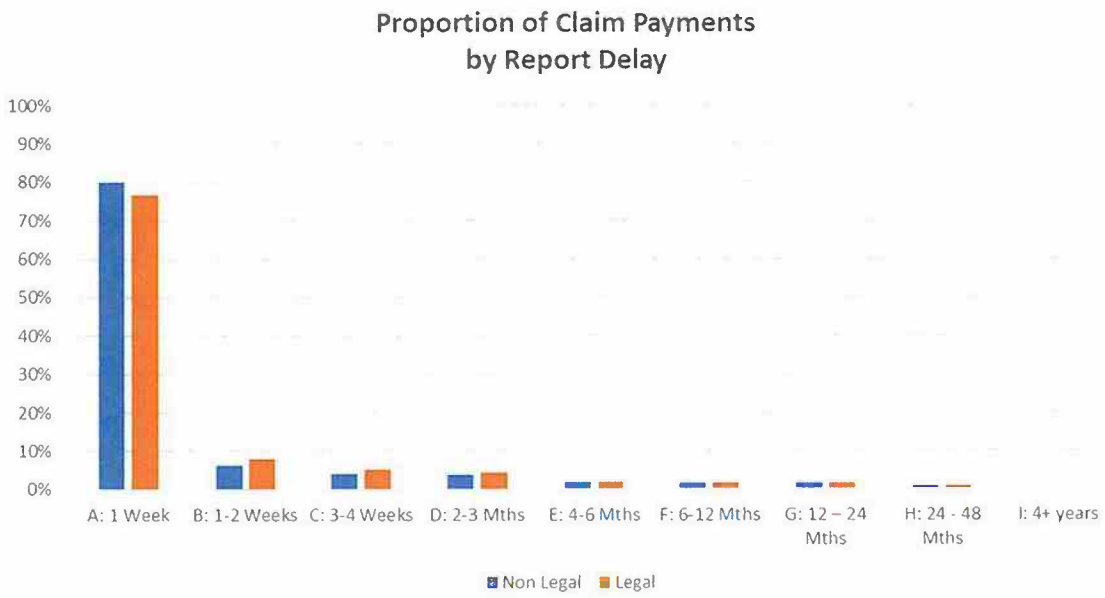

Chart 10 – Proportion of Legal and Non-Legal Claims (by dollars payments) by Banded Reporting Delay (All LOBs, All Features)

By Average Payments

Chart 11 below shows the average settlement dollars by banded report delays for legal claims by accident year. This shows an increase in average settlement based upon time between accident date and report date increases.

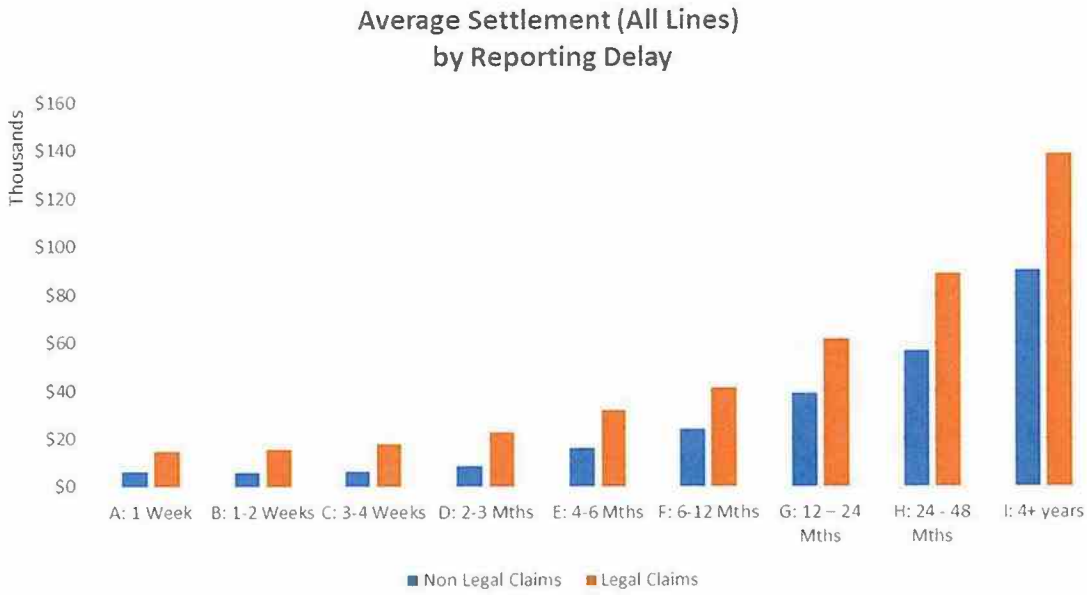

Chart 11 – Average Indemnity Payments (Legal and Non-Legal) by Banded Report Delay (All LOBs, All Features)

Closing / Settlement Delays

Closing delays[10], especially when the closed date is six months or later than the report date, correspond with significantly higher average claim values.

By Total Payments

The following chart, Chart 12, shows the total settlement dollars by banded closing / settlement delays for legal and Non-Legal claims. This shows that a larger portion of paid indemnity relates to claims with settlement delays for legal claims compared to Non-Legal claims.

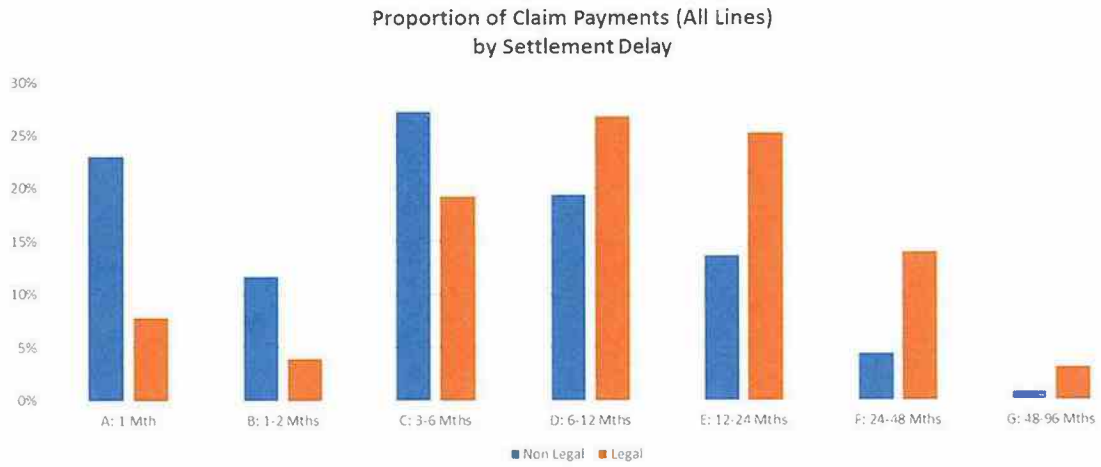

Chart 12 – Proportion of indemnity payments by Banded Settlement Delay, All Lines, All Features By Average Payments

[10] Delay between the closing / settlement date and the report date.

The following chart, Chart 13, shows the average settlement dollars by banded closing / settlement delays for legal and Non-Legal claims. This shows that claims with significant settlement delays have much higher indemnity severities, on average.

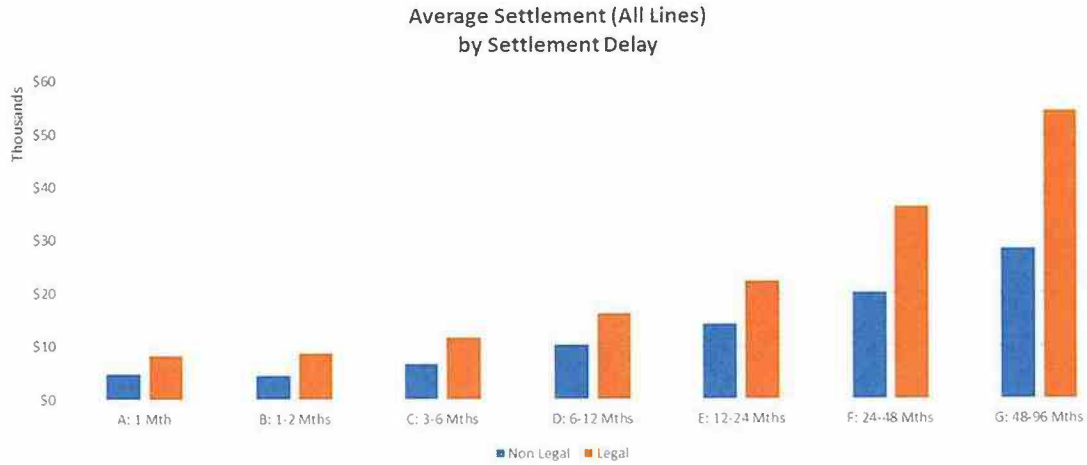

Chart 13 – Average indemnity claim payments by Banded Settlement Delay, All Lines, All Features

Review of Large Losses

There are some Insurers that have stated concerns about nuclear verdicts impacting GA claim settlements and driving insurance premiums upwards.

The data received demonstrates an increase in the number and size of large claims.

Table 19 below shows the claim count from valid records for all closed claims over $30,000 in buckets of various sizes ranging to just over $1 billion.

Table 19

Georgia HB1114 - Data Analysis for Tort Reform Act

Large Losses (above $30k)

Large Loss Range	Claim Count				
	Personal Auto Liability	Commercial Auto Liability	General Liability	Commercial Umbrella	Personal Umbrella
30k to 40k	36,301	5,777	909	29	4
40k to 50k	19,824	4,416	901	28	7
50k to 75k	51,110	6,290	1,432	40	72
75k to 100k	7,357	3,010	884	27	38
100k to 200k	26,279	4,628	1,533	77	140
200k to 300k	4,292	1,798	663	55	125
300k to 500k	1,107	1,736	523	58	126
500k to 1m	367	1,587	511	100	137
1m to 3m	65	525	430	163	262
3m to 5m	17	49	38	84	10
5m to 10m	13	19	24	63	1
10m to 25m	1	13	15	21	0
25m to 50m	0	7	4	8	0
50m to 100m	0	2	4	0	0
100m to 500m	0	3	2	0	0
500m to 1b	0	0	1	0	0
1b to 2b	0	0	1	0	0
	146,733	29,860	7,875	753	922

Table 19 – Claim Counts by Indemnity Bands (>$30k) (All LOBs, All Features)

While PPAL dominates with over 100,000 of the claims over $30,000, it does not include any claims over $25 million. The analysis team observed larger claims arising from GL, CU, PU and CAL lines of business.

Chart 14 below, shows large losses over $1 million by accident year that have closed during the 2014 to 2023 period. Each accident year cohort is surpassing the count from the previous accident years.

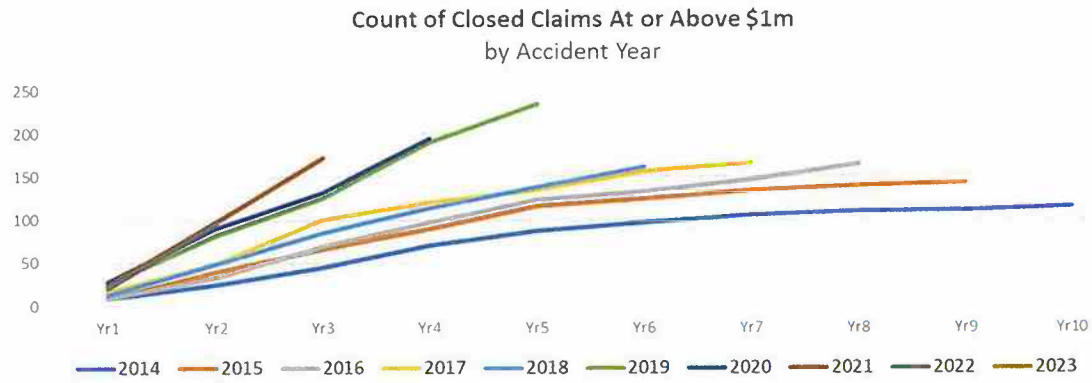

Chart 14 – Closed $10m+ Claims 'triangle' by Accident Year

Glossary of Terms

Contractor: The regulatory consulting firm, Risk & Regulatory Consulting, LLC, retained by the OCI to conduct the Data Call and data analysis.

Data: Any qualitative or quantitative information related to tort claims and tort claim liability collected or stored by an insurer or insurance rating organization, including but not limited to actuarial information.

Data Call: The request to Insurers for the purpose of collecting and analyzing information and data to address the requirements of HB 1114.

Georgia Office of Commissioner of Insurance: The agency referenced in House Bill 1114 that shall report to the Governor's Office.

Insurers: The term used when referring to all insurers required to respond to the Data Call, including but not limited to stock and mutual companies, surplus lines, nonadmitted insurers, reciprocal and interinsurance exchanges, and all licensees that under any laws of the state of Georgia that write or in any way provide for tort liability insurance, and to rating organizations serving such insurers collectively that are the subject of the data call and analysis.

Period of Review: The period under review. The data call requested data and information from Insurers covering accident dates from January 1, 2014, and December 31, 2023.

Report: Refers to the Contractor's report to the OCI detailed in Code Sections 33-66-6 and 33-66-7.

Tort claim: Any legal claim seeking damages for the violation of a private legal right other than mere breach of contract, whether express or implied.

Tort liability insurance: A contract of insurance under which an insurer agrees to pay on behalf of an insured damages that the insured is obligated to pay to a third party due to a tort claim by such third party. Such term shall include but not be limited to liability insurance as provided for in paragraph (1) of Code Section 33-7-3, malpractice insurance as provided for in paragraph (8) of Code Section 33-7-3, and vehicle insurance as provided for in Code Section 33-7-9.

Tort reform legislation: Laws enacted after July 1, 2024, designed to change the laws of the civil justice system so that tort litigation and damages are reduced and designated as such by the Commissioner.

Listing of Acronyms

BI: Bodily Injury

CAL: Commercial Auto liability

CU: Commercial Umbrella

DCC: Defense and Containment Costs

GL: General Liability

LOB: Line of Business

OCI: Office of Insurance Commissioner

PU: Personal Umbrella

PPAL: Private Passenger Auto Liability

RRC: Risk & Regulatory Consulting, LLC

Appendix A

"CHAPTER 66

33-66-1.

As used in this chapter, the term:

(1) 'Data' means any qualitative or quantitative information related to tort claims and tort claim liability collected or stored by an insurer or insurance rating organization, including but not limited to actuarial information.

(2) 'Report' means the report provided for in Code Sections 33-66-6 and 33-66-7.

(3) 'Tort claim* means any legal claim seeking damages for the violation of a private legal right other than mere breach of contract, whether express or implied.

(4) 'Tort liability insurance' means a contract of insurance under which an insurer agrees to pay on behalf of an insured damages that the insured is obligated to pay to a third party due to a tort claim by such third party. Such term shall include but not be limited to liability insurance as provided for in paragraph (1) of Code Section 33-7-3, malpractice insurance as provided for in paragraph (8) of Code Section 33-7-3, and vehicle insurance as provided for in Code Section 33-7-9.

(5) 'Tort reform legislation' means laws enacted after July 1, 2024, designed to change the laws of the civil justice system so that tort litigation and damages are reduced and designated as such by the Commissioner.

33-66-2.

(a) This chapter shall apply to all insurers, including but not limited to stock and mutual companies, surplus lines, nonadmitted insurers, reciprocal and interinsurance exchanges, and all licensees that under any laws of this state write or in any way provide for tort liability insurance, and to rating organizations serving such insurers.

(b) The Commissioner may request data from any insurer to which this chapter applies through the Commissioner's examination authority pursuant to Code Section 33-2-11, and in any report required under Chapter 3 of this title or any required filing under Chapter 9 of this title, or under any other authority granted to the Commissioner pursuant to this title.

(c) The Commissioner may, by rule, regulation, or order, exempt certain insurers or certain kinds of insurance from the requirements of this chapter.

33-66-3.

(a) The Commissioner may request data from any licensed rating organization through the Commissioner's examination authority pursuant to Code Section 33-9-22.

(b) The Commissioner may consult with any state agency as the Commissioner deems necessary, and

the Commissioner shall have authority to request any data from such state agency necessary to produce the reports described in Code Sections 33-66-6 and 33-66-7, unless such access is otherwise prohibited by law.

33-66-4.

(a) Documents, materials, or other information in the possession or control of the department under this chapter shall be confidential by law and privileged as provided for in Code Sections 33-2-14, 33-9-14, and 33-62-3. Such documents, materials, or other information shall not be subject to disclosure under Article 4 of Chapter 18 of Title 50, shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action.

(b) Neither the Commissioner nor any person who receives confidential or privileged documents, materials, or other information while acting under the authority of the Commissioner or with whom such documents, materials, or other information are shared pursuant to this chapter shall be permitted or required to testify in any private civil action concerning any such confidential or privileged documents, materials, or other information subject to subsection (a) of this Code section.

(c) No waiver of any applicable privilege or claim of confidentiality in the documents, materials, or other information shall occur as a result of the Commissioner submitting a report as provided for in Code Section 33-6-6 or Code Section 33-66-7.

33-66-5.

(a) No later than July 1, 2024, and as often as necessary through July 1, 2029, the Commissioner shall request data from insurers, licensed rating organizations, and state agencies for the Commissioner to make findings regarding the impact of tort lawsuits and the assessment of tort related risks. The Commissioner may allow for the confidential submission of such requested data via electronic means.

(b) The data requested from insurers as provided for in subsection (a) of this Code section shall be limited to data in existence on or after January 1, 2019, and shall include but not be limited to:

(1) The number of tort lawsuits filed against the insured of an insurer:

(2) The total attorneys' fees and court costs for such tort lawsuits; and

(3) The total value of the incurred claims from any tort lawsuits.

(c) The Commissioner shall request from any relevant insurer a supplemental actuarial analysis of the risks due to tort litigation that were considered in issuing a statement of actuarial opinion either at the time of submission of the statement of actuarial opinion or within one year following such submission.

(d) The Commissioner shall request that any filings with the department made by any relevant insurer reflect the impact indicated, if any, due to the effect of the applicable provisions of any tort reform legislation enacted after July 1, 2024, in a manner prescribed by the Commissioner,

33-66-6.

(a) The Commissioner shall analyze the data submitted pursuant to this chapter and make certain determinations regarding the assessment of tort related risks by insurers, including but not limited to:

(1) The degree to which tort related risk is reflected in insurance premiums:

(2) The specific aspects of tort related risk that have the largest monetary impact on insurance premiums; and

(3) The potential impact of any changes to tort law on the portion of insurance premiums that reflect tort related risk.

(b) The Commissioner shall generate an initial report utilizing the items listed in subsection (a) of this Code Section and any data or information necessary to support such determinations. The report may analyze any data in the Commissioner's possession, any data gathered pursuant to this chapter, and any other data submitted to the Commissioner. The Commissioner may summarize, aggregate, or otherwise make anonymous the documents, materials, or other information in the possession or control of the department so that any information or data contained in the report shall not be attributable to any specific insurer.

(c) No later than November 1, 2024, the Commissioner shall submit the initial report provided for in subsection (b) of this Code section to the Governor's Office, the House Committee on Insurance, and the Senate Insurance and Labor Committee.

33-66-7.

(a) The Commissioner shall generate a subsequent report in substantially similar form to the initial report provided for in Code Section 33-66-6, and such subsequent report shall include but not be limited to:

(1) Historic and predictive trends based on submitted data;

(2) The effects of any enacted tort reform legislation; and

(3) Any further determinations or recommendations for legislative action.

(b) No later than November 1, 2029. the Commissioner shall submit the subsequent report provided for in subsection (a) of this Code section to the Governor's Office, the House Committee on Insurance, and the Senate Insurance and Labor Committee.

33-66-8.

This chapter shall stand repealed in its entirety on January 1, 2030."

Section 2 of HB 1114 includes details about the following findings and determinations made by the General Assembly:

(a) Frivolous and excessive tort litigation hinders economic growth and job creation and makes goods and services more expensive for all Georgians. Left unchecked, excessive tort claims

and damages that exceed a plaintiffs true injuries create costs for all Georgians. Most significantly, by raising the costs of liability insurance for businesses and everyday individuals, every person or business that purchases insurance in Georgia feels these costs, even if they never cause injury themselves.

(b) Anecdotal evidence indicates that there are insurers exiting the Georgia market and that some insurers have stopped writing new business in Georgia due to the state's civil liability environment. Fostering robust competition is the only guaranteed way to ensure the long-term stability of the insurance market. With fewer insurance options, consumers and businesses are left with limited choices and higher costs.

(c) Insurance is an essential component of the civil justice system. In the vast majority of personal injury actions, the defendant is insured. A healthy and competitive insurance market assures that consumers and businesses have adequate liability protection in case of a lawsuit, and injured plaintiffs can receive just compensation for their injuries caused by the negligent actions or inactions of the insurance policyholder.

(d) Effective tort reform legislation requires a thorough understanding of how insurers assess the risk of tort liability and how that risk is quantified and reflected in insurance premiums. Tort reform legislation should prioritize areas where reforms can stabilize or reduce insured risk without unnecessarily impeding plaintiffs from recovering just compensation for their injuries. This body requires additional data and information to assess which tort reform measures will successfully achieve these goals.

(e) Tort litigation should be primarily compensatory and, unless punitive damages are imposed, should reflect the accurate and full cost of the damages incurred, but not more.

(f) The Department of Insurance collects significant data from insurers in this state already and is best positioned to collect the additional data needed for effective, long-term tort reform legislation that benefits all Georgians.