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COUNTERING SOCIAL INFLATION PART 4: ADVERTISING, SEO TACTICS, & SOCIAL MEDIA MESSAGING

ABSTRACT
Just as Third-Party Litigation Financing added capacity to the litigation economy, sophisticated marketing strategies effectively fill the demand. However, unlike other key counter-recommendations, this is an opportunity for insurers to fight back immediately and for many, within existing marketing budgets.

Guy Fraker

Thursday, November 21, 2024

Links To Parts 1-3 In this series:
Part 1 Social Inflation as a fully scaled litigation economy.

Part 2 Defining insurance vulnerabilities creating opportunities for disruption

Part 3 Third Party Litigation Funding and Phantom Medical Billing

Upcoming:
Part 5: Will cover the technologies driving the Litigation Economy and counter measures

NEW: Part 6: P&C Insurance 2028 Scenarios and road signs to follow under the Trump Presidency

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A Note Re Catastrophe Losses & The Litigation Economy

For readers who may not know, this effort to reverse engineer and accurately diagnose the growth of the litigation economy began in May of 2020 with Florida's residential dwelling insurance market[1], [2] , [3], [4]. While this series has focused on liability insurance coverages at a national scale, the first 3 years were dedicated to the exploitation of property insurance capital and policyholders, including targeting specific insurers for litigation surges and leveraging catastrophe loss events. The strategies, networking, technologies, and public policies described in this series applies to, if not began with, homeowners' insurance in both Florida and Lousiana. Techniques used to harvest property insurance premiums may have roots in hurricanes but are absolutely being leveraged in all states, particularly those prone to storms and fires, across both personal and commercial lines. Just ask consumers in Iowa, Illinois, California, and Colorado.

Messaging & Marketing The Litigation Economy

For review, the litigation economy (social inflation) operates on a short list of core strategies, each of which can be combatted. The litigation economy runs on four primary drivers.

1. Third Party Litigation Funding: The emergence, and rapidly iterated, expansion of a new business models. TPLF is experiencing exponential growth by exploiting 2 laws that severely inhibit disclosure and discovery. Their target market segments now extend well beyond plaintiff attorneys to include litigation lead gen aggregators and health care providers for example. Thus far, the markets generating the highest returns using the most diverse array of business models include California, Missouri, Florida, Maryland, Louisiana, Georgia and Illinois. [5]

2. A surprisingly complex influence strategy often misunderstood as a marketing plan. Countering this component will require diverting some traditional ad spends in favor of developing an authentic influence strategy. [6],[7]

3. Sophisticated technological capabilities that any insurer can replicate, if not improve upon. Specifically, Machine Learning, Augmented Intelligence, and Natural Language Processing, and SEO Strategies[8],[9]

4. Aggressive talent recruitment strategies, recruiting insurance defense panelist, insurance in-house counsel, and regulatory staff attorneys.

Other attributes often cited when defining Social Inflation, such as the growth of nuclear verdicts, growth among claimants hiring attorneys, increasing claim handling cycle times, and increasing trial rates are outputs from the convergence of these four core strategies.

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[1] Insurance Journal, Florida's Homeowners Market Spiraling Towards Collapse, Guy Fraker
[2] S&P Global Intel, "Litigation costs erode Fla's Insurers' capital, threatens viability", March 2021
[3] The Demotech Difference, Fall 2022, Insurtech VS Insurwreck, pp 22-25, 46-48
[44] The Demotech Difference, Summer, 2022, The Job Facing Legislators, pp 22-25
[5] SwissRe Institute: US litigation funding and social inflation: The rising costs of legal liability, p2
[6] The Geneva Association Social Inflation: Navigating the evolving claims environment, p20
[7] ATRA: Legal Services Advertising in the United States
[8] The Plaintiff Bar Is Winning in AI | Insurance Thought Leadership.pdf, by **Taylor Smith**, **John Burge** MARCH 10, 2024
[9] Milliman: The role of NLP and AI in third-party litigation funding

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> *"The most powerful defenses to litigation exposures are execution of avoidance and mitigation strategies. This begins with loss control. Using data and predictive analytics and leveraging emerging technologies like telematics is useful in developing overall avoidance and mitigation plans of the initial losses." Sedgwick, Winter 2024: Casualty, Auto*

When attorney and public adjuster advertising is discussed at insurance conferences, or the subject of many risk management trade publications, the focus tends to be on the volume or growth of local market spot T.V., radio, and of course billboard ad spends. The goals for this segment in the series include:

1. Provide a broader perspective on the how digital marketing accelerated the disruptive impacts upon P&C insurance, self-insureds, and reinsurers.
2. Introduce how specific technological capabilities are playing an integral role in the success of litigation marketing and results.
3. Recommend strategies for consideration as potential counter measures.

According to a 2022 study by the American Tort Reform Association, Plaintiff firms, and plaintiff lead gen aggregators spent $1.4B on 17M ads in 2021. This represented a $1B increase in ad spend over 2020. However, within these numbers are some very interesting trends. For example, only $97M was spent on national television while $971M was spent on local spot T.V. This represented a $50M decrease in national broadcast media and a $100M increase on local T.V.[10] While these are impressive numbers, they do not come close to telling the whole story. Once again using Morgan and Morgan, for illustrative purposes, is spending big on TV ads, too. Data from the TV advertisement intelligence platform Tunnl shows the firm spent nearly $240 million on television ads in 2023. To put it in context, a 2020 **ILR report** found trial lawyers and lead generators collectively spent about $400 million on TV commercials on an aggregated basis.[11]

Figure 1: Annual Marketing Spend By Channel, On The Map Legal Marketing

As impressive as these figures may seem, they are once again, accounting for approximately 50% of the actual marketing spend. According to legal marketing firm, On The Map, T.V., radio, print, and billboard ads account for roughly 50% of the total spend among legal services firms, putting the annual total industry budget at $2.8B.[12] This aligns with additional ATRA research that Third Party Litigation Funding firms and legal lead gen aggregators represent an additional $1.2B plaintiff spend to the $1.4B cited. This leads to an important question. If $1.4B is 50% of the actual spend, how is the other 50% being spent?

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[10] ATRA: **Legal Services Advertising in the United States 2017-2021**

[11] The Institute For Legal Reform: Lawyers Near Me: The Scoop Behind Trial Lawyer Advertising

[12] On The Map Legal Marketing, The Current State of Legal Marketing: Statistics 2024

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A simplified illustrative claim cycle highlighting key strategic opportunities for Social Media, marketing, & communications intervention of Social Inflation. The goals are to delay lag times, mitigate atty rep rates prior to first notice of loss (FNOL), mitigate against atty rep rates post submission, improve settlement times, mitigate against growing trial rates.

Messaging, digital content, social media, & marketing to both PH and non-PH; educational messaging.
Goal: minimize lag time, educate, reduce atty rep rates pre-FNOL

Messaging, PH tools, QOB, data, reporting instructions, augmented Intelligence, data capture, analytics.
Goal: Reduce Atty Rep Rates,

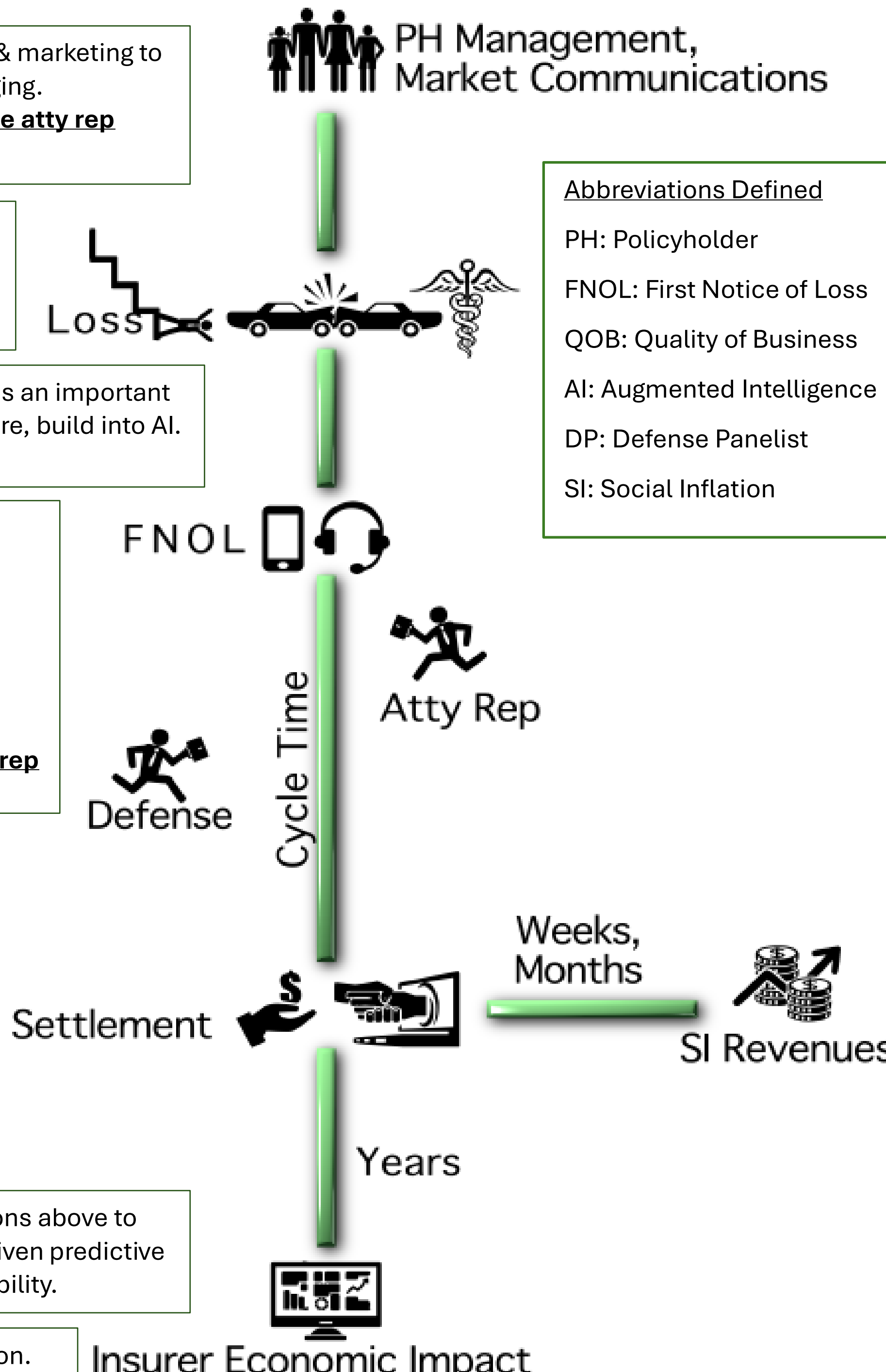
Messaging: Time between loss and FNOL is an important metric: Analyze historic experience, capture, build into AI.
Goal: Minimize Lag Time

AI Engine to analyze FNOL:
Use structured & unstructured data with historic internal claim data to apply AI predictive scoring re settlement recommendations, **PH & Claimant Communications,** Defense Panel file matching, settlement predictions.
Goal: Reduce Liability claim cost & atty rep rates.

AI Engine for Liability Claims:
Use historic atty rep claim data with AI predictive tool: DP evaluation & selections, Medical billing abuse, assignments to Adjusters & Panelist; Defense trial strategy development;
Drafting PH & Claimant Communications
Goal: Reduce Liability claim cost; Reduce atty rep rates.

Reserving: Use data from recommendations above to provide more actual experience, and AI driven predictive output to mitigate against SI created variability.

Continuous, systematic, product innovation.
Including feedback loop with insureds and claimants



Abbreviations Defined

PH: Policyholder

FNOL: First Notice of Loss

QOB: Quality of Business

AI: Augmented Intelligence

DP: Defense Panelist

SI: Social Inflation

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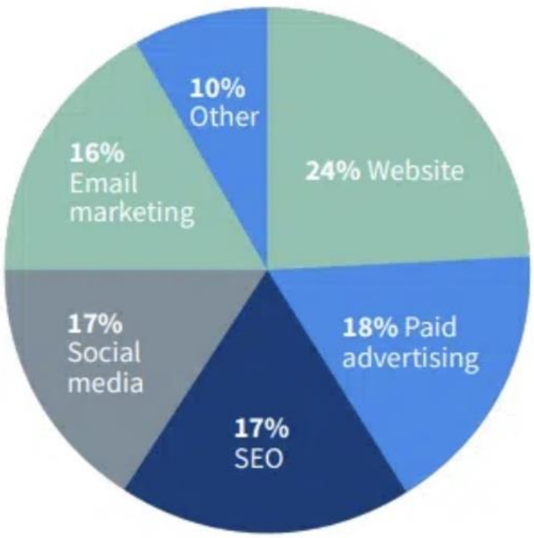
Notably, podcasts and online marketing are categorized distinctly. The online marketing is further broken down in Figure 2.

Figure 2 Legal Services Online Marketing Spend 2023[13]



Two areas within this spend deserve a deeper examination: Social Media and Search Engine Optimization (SEO). Keep in mind, recent data from one lead gen conversion firm, CallRail, 83% of firms hire professional marketing firms and social media content developers.[14]

Online Lead Generation	Lead Source
Organic social media	84%
Search engines	42%
Professional directories	41%
Online review sites	33%
Owned content	18%
Online text or display	13%
Internet articles, blogs	10%
Podcast advertisements	7%

Table 1: Source of converted leads. Source- CallRail

Among the most significant capabilities developed within the litigation economy is the convergence of social media strategies, content development, virtual assistants, augmented intelligence, natural language processing, and offline lead conversion processes. As these lead conversion numbers indicate, the conversion cost per lead is most efficient utilizing social media and SEO tactics.

These are highly effective marketing strategies that have successfully remained largely under the radar. Pulling case file data from hundreds of thousands of case files client profiles, insurer profiles, loss profiles have been developed. These profiles are then continuously iterated in real time. These profiles generate behavioral results which become inputs used to develop and execute social media content and search algorithms that resonate with potential claimants. With this level of sophistication, what is labeled as marketing has become a highly effective influence strategy. Next, a closer look at SEO tactics.

According to aggregated data, an average plaintiff firm will spend $150,000 on their SEO strategy per year. Plaintiff firms with 10 to 25 attorneys spend between $5,000 and $50,000 per month on Ad Words, social media, and on-line content. Finally, Third Party Litigation funders and third-party lead aggregators spent an estimated additional $1B in advertising in 2022 to recruit claimants and influence potential jury pools. This additional spend is rarely included in the analysis of attorney advertising despite accounting for a 100% increase in total marketing. [15]

The primary goal of the digital strategy is recruiting new claimants, even hi-jack efforts to communicate with their insurer. Once a claimant runs a search following a loss, one in two will call one of the top 5 plaintiff firms (think above the fold, or screen 1). From these calls, one in ten will have a case. This translates into 1 case per 20 clicks at a cost of $600 per personal injury case, $400 per vehicle accident, and $70 per dog bite. These figures reflect much more than the relatively significant ROI on ad spends of this volume. They reflect clarity of purpose, definitive benchmarks for goal setting.

Certain technological capabilities are at the core of opportunistic social inflation practices, including traditional, digital, and social media marketing and client on-boarding. The final segment in this series is dedicated to these technological capabilities. These same technologies are also core to insurer counter measures. Therefore, a brief set of definitions will get us started.

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13 13 On The Map Legal Marketing, The Current State of Legal Marketing: Statistics 2024
14 The 2022 Marketing Outlook for Law Firms, CallRail
15 https://instituteforlegalreform.com/blog/lawyers-near-me-the-scoop-behind-trial-lawyer-advertising/

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Augmented Intelligence (AI): Augmented intelligence is a design pattern for a human-centered partnership model of people and artificial intelligence working together to enhance cognitive performance, including learning, decision making and new experiences.

Machine Learning: Machine learning (ML) is a branch of artificial intelligence (AI) and computer science that focuses on the using data and algorithms to enable AI to imitate the way that humans learn, gradually improving its accuracy.

Structured and Unstructured Data: Structured data is data that fits neatly into data tables and includes discrete data types such as numbers, short text, and dates. Unstructured data doesn't fit neatly into a data table because its size or nature: for example, audio and video files and large text documents.

Predictive Analytics: A branch of advanced analytics that makes predictions about future outcomes using historical data combined with statistical modeling, data mining techniques and machine learning.

Natural Language Processing (NLP): A machine learning technology that gives computers the ability to interpret, manipulate, and comprehend human language. This allows existing structured and unstructured data to be read, interpreted, and fed into current and predictive analytics regardless of format.

One output of Morgan's technological development efforts is an extremely sophisticated marketing expansion into SEO capabilities leveraging Google Ad Words, which is an extremely nimble model for growth. In February of 2024, The Institute For Legal Reform reported Morgan & Morgan, spent $40.3 million on digital ads in 2023 up by 47% over 2022.[16] Morgan acquires as many as 360,000 keywords monthly spending between $750K and $1.5M. Litify's advanced algorithms update in real time based on millions of litigation case files managed on behalf of client plaintiff firms throughout the country. One application for this AI engine is to inform Keyword selection. This same service is then fed back to client firms. By employing both "white hat" and "black hat" SEO tactics to secure targeted higher rankings. For context, Morgan's volume and spend of key words exceeds that of McDonalds, Costco, and Starbucks combined.

In a recent podcast, John Morgan hinted at the next phase of artificial intelligence development. A digital offering will connect litigation lead gen firms, potential claimants, and plaintiff firms via an artificial intelligence-based client intake process resulting in an immediate vetting of the potential case and if accepted distribution to participating law firms/lawyers. Please note, what may not be explicitly shown in the diagram is the two-way direction of the data. Upon closure of each litigated exposure among client law firms, the data is fed back into the system, thus making the entire capability continuously iterated in near instantaneously. Keep in mind, from a counter-measure perspective, a defense version of this system can be improved upon due to the availability of internal insurer specific data. Finally, output from such a capability also feeds marketing and communications outputs.

Examples of detrimental practices enabled by these technologies include:
- Serial Litigants: Mining data from cases identifies litigants with disabilities who have successfully won damages by suing small and medium businesses for failing to meet accessibility requirements mandated by Americans with Disabilities Act. This yields a pool of potential litigants and business profiles which can be recruited to initiate repetitive suits.
- Litigation Tourism: Grouping profiles of serial litigants and enabling transportation into neighboring states. With TPLF funding, temporary housing can even be arranged given the lack of disclosure requirements.

Figure 3 is a high-level graphical representation of these applications combined in a single process use by both plaintiff growth platforms as well as a select minority of insurer defense management providers.

[16] The Institute For Legal Reform: Lawyers Near Me: The Scoop Behind Trial Lawyer Advertising

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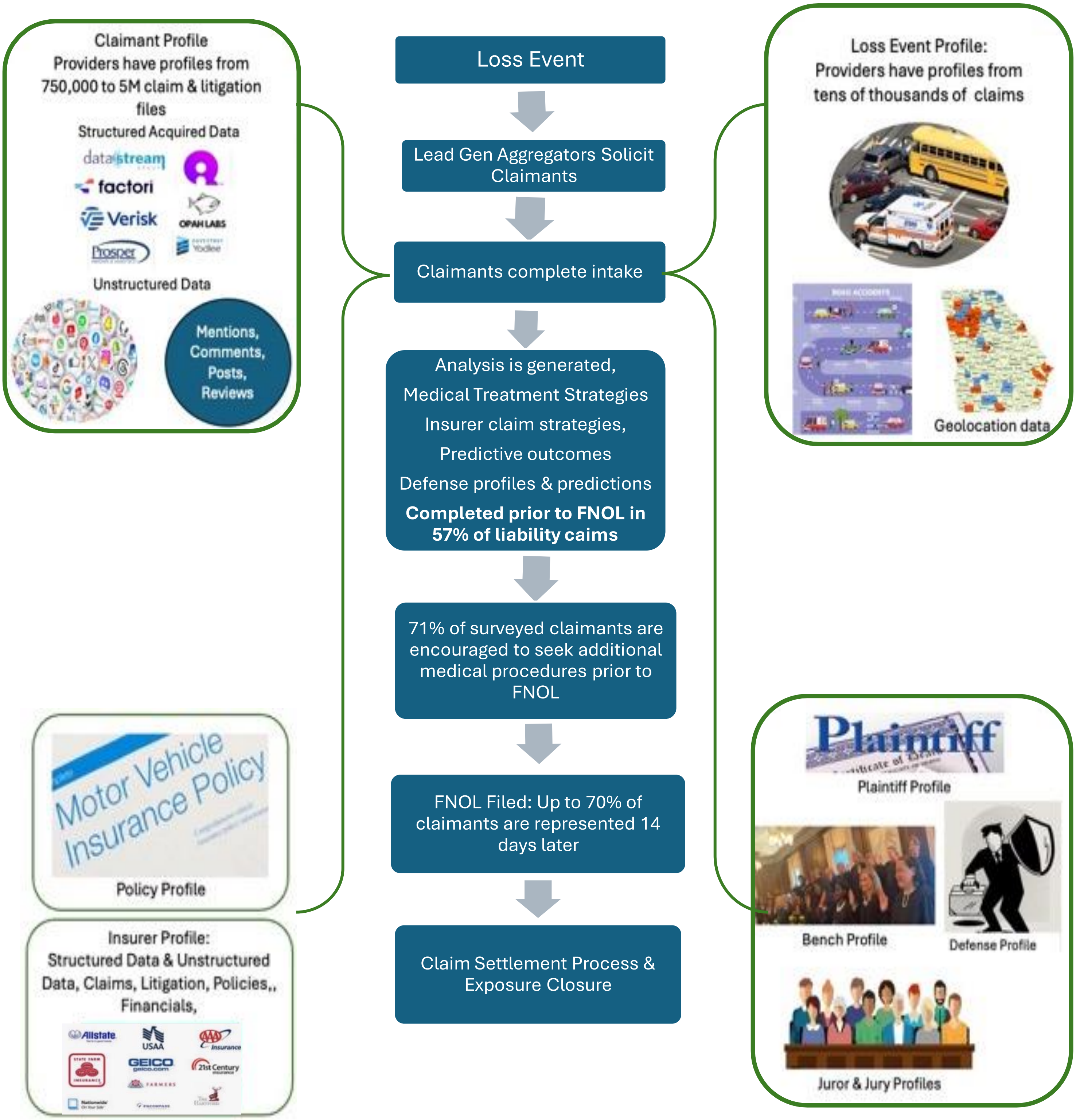

Figure 3: Illustrative example showing the convergence of AI, ML, and networked data in prevalent use throughout the Litigation Economy

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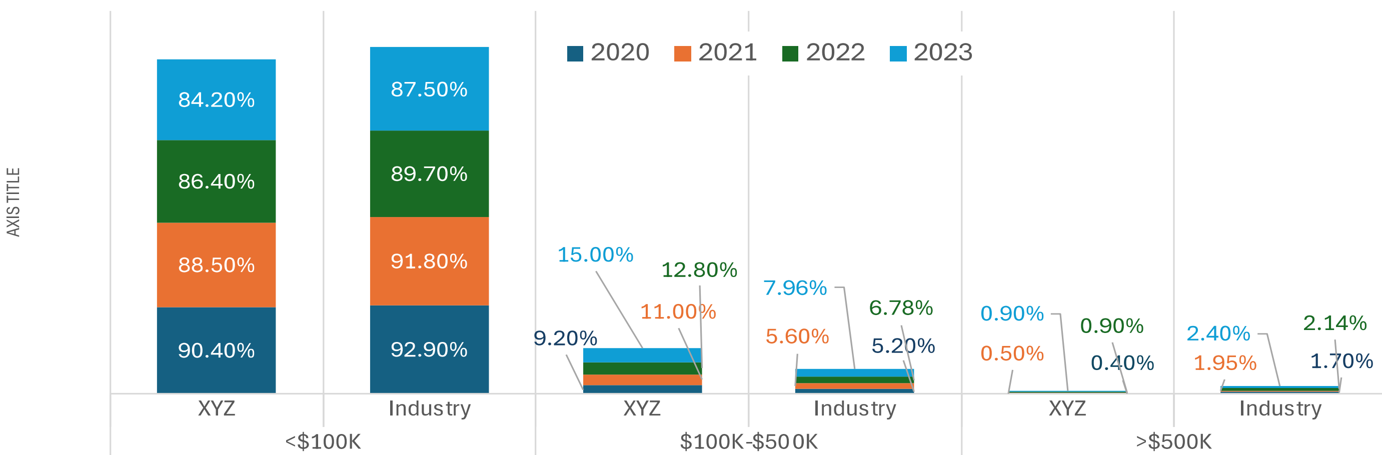
Peeling back yet another layer, growth among liability claims represented by an attorney lends clarity to trends in growth of claim damages. Further clarity comes from breaking down liability claim attorney rep rates by line of business and coverage limits.



	<$100K XYZ	<$100K Industry	$100K-$500K XYZ	$100K-$500K Industry	>$500K XYZ	>$500K Industry
2023	84.20%	87.50%	15.00%	7.96%	0.90%	2.40%
2022	86.40%	89.70%	12.80%	6.78%	0.90%	2.14%
2021	88.50%	91.80%	11.00%	5.60%	0.50%	1.95%
2020	90.40%	92.90%	9.20%	5.20%	0.40%	1.70%

DISTRIBUTION OF CLAIMS BY LOSS SIZE

Table 2: Distribution of Claims By Size Of Loss

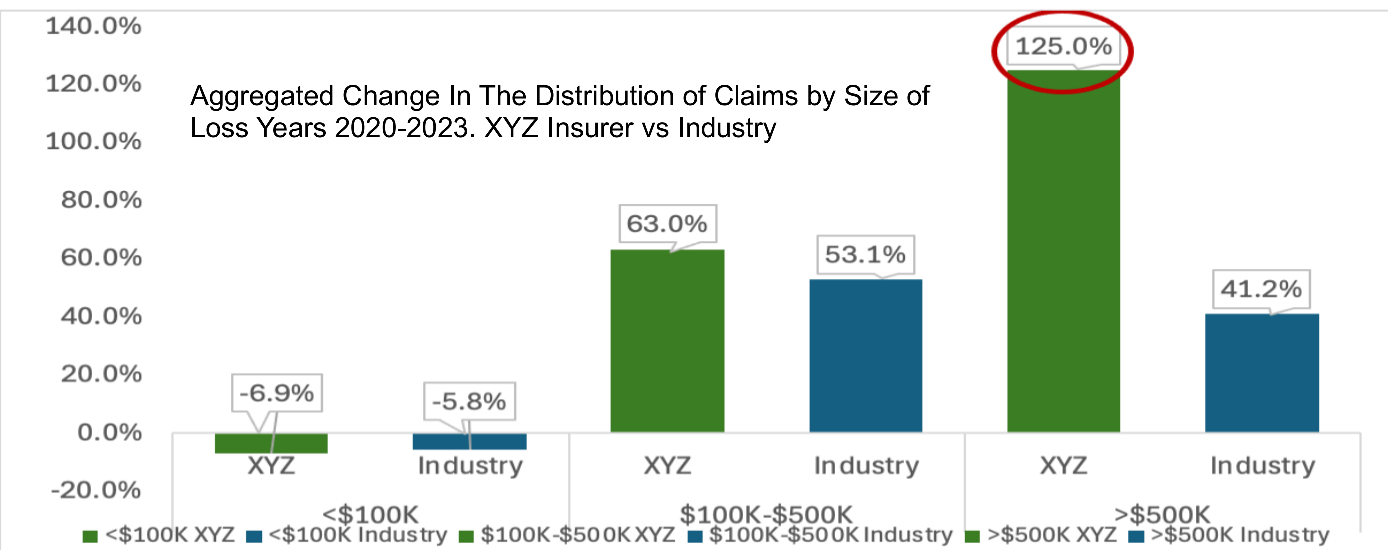


Table 2 Cumulative Change In Auto Claims By Loss Size

Growth of claims involving attorneys, and the exponentially higher total claim costs per file point to the need to track claims in real time while employing technological tools to mitigate these rising costs. Table 4 provides the percentage of personal lines liability claims involving plaintiff representation at the first notice of loss (FNOL). However, a significant variance in reported percentages of claims involving attorney representation reported across

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the industry highlights the challenge of capturing cohesive industry data within the insurance market. For example, Sedgwick's Winter 2024 report cites auto insurance atty rep rates in new claims of "57% of the new Auto Liability (AU) claims that become litigated have representation in place within 24 hours of first notice, and three-fourths of all new AU claims that become litigated have representation in place within 14 days."[17]

Attorney represented claims on an industry wide basis is also creating growth of trial rates from 1.5% in 2022 to 3.3% in 2023. Additional Milliman Research found attorney involvement beginning in 2021 also correlates to increasing settlement cycle times, growth of lag times, growth in medical treatment billings, and a 6% annual compounding growth in final settlements. This illustrative set of comparisons are provided as just one example of how insurers can begin to peel back various layers of vulnerabilities and/or ongoing exploitation.

PL Auto Liability Claims with Atty Rep At FNOL		
Year	PL Auto Liability Claims	Claim Cost
2015	24.9%	$ 106,773
2016	27.3%	$ 110,407
2017	27.3%	$ 123,777
2018	28.3%	$ 124,237
2019	29.9%	$ 133,969
2020	35.6%	$ 144,463
2021	43.2%	$ 145,323
2022	49.3%	$ 162,559
2023	56.0%	$ 191,150
Source APCIA		

Table 4: APCIA Changes in Liability Claims with Atty Representation from 2015-2023

Recommended Counter Measures

As for insurers, Property Casualty 360, citing Compermedia and Insider Intelligence, carriers are forecasted to spend $15B in just digital marketing in 2024.[18] Carrier Management[19] published numbers from AM Best, identifying an additional $8.1B spend on traditional media advertising in 2021 by the U.S. property insurers. As much as plaintiff firms, claimant aggregators and other third-party litigation funders are spending, they are still dwarfed by the property insurance industry. This raises the question, where is the disconnect? The answer is one of diverging strategies. Carriers need to rethink social media and advertising strategies.

Social inflation opportunist strategies and digital media spends come from thousands of varied and relatively small businesses (plaintiffs, physicians) spanning the entire array of the insurance ecosystem. And yet their messaging is hyper aligned, focused, concise, with very well-crafted digital content and influence strategies. However, the core messaging about the consumer benefits from being protected against insurers that is simply not evidence based, if not outright misleading.

As for the insurance industry, marketing spends are dedicated to individual brand recognition, hold a lighthearted appeal, and are designed to motivate a buying experience. The digital presence for many insurers is also geared towards facilitating product acquisitions as well customer service transactions. However, the consumer's recent prioritization of inflation concerns during this election cycle may well represent opportunities to improve the rate of claims involving attorneys by modifying their existing marketing strategies.

The Insurance Research Council (IRC) has completed many extensive studies on the attorney involvement in property and liability insurance claims. One recent report focused on public attitudes related to the role of attorneys in auto insurance claims.[20] Their results highlight a growth in consumer beliefs that attorney advertising is driving an excessive volume of personal injury lawsuits. 46% of the participants believe attorney advertising is behind the rising cost of insurance, with another 23% undecided. Additionally, the research also highlighted that younger consumers are more likely to view attorney involvement favorably.

[17] Auto Report (Winter 2024) | Sedgwick.pdf,
[18] Property Casualty360: 10 Insurance Marketing Stats to keep in mind as 2024 rolls on
[19] Carrier Management: Insurers' Advertising Spending in Reverse, January 18, 2024
[20] IRC: **Public Attitudes on Litigation Trends and the Role of Attorneys in Auto Insurance Claims**

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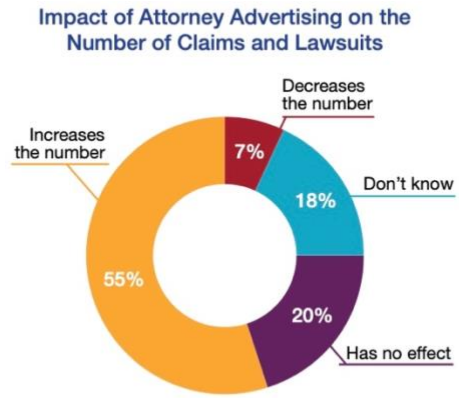

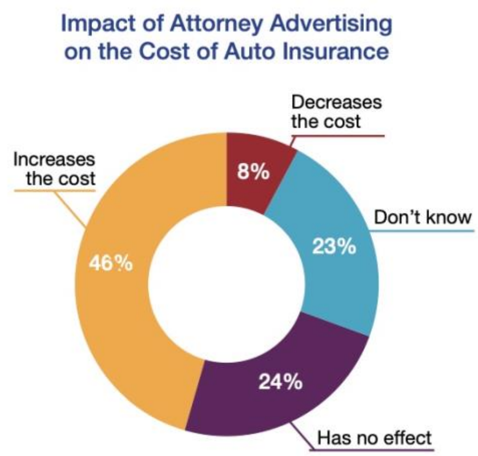

Surveying more than 1500 consumers, IRC found, "*67 percent said advertising by attorneys increases the number of liability claims and lawsuits, and 59 percent said it increases the cost of insurance."* The pace and volume of personal and commercial lines rate increases from 2021-2024 will generate consumer reactions beyond cutting coverages and shopping carriers. The industry needs to elevate the narrative about the causes as a mitigation strategy against increased attorney involvement in claims and growth of fraud. Why not embrace the premium increases without apology by being much more strategic across traditional and digital mediums?

- Consumers see more attorney advertising and believe it increases the number of liability claims and lawsuits.
- Consumers generally expect insurers to settle auto insurance claims fairly and quickly.
- One in four say they would hire an attorney before contacting an insurer.
- The views of many consumers about the benefits of hiring attorneys conflicts with evidence from claims-based research.
- Most Americans believe there are too many personal injury lawsuits.
- Significant generational differences exist on these topics, with younger respondents view attorney involvement and litigation more favorably.
- The public's level of understanding suggests some educational opportunities for those seeking to address costs in the insurance system. (IRC 2022 Public Attitudes on Litigation in Auto Claims[21])

These findings align with consumer research published in a Tripple-I Issues Brief: "Legal System Abuse: State of the Risk"[22]

- 50% agree attorney advertising has increased.
- 59% agree attorney advertising increases the cost of insurance.
- 57% agree the number of personal injury lawsuits are too high.

What consumers do not know is according to the IRC, Sedgewick, The Geneva Association, and the APCIA, is that attorney involvement negatively impacts settlement dollars paid to actual plaintiffs. Claimants who hire attorneys receive less than claimants who do not, even with comparable injuries. The estimations of affected benefits vary by source, line of insurance, involvement of third-party litigation funding and policy limits. That said, damages redistributed by plaintiffs to their legal expenses ranges from 27% to 47%.

Commercial liability claimants, including vehicle insurance, seeking damages from policies with limits over $500K, who have hired representation using litigation funding tend to receive 53% in net damages. Personal lines vehicle liability claimants seeking attorney representation on policy limits from $100K to $500K typically receive 27% less in damages than claimants who do not seek representation. The Institute For Legal Reform, puts these claimant legal expenses in another context. For liability claims, claimants' legal costs exceed insurer's ALE expense by 33% per dispute. Valuable messaging data published by Sedgwick:

- 65% of Americans are unaware of the impact that plaintiffs' bar tactics have on their household costs, estimated to be $3,621 per household.
- 59% of people are unaware of third-party litigation funding.
- 88% believe there should be transparency and disclosure of third-party financial stake in lawsuits.

[21] Public Attitudes on Litigation Trends and the Roles of Attorneys in Auto Insurance Claims, IRC 2022
[22] Tripple-I Issues Brief: "Legal System Abuse: State of the Risk", Feb. 2024

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Not only do liability claimants represented by attorneys receive fewer dollars, but the time required to receive the damages is substantially longer. According to a Millman study, commercial vehicle liability claims less than $25K, settled without attorney representation, require less than 170 days. Conversely, similar claims that include attorney representation require 577 days[23]. Claims up to $100K have a cycle time just under 500 days while attorney representation took these claims over 800 days.
Please note, personal lines liability coverage limits post substantially shorter claim cycle times than commercial lines per Swiss Re, the Geneva Association, and III. However, the relative difference between claimants settling directly with insurers verses those who choose attorney representation is consistent with Millman's Commercial vehicle study.

> More attorneys advertising their services has led to more legal involvement in some types of claims, an increase in claim frequency and the expectation of larger settlements. Attorneys are using social media and analytics to not only reach more potential clients, but also uncover potential pro-plaintiff jury members.

Consider these examples of claimant feedback posted as comments following a blog post on Enjuris titled, "*Do Not Disturb: Why you should ignore attorneys who call you after an accident.*" Names have been reduced to initials only for privacy purposes.

> "I was involved in an accident a few days ago, and today I received a call from some law firm, I don't even have some of the information he referenced. It's not bad enough that I am still shaken up but now I have to monitor my calls for these lawyers." I. P.

> "My 17-year-old son was involved in a minor accident and rear ended another vehicle. My son received a letter via Certified Mail and standard mail from a lawyer claiming to represent the other driver stating that he did not provide insurance information to the responding officer. I checked the police report, and it clearly shows the insurance information. I am surprised that they can contact a minor and provide false information to collect information." N.R.

> "I was in a minor accident yesterday and less than 24 hours later I received a phone call from an accident victim attorney. I asked how he got my number... he said from an accident victim database. This is scary." C.W.

What is the industry's communication, education and/or advertising strategy for those who are injured, or have property damaged, by another party? When insured's call to inquire about a claim involving another company, are they being educated as to why working through the claim with the insurers is the best way to proceed?

Insurers would be well served to complete the analysis required to devise two influence strategies. One strategy would focus on existing policyholders, the second focusing on potential claimants. Specifically, claim lag times need targeting to reduce both attorney involvement, and reduce the impact of phantom billing from attorney encouraged treatments, prior to claim submission. The goals for each strategy could be divided into educational and to influence behaviors. Leveraging social media platforms, such as Reddit Threads, AI & NLP in social media strategies, with digital assistants for real time two-way communications would provide real-time tracking enabling continuous iteration, improved receptivity and participant growth.

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[23] Analysis of Attorney Involvement - US Comm Auto Liability 2022 01 07.pdf

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In closing, Sedgwick described the need for strategic engagement with policyholders and claimants in a May 2024 study:

"Advocacy principles can also help reduce claims litigation. Timely communications that promote an understanding of the claim process are invaluable. Additionally, utilization of predictive modeling to identify claims likely to become litigated can help streamline workflow and foster appropriate and timely resolution." [24]

Conclusion

During 2019 and 2020 Social inflation was reinvented into a nationwide litigation economy. The primary drivers are an extensive adoption of advanced analytics, AI, ML, litigation capacity expansion via TPLF, sophisticated influence campaigns targeting both potential claimants and future jury pools. These practices have been significantly enabled by a lack of TPLF regulations, restrictive collateral source rules, and insurance industry attributes. Unprecedented rate increases are being attributed to pricing stability. However, this will prove temporary in nature and is a solution set being exploited within the litigation economy's influence strategies to recruit claimants and influence potential jury pools.

To use a medical analogy, treating causes vs symptoms requires fighting fire with fire. Specifically, strategies that include adopting comparable technological capabilities (covered in the last segment), modifying marketing plans to include educational & influence strategies, and embracing systematic product innovation can combat the exploitation of insurer capital and policyholder premiums. Think of litigation economy practices as targeting specific phases in the lifecycle of a typical loss event found on page 3. Vulnerabilities being exploited first and most significantly are in the lag time, followed by cycle times, accountability for settlement delays. The first step for any insurer is to engage in examining diagnostic metrics to assess relative impact and thus urgency

About Guy Fraker, and BAF Insurance Innovation Advisory

BAF Advisory, previously cre8tfutures, LLC has been working with insurers, early-stage companies, and lawmakers to convert complex scaled challenges into profitable opportunities for over a decade. Successes have been achieved establishing systematic and consistent innovation practices to discover and scale opportunities. Success has equally been achieved working with insurers, stuck midstream while attempting to either discover growth and/or problem-solving solutions. Working across intrapreneurs, entrepreneurs, regulators and legislative bodies, significant capital and new revenues have benefited both insurers and scaled markets. Social Inflation factors will continue to challenge the fundamental building blocks of the insurance business model. However, and hear this with confidence, SI trends and influences also hold significant opportunities for insurers to preserve, to grow, capital and profitable revenue streams.

[24] Sedgwick: Social inflation: strategies to dampen, May 13, 2024