SYNOPSIS

TORT TEMPERATURE IMPACTS ON PERSONAL INJURY CLAIMS – IMPROVING ON LOOKING OUT THE BACK WINDOW
Angela Poon and Jessie Wang

Key words: Tort Temperature, Superimposed Inflation, personal injury, litigation, legal environment

Purpose of your poster: The litigation environment or the “Tort Temperature” is a key structural driver of personal injury liability claims. We aim to identify what has changed in the environment and how this will impact on the pricing, reserving and profits of an insurer.

Synopsis: At the 2012 General Insurance Seminar, we considered the impact of the litigation environment, or the “Tort Temperature”, on personal injury liability claims costs. It is an important risk factor for insurers writing liability policies where claims are often decided by legal action.

Numerical methods of estimating superimposed inflation are inevitably backward looking and we proposed a framework for gauging the current Tort Temperature. This framework can then be integrated into the pricing, reserving, strategies, and other areas of a general insurer.

This poster will look at how the Tort Temperature has changed since 2012 and what insurers can do to apply the Tort Temperature framework to their business.