5 LIABILITY RISK TRENDS: 2020 AND BEYOND

The range of exposures facing corporates, as well as subsequent loss and claims scenarios, have increased significantly in recent years with rising court costs, disruptive recalls, political violence and environmental issues impacting businesses – all in the face of a challenging global pandemic. **Allianz Global Corporate & Specialty (AGCS)** experts highlight five trends which may impact risk managers and their broker partners, and provide a reflection of the current state of the liability insurance market.

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5 LIABILITY RISK TRENDS TO WATCH

1 DRIVERS OF US SOCIAL INFLATION LIKE LITIGATION FUNDING AND CLASS ACTIONS CHALLENGING BUSINESSES AND MOVING INTO NEW JURISDICTIONS

'Social inflation' describes rising insurance losses due to the growing emergence of litigation funders, higher jury awards, more liberal workers' compensation claims, legislated compensation increases and new tort and negligence concepts – a phenomenon especially prevalent in the US which is now growing globally. Consumer-facing industries, such as retail, healthcare, automotive, insurance, pharmaceutical, and financial services, are often the most impacted by this trend but many other industries are increasingly susceptible.

In the US in 2019, there were 74 settlements totaling $2bn and four mega settlements greater than $100mn, representing 45% of all settlement dollars (but only 5% of all cases)[1]. Median case amounts increased around $1mn to $1.5mn per year from 2001 to 2014, swelling to between $2 and $2.5mn per year from 2015 to 2017, and finally up to almost $4mn per year for 2018 and 2019[2].

The median settlement amount of the top 50 US verdicts from 2014 to 2018 nearly doubled from $28mn to $54mn[3], although a few verdicts topped $1bn – for example, the $2bn verdict (later reduced to $87mn) against Monsanto's 'Round Up' product for alleged exposure to carcinogens leading to Non-Hodgkins lymphoma[4], and the $8bn settlement (later reduced to $6.8mn) against the Johnson & Johnson (J&J) antipsychotic drug, 'Risperdal', for unwanted side effects like breast growth in adolescent males[5]. Although these verdicts were slashed, Monsanto's parent company, Bayer, and J&J have also been involved in other billion dollar settlements.

As social inflation is a jury-driven phenomenon, it is rare in Canada, since civil trials of personal injury actions seldom proceed to jury. Where Canadian companies may be impacted by social inflation is in cross-border claims from the US, in which a company targeted in the US sees its Canadian affiliate also named in the lawsuit, an activity that is increasing[6] – 2019 saw 14 cases, four more than 2018, and just one less than the top year of 2011[7].

At the same time, there has been a step change in Europe's litigation industry. Litigation funders, who first rose to prominence in Australia and are already prevalent in North America, are combining with new collective action options, and forming a growing trend of collective redress. The net result is

1 Cornerstone Research, Securities class action settlements – 2019 Review and analysis, 2020
2 Insurance Journal, How COVID-19 court lock-downs may turn the social inflation tide, June 2, 2020
3 Willis Towers Watson, Insurance marketplace realities 2020: How long will it last? 2019
4 Wall Street Journal, Roundup verdict cut to $87 million from $2 billion, July 25, 2019
5 Reuters, Judge slashes $8 billion Risperdal award against Johnson & Johnson to $6.8 million, January 17, 2020
6 AGCS, Collective actions and litigation funding and the impact on securities claims: A global snapshot, July 2020
7 NERA Economic Consulting, Trends in Canadian class actions: 2019 Update: Cannabis litigation leads to new highs, March 19, 2020

“THE INCREASING SOPHISTICATION OF THE PLAINTIFFS’ BAR, INCLUDING EXPANDED USE OF JURY CONSULTANTS AND PSYCHOLOGISTS, HAS INFLUENCED THE SIZE OF SETTLEMENTS”

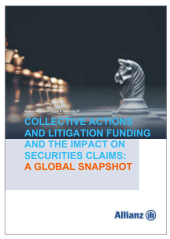
increased liability exposure for companies as the hurdles for European consumers to embark on this type of action are lowered. There has also been notable litigation funding growth elsewhere, such as in Saudi Arabia and South Africa.

“We see an uptick in the value of product liability claims that can result in payments that are astronomical compared to what they were before litigation funding was widespread,” says **Larry Crotser, Regional Head of Key Case Management, North America, at AGCS**.

The increasing sophistication of the plaintiffs’ bar, including expanded use of jury consultants and psychologists specializing in group dynamics, has influenced the size of the settlements that juries are willing to award, says Crotser.

In the wake of the coronavirus pandemic, court closures and the uncertainty of reopening is impacting the legal environment. With attorneys working and conducting depositions remotely, the legal process has become more complex and slower. Plaintiffs realize that, even if their case makes it to court, it could be two years or more before it’s tried before a jury. Others worry that jury trials won’t be feasible as long as social distancing rules apply.

“At the time of writing, we have seen no blockbuster personal injury trials since the beginning of March, and firm trial dates have been pushed out to 2021 in many cases, so we don’t yet know whether coronavirus will stem the tide of social inflation,” says Crotser. “It could be that plaintiffs realize that when courts reconvene and some jurors are out of work or have been laid-off they won’t be as prone to return outlandish awards. As a result, plaintiffs might be much more willing than before to settle outside of court – we do see the beginnings of a trend in that direction.”



↘ Download the AGCS report: Collective Actions And Litigation Funding And The Impact On Securities Claims

2 RISING AUTOMOTIVE REPAIR AND RECALL COSTS DRIVE HIGHER LIABILITY CLAIMS, AS SUPPLY CHAIN COMPLEXITY DEEPENS

The US National Highway Traffic Safety Administration (NHTSA) administered close to 1,000 safety recalls affecting well over 50 million vehicles in 2019. Although this represents a slight decline in the number of recalls year-on-year, it still represents an average of more than two recalls every day in 2019. In addition, around 20 million more vehicles were impacted.

2019 also saw high numbers of recalls across Europe. A dramatic spike of 75% meant there were 158 automotive recalls in the first quarter of 2019 – the highest total in the history of Safety Gate, the EU's Rapid Alert System for dangerous non-food products. In total, the volume of motor vehicle recall alerts across the EU reached 475 for the year – the highest figure for a single year in the 2010s and a significant 11% increase over 2018 (428)[8].

Of the 966 recalls in the US in 2019, 907 were initiated by the automaker and 57 were NHTSA-recommended recalls – attesting to a recent continued safety-focus trend on the part of original equipment manufacturers (OEMs). This trend of voluntary or first-party recalls is a major driver in the increasing costs of claims from auto recall. Analysis of almost 400 product recall claims over five years shows that the automotive sector is the most impacted by recalls, accounting for over 70% of the value of all losses.

↘ Download the AGCS report: Product Recall – Managing The Impact Of The New Risk Landscape

"Automobiles are more complex than ever and complexity increases costs," says **Daphne Ricken, Senior Liability Underwriter at AGCS**. "In the past, you could just adjust or switch out a part, but now you have to recalibrate the vehicle's technology and sensors so that the part will work, while potentially spending more on the part itself. All of this increases auto claim and recall costs. In addition, there are many more parts that go into making an average automobile today – as many as 30,000."

Many suppliers in the auto sector are specialized – diversification into other industries is rare. Top suppliers only serve the automotive industry, meaning they serve multiple automobile manufacturers. Other suppliers make parts that wind up in automobiles but do not sell directly to the manufacturer and work with non-automotive manufacturers, as well. Further down the chain, are providers of raw materials to all tiers in the supply chain, as well as to OEMs. This supply chain complexity makes automotive manufacturing especially volatile to change or disruption, adds Ricken.

In many cases, components can be produced by one of a handful of suppliers, that services the entire industry, which can make it prone to accumulation risks – as a result, automotive product recalls have become larger and more costly over time. For example, an airbag or an engine that can be used in various brands of vehicles could be recalled due to a defect, affecting many companies and models. The Takata airbag recall – the largest and most complex in the automotive industry's history – affected some 60 to 70 million units worldwide, 19 different automakers from 2002 to 2015 and reportedly injured more than 300 passengers and led to the deaths of more than 20[9]. Costs have been estimated at up to $24bn[10].

The increasing complexity of technology is another significant driver of industry losses, due to factors such as increased time and labor rates to make repairs, more specialized training for mechanics and other repairers, and the increasing prices of parts. Routine advances that were cutting-edge only a few years ago are now commonplace – like backup cameras, curb sensors, GPS navigation and anti-lock brakes. All of these increase driver convenience and safety – but also costs and claims. For example, vehicle repairs cost around 60% more in 2017 than they did in 2000[11].

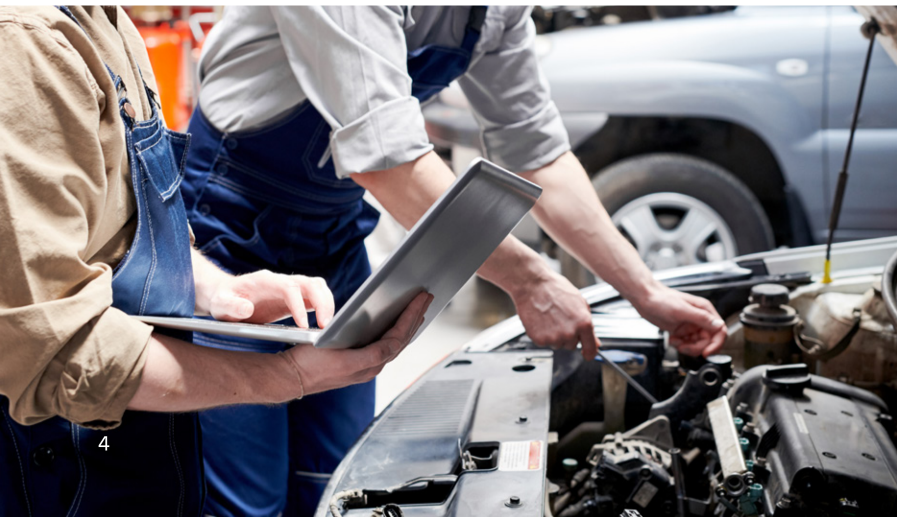
"Over the past few years we have seen more frequent, severe and costly claims, causing us to review our risk appetite," says **Kristel de Jonghe, Global Practice Group Leader Heavy Industries at AGCS**. "This is a long-tail line of business and, as it evolves, we will continue to work with customers to offer solutions they need which are within our risk appetite."

8 Stericycle Expert Solutions, 2019 sees 11% surge in recalls for motor vehicles across the EU

9 Consumer Reports, Takata airbag recall: Everything you need to know, March 29, 2020

10 Bloomberg, Takata puts worst-case airbag recall costs at $24 billion, March 30, 2016

11 Forbes, Soaring cost of parts means your car is more likely to be totaled in an accident, February 15, 2018



3 PANDEMIC CHALLENGES MANUFACTURERS TO AVOID COSTLY FOOD SAFETY RISKS AND RECALLS

Overall, the number of food recalls has risen over recent years, with the exception of a decline in incidents through the coronavirus outbreak. Such recalls can be a costly business. The resulting disruption in operations while managing the recall, the direct cost of recalling stock and the indirect costs caused by the knock-on effects, such as reputational damage, can result in significant long-term financial losses for a company from loss of sales.

The average cost of a recall to a food company is around $10mn in direct costs including brand damage, lost sales, response team set-up, press activities and other fixed costs[12], according to a joint US-based study by Food Marketing Institute and the Grocery Manufacturers Association (GMA). Analysis of product recall insurance claims in the food and beverage sector by AGCS shows a similar experience with the cost of the average large claim around $9.5mn (€8mn).

"Product recalls are increasing in both the US and the UK – 58% of companies have been impacted by food recalls, according to one report[13] – but also elsewhere in the world due to factors like just-in-time global manufacturing in which recalls can rapidly go global, fewer suppliers and complex supply chains which increase food safety risks if one supplier has a contamination issue, improved technology which allows for better traceability and pathogen detection and stricter regulatory enforcement globally. Social media can also exacerbate product recalls if it is not well managed and can be used as an outlet for disgruntled groups," says **Stewart Eaton, Head of Global Crisis Management, Recall, at AGCS**. "That being said, social media can also be useful in alerting our customers to an issue early on."

"It's important that manufacturers recognize these factors and, especially, that they are diligent about who their suppliers are. As their insurer, we want to know how long they've had a relationship with their suppliers, because they should know what they're doing through regular audits. Time and cost pressures can create a crunch that means corners might get cut all the way down the chain. As pressures rise, quality may fall – and an exposure is born." Eaton counsels companies to test all raw materials to the best of their ability and not to release them into the facility until test results come in.

Due to the coronavirus pandemic, the insurance market has seen increased business interruption (BI) claims where restaurant foodborne illness policies may include explicit cover for contagious disease, which would be sub-limited.

Even though some businesses either closed in response to the outbreak or re-tooled their

"RECALLS HAVE INCREASED DUE TO FACTORS LIKE JUST-IN-TIME GLOBAL MANUFACTURING, FEWER SUPPLIERS AND COMPLEX SUPPLY CHAINS, IMPROVED TRACEABILITY AND STRICTER REGULATION"

12 Willis Towers Watson, Insurance marketplace realities 2020 – Product recall, November 13, 2019

13 Ravenswood Packaging, Rise in food recalls is a costly business, 2020

WHAT'S IN YOUR SHOPPING BASKET?

The food and beverage sector is particularly prone to product recalls and contamination issues. Based on reported insurance claims, here are some of the most potentially dangerous items on your shopping list.

SINGLE CREAM
Recall risk:
bacteria contamination

SWEETS
Recall risk:
plastic in packaging

INFANT MILK
Recall risk:
bacteria contamination

GREEN BEANS
Recall risk:
insect contamination

COOKIES
Recall risk:
bacteria contamination

COCONUT DRINK
Recall risk:
lack of sterilization

BREAD
Recall risk:
glass in packaging

BAGGED SALAD
Recall risk:
undeclared allergens

CANNED PRUNES
Recall risk:
rubber in can packaging

Based on analysis of 367 standalone product recall claims.
Source: Allianz Global Corporate & Specialty

operations for the production of essential medical equipment, Eaton says most AGCS customers were proactive and helpful in alerting underwriters to these changes. Underwriting has to be involved, adds Eaton, in order to assess food safety risks caused by sudden increases or decreases in production.

For companies restarting or ramping up their production – whether to catch up on lost business or because of increased demand, for example, snack foods, which in some areas, have seen consumption levels soar during lockdown, there will be risks to consider. Does the company have the workforce capability to cope with an increase in production? Can its supply chain react to the increased demand without cutting corners, ensuring their raw materials or products are free from contamination? Will standard operating procedures and general manufacturing practices still be adhered to in respect of hygiene? What social distancing measures are in place? If the company hasn't tested capacity at a higher level, it will effectively be a new procedure and, as with anything new, mistakes might come to the fore, says Eaton.

The ability of the regulatory agencies and public health officials to detect problems has been reduced during the pandemic, but Eaton feels that post-pandemic there is likely to be a return to the normal detection of issues – especially those related to foodborne illness.

With very dramatic increases in hygiene standards – not only within manufacturing, but in every aspect of society – cross-contamination risks, which are a major cause of food and beverage recalls may decrease in future. That said, however, Eaton warns that with new operations, closed factories, remote workforces, weakened quality checks, decreases in regulatory visits and erratic supply chains, risk exposures could also swell moving forward: "All these factors can create errors, and a mistake in production can leave a product contaminated, dangerous and/or defective."

4 POLITICAL VIOLENCE RISKS THREATEN BUSINESS DISRUPTION BEYOND PHYSICAL PROPERTY DAMAGE

Civil unrest incidents such as protests and riots are challenging terrorism as the main political risk exposure for companies. Recently, events such as the French "yellow vest" protests (insured losses around $90mn), as well as unrest in Chile (around $2bn), Hong Kong ($77mn), Bolivia and Ecuador have highlighted the volatility of businesses to the impact of political risks and violence, causing both physical damage but also preventing many businesses from opening their doors. Almost 50 countries witnessed a surge in civil unrest in 2019, according to a Verisk study[14]. Notably, in 2020, racially-charged riots in the wake of the death of George Floyd have challenged authorities to control crowds and protect property. Losses to businesses in at least 40 cities in 20 US states may come close to the most costly civil disorder in US history (Los Angeles' 1994 Rodney King riots which caused $1.42bn in damages – in 2020 dollars)[15].

"There will be numerous insurance claims from the recent protests – the vast majority of them property exposures with strikes, riots and civil commotion (SRCC) and looting insurance coverages," says **Bjoern Reusswig, Head of Global Political Violence and Hostile Environment Solutions at AGCS**. "If one store is looted, there's not a problem to get new windows, shelves and stock – but if lots of places are involved, it can take months for impacted businesses to resume trading."

An individual business doesn't have to be a direct victim of civil unrest or terrorism to suffer a loss. Businesses near such incidents can suffer lost revenues whether or not they incur physical damage, during the time the area is cordoned off or until the infrastructure can be repaired to allow entry of customers, vendors and suppliers. At the same time, companies can also be disrupted by a physical loss of attraction to a property in the vicinity of their premises. If there is a closure of an important landmark, hub or particular place where large numbers of people come together, a reduced number of visitors will result.

"Globally, civil unrest has been on the rise for some time," says Reusswig. "While it can be said to have been temporarily 'suppressed' in many countries by the coronavirus outbreak, the underlying social issues have not been solved, and further protests will likely occur in the near future.

"While triggers locally vary, there is one common global trigger: there must be a 'spark' in order to mobilize crowds. In Hong Kong, it was the extradition bill; in France, the tax increase on fossil fuels; in Chile, a 4% increase in subway tickets; and in the US, it was the death of Floyd. Brazil and Ecuador both could see violence triggered by coronavirus mismanagement by governments."

Exposures differ locally, also. Hong Kong protesters impacted properties connected to the local government or China, at the beginning, but later high-end shopping malls and luxury brands, etc. (looting was never a problem). In Chile, protesters targeted public transportation as a starting point, but, as underlying issues involved poverty and price increases of basic goods, looting of drug stores, pharmacies, small retailers and retail giant, Walmart followed. Insured losses totaled as much as $2bn[16].

How are political violence risks impacting insurance and claims? Political violence insurance provides coverage for terrorist acts, acts of sabotage, SRCC, malicious damage (MD), insurrection, revolution, rebellion, coup d'état, war, civil war or counter-insurgency. Additionally, common extensions include denial of access (businesses shuttered because authorities have closed the area, whether damaged or not), loss of attraction (if an important landmark near to the business is closed fewer visitors will result), and other civil disturbances. Standalone SRCC and malicious damage (MD) insurance typically will cover property loss and damage and potential business interruption (BI) due to the actions of the protestors. In comparison, standard property all-risk (PAR) policies typically exclude such losses or damages, as well as anything directly caused by the actions of the government of a state or its military authority in suppressing, controlling or minimizing the consequences of SRCC or MD events.

SRCC coverage has become more prominent in the insurance market since the "yellow vest" protests began in Paris in late 2018 and particularly following the riots in Chile given the magnitude of the losses. In the wake of the US riots, the trend of the PAR market taking a tougher stance on SRCC exposure will likely accelerate and capacities will likely move from PAR to the specialist political violence insurance markets.

14 Verisk Maplecroft, Political Risk Outlook 2020

15 Claims Journal, Insured losses from riots reach 'catastrophe' levels, may rival record, June 2, 2020

16 Insurance Insider, Chile protests predicted to generate $2bn-plus in insured losses, Novermber 18, 2019

5 INDOOR AIR QUALITY AFTER CORONAVIRUS AND ENFORCEMENT UNDERTAKINGS CONCERN ENVIRONMENTAL MARKET

Environmental pollution incidents can have damaging consequences for a business and not all aspects are always fully considered when a company is assessing whether it is adequately covered. Among these, two risks are paramount for 2020 and beyond: **indoor air quality** concerns with legionellosis and mold growth and the use of **enforcement undertakings (EU)** to encourage companies to participate in the clean-up and prevention of environmental accidents which they caused.

Indoor air quality is a continuing environmental concern, driven by increased mold and legionella claims. This is especially exacerbated by the coronavirus pandemic which has caused an unprecedented shutdown of commercial office buildings. When certain air quality or water installation systems are dormant for a while, they are susceptible to contamination by bacteria that thrive in humid, water-rich environments.

Mold and legionella can especially affect real estate, the hospitality sector, but also hospitals, bath houses, fitness clubs and other public settings – large buildings with complex plumbing and heating, ventilation and air conditioning (HVAC) systems that allow bacteria to grow and aerosolize into small droplets that are aspirated by facility occupants.

Legionella bacteria can cause a type of serious lung infection known as Legionnaires' disease, or legionellosis, and thrives in a narrow temperature range (25˚C to 42˚C, or 77˚F to 108˚F) that includes both human body temperature and outdoor and indoor stagnant water sources.

The US Centers for Disease Control and Prevention (CDC) reported approximately 10,000 cases of Legionnaires' disease in the US in 2018, with an almost 10% death rate, although as many as 70,000 people or more may suffer in any given year[17]. It is thought to be the cause of 2% to 15%[18] of all community-acquired pneumonia (CAP) cases that require hospitalization in the US and Europe. Outbreaks have been recognized throughout North America, Africa, Australia, Europe, and South America.

The coronavirus pandemic, however, has caused many commercial office buildings to sit idle, potentially leaving poorly maintained buildings with stagnant water in HVAC and plumbing systems where legionella can thrive. Legionella is more likely to occur in systems that have been dormant for a prolonged period of time – weeks or months, at least.

Mold growth in buildings may also be an unexpected side effect of the pandemic. An HVAC system transfers heat and moisture into and out of the air to control the temperature level. In a building, this balance can easily be offset by an inconsistent or inoperable HVAC system. Mold requires three things to grow: water/moisture, proper temperature, and a food source which are typically building materials such as drywall or ceiling tiles.

"The global recession might force real estate companies to delay planned maintenance or renovation activities and the postponement of these activities may allow for continued, undetected mold growth," says **Tom Williams, Environmental Insurance Practice Group Leader, North America at AGCS**. "So even if mold is not an immediate effect of the pandemic, it may be a long-term problem not discovered until the economy improves and real estate companies upgrade a company's floor plan to better suit a post-pandemic office layout."

Globally, environmental prosecutions are on the increase as public awareness of environmental matters grows, and the standard by which businesses are judged becomes higher. Fines and remediation standards are on the increase and therefore environmental management should be a boardroom priority. In the UK, one interesting development over the last 12 months is the increased use of **enforcement undertakings**, a civil sanction available to UK regulators – predominantly the Environment Agency – to use as an alternative to prosecution following the occurrence of an environmental offense. Enforcement undertakings, which form part of the original Regulatory Enforcement and Sanctions Act of 2008, are entered into voluntarily by the offender with the aim of remedying damages, lessening impacts on third parties and ensuring no new offenses. The number of agreed enforcement undertakings have outnumbered regulatory prosecutions in the past 12 months and this pattern will likely continue.

As an example, during the period October 2018 through May 2019, UK water companies paid

17 National Academies of Sciences, Engineering and Medicine, Stronger policies needed to protect the public from Legionnaire's disease, August 14, 2019

18 US National Institutes of Health, Severe pneumonia caused by Legionella pneumophila, February 1, 2017

19 Water Briefing, Water cos. pay £3.52mn in Enforcement Undertakings to Environment Agency, November 8, 2019

"INDOOR AIR QUALITY IS A CONTINUING ENVIRONMENTAL CONCERN, DRIVEN BY INCREASED MOLD AND LEGIONELLA CLAIMS. THIS IS ESPECIALLY EXACERBATED BY THE CORONAVIRUS PANDEMIC WHICH HAS CAUSED AN UNPRECEDENTED SHUTDOWN OF COMMERCIAL OFFICE BUILDINGS"

£3.52mn ($4.38mn) in enforcement undertakings as an alternative to prosecution. Violations, ranging from operating without permits to abstracting for water without a license, means offenders were made to repair sites, restore or improve infrastructure, implement improved monitoring and response programs, inspect and sample new works and provide similar remedies to absolve any penalties[19].

The benefits of an enforcement undertaking to the offender include exoneration of a criminal record, no admission of guilt, no legal defense costs, avoidance of significant fines, control of the process and reduction of reputational risk. Benefits of accepting an enforcement undertaking to the regulator include the cost-savings of pursuing one, the generation of more environmental benefits, a reduction of the risk of losing in court, and a guarantee that damages are rectified.

"Enforcement undertakings will include costs for clean-up, biodiversity damages, regulatory expenses, future environmental management and improvement costs and compensation for damages to the natural capital which could include financial contributions to an environmental improvement charity", says **Chris Strong, Head of Environmental Impairment Liability, Regional Unit London, AGCS**.

"There are clearly elements of the EU that are covered by environmental impairment liability (EIL) insurance policies, such as clean-up costs, natural resources damage and biodiversity coverage, but financial contributions to charities and environmental management improvements to prevent future incidents are a definite gray area."

What is clear is that brokers and policyholders require clarity. How companies deal with an enforcement undertaking will be a precedent-setting moment, and a complex one, given the uneasy interplay between criminality, voluntary payment and an offender's duty to mitigate – not to mention the policy wording and conduct of the company, says Strong.

OUTLOOK

HARDENING INSURANCE MARKET RUNS INTO A PANDEMIC BUZZ SAW

With more people staying at home following the outbreak of the coronavirus pandemic, and with the temporary closure of many shops, airports and businesses, notifications of slip and fall incidents, which are one of the major causes of liability claims, *(see below)*, have slowed recently. There has also been a positive impact on claims activity in the US from the suspension of courts and trials. Some claimants and plaintiff attorneys have been more open to negotiated settlements, some of which have been on more favorable terms.

However, the liability insurance market could see claims brought by third-parties for injury or property damage due to failure to adequately protect against the coronavirus, as well as employee action against employers who did not appropriately protect their employees.

Product liability and recall claims tend to follow economic activity, so there will most likely be any impact on claims with the economic downturn.

Coronavirus also could affect claims through changes to hygiene and working practices, while restarting production after periods of hibernation may give rise to human error incidents.

"Pricing trends have turned, however claims trends and large court verdicts continue. This combined with expanded exposures for non-US companies doing business in the US and an increase in automotive parts recalls are putting pressure on liability insurers," says **Ciara Brady, Global Head of Liability at AGCS**.

"We are seeing capacity decreasing globally which, when combined with social inflation, soft pricing and broadening covers globally during the soft market, is leading to the hardest market conditions since 2001. Overlay this with the uncertain economic outlook, political instability and unknown impacts from coronavirus and this is creating a challenging market for brokers, clients and insurers alike," adds Brady.

TOP CAUSES OF LOSS
LIABILITY CLAIMS

Source: Allianz Global Corporate & Specialty. Based on analysis of 45,992 insurance industry claims between January 2015 and December 2019. Claims have a total value of $4.66bn and include the share of all insurers involved in the risks.

By value of claims:

Defective products	**51%**
Faulty workmanship/maintenance	9%
Fire/explosion	8%
Collision/crash	3%
Crime/disorder	2%
Other	27%

By number of claims:

Defective products	**25%**
Faulty workmanship/maintenance	14%
Slip and fall	9%
Collision/crash	6%
Damaged goods *(including handling/storage)*	3%
Other	43%

Defective products are the top cause of liability losses for businesses globally, according to analysis of five years of insurance industry claims. They account for half of the value of all claims analyzed.

Together, defective products and faulty workmanship/maintenance account for 60% of the value of all liability claims.

CONTACT US

AGCS offers a wide range of general and specialist liability insurance solutions, covering personal or bodily injury, property damage and (pure) financial loss. These can be provided through individual primary policies, excess layers and umbrella policies, or global insurance solutions for multiple risks in multiple locations.

For more information visit
https://www.agcs.allianz.com/solutions/liability-insurance.html

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