HINSHAW

Spencer Kook Analyzes California's Liability Influence in the National Insurance Market

Byline Published in the *Claims Journal* and *Insurance Journal*

In The News | 1 min read
Sep 22, 2026

In a byline he authored for the *Claims Journal* and *Insurance Journal,* Hinshaw partner Spencer Kook explores why California is at the forefront of liability trends, regulatory policies, and legal doctrines that influence the national insurance landscape.

As the largest insurance market in the United States, with nearly 40 million residents and an economy comparable to the world's top five nations, California has historically pioneered broad liability theories. Spencer's article traces this influence from landmark rulings like *Greenman v. Yuba Power Products (1963)* to current wildfire-related market disruptions, emphasizing why claims professionals should closely follow these developments.

Spencer's Takeaways

Social Inflation is Growing

- Litigation trends, shifting jury attitudes, and third-party litigation funding are driving claims costs well beyond general economic inflation, with California consistently among the hardest-hit states.

Nuclear Verdicts are Spreading

- California, Florida, New York, and Texas account for nearly half of all jury awards of $10 million or more, despite representing only about one-third of the US population. Plaintiff strategies refined in these jurisdictions are migrating nationwide.

Regulatory Contagion is Real

- California's regulatory experiments, such as Proposition 103's prior-approval rate system and the California Consumer Privacy Act, have prompted dozens of states to follow suit.

Wildfire Market Dislocation is a National Warning Sign

- The pattern of carrier withdrawal, residual market overload, and regulatory crisis playing out in California signals challenges the broader industry will face as climate risk evolves.

Spencer's Recommendations for Claims Executives

- **Invest in county-level jurisdictional analytics** to capture localized litigation risk.
- **Track tort reform developments** across key states, recognizing that reform is cyclical, not permanent.
- **Prepare for regulatory contagion** as other states look to replicate or avoid California's regulatory choices.
- **Engage proactively on litigation funding transparency** as third-party funding continues to grow.

Spencer concludes, "[W]hat happens in California and these other trendsetting jurisdictions today will define your loss ratios, reserve adequacy, and strategic positioning tomorrow."

Read the full article

- *Claims Journal:* "The Nation's Insurance Laboratory: What Liability Trends in California Mean for the Rest of the Country" (September 11, 2026)
- *Insurance Journal:* "Viewpoint: What Liability Trends in California Mean for the Rest of the Country" (September 11, 2026)

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