

Hinshaw's Scott Seaman and Simon Laird of RPC Warn of Risks of US-Style Social Inflation Coming to the UK

In The News | 2 min read

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In a story titled “U.K. insurers warned they could face U.S.-style social inflation,” the *Insurance Post* reported on remarks given at a joint [Hinshaw and RPC seminar](#) in London this week. Quoting Scott Seaman, co-chair of Hinshaw’s global Insurance Services Practice Group, and Simon Laird, global head of insurance at RPC, the story describes how U.K. insurers could soon see their claims costs increase as a result of social inflation similar to that which is challenging carriers in the United States.

Seaman noted that “social inflation is something that affects insurers worldwide, particularly in the U.K., Australia, and Canada, but that’s nothing on what we have in the United States, where because of our civil justice system, social inflation is on steroids.” As an example, Swiss RE has found that the median of the top 50 single-plaintiff bodily injury verdicts in the United States rose from \$28 million in 2014 to \$55 million in 2018.

Seaman further noted that “anti-corporation, anti-insurance sentiment . . . is really at an all-time high, as is a lack of respect and trust for our political, social and courtroom institutions.” This, combined with the rise of litigation funding, means more cases, more claims, and potentially higher claims costs.

Laird said the first thing insurers must do to understand the risk of social inflation is to “understand its drivers and identify the types of claims which need to be kept under careful review for reserve adequacy.”

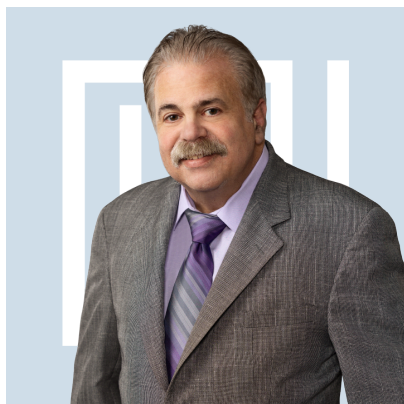
[Read the full article](#) (*subscription required*)

“UK insurers warned they could face U.S.-style social inflation” was published by *Insurance Post*, February 28, 2020.

Seaman, Kevin Burke, Judy Selby, and Pedro Hernandez also recently authored a *Law360* Expert Analysis article titled “The Legal Trends Behind ‘Social Inflation’ in Insurance,” in which they examine the traditional factors responsible for social inflation in the U.S. civil justice system, as well as more recent social factors fueling the phenomenon. They also assess the impact on insurers and the steps they are taking to combat social inflation.

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