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The Largest Nuclear Verdicts in Q2 2026: Social Inflation Continues to Hinder Casualty Lines

Driving claims numbers and severity, the plaintiffs' bar has weaponized advanced data analytics, corporate profiling, and psychological tactics far more effectively than a historically conservative, reactive defense bar.

By Danielle Ling | July 8, 2026

Jury award/Courtesy of Jones Walker

Casualty insurers are navigating a fragmented, volatile market in 2026 as relentless social inflation, the globalization of third-party litigation funding (TPLF), and an increasingly sophisticated plaintiff bar continue to drive claims severity to heights that market participants describe as structurally unsustainable.

According to Jim Blinn, VP of client solutions at Zywave, the baseline for what constitutes a "routine" casualty claim has shifted permanently, pointing to data that shows a rising share of settlements and verdicts landing above $25 million.

Jim Blinn, VP of client solutions, Zywave

Losses at the 75th percentile have grown faster than the median over a 26-year period, meaning the largest awards are outpacing the broader severity trend, according to Zywave data. That mismatch between verdict size and available insurance capacity is compounding affordability pressure across the market.

"The concept of social inflation is getting progressively worse, more systemic, and mathematically predictable in its unpredictability," he said. "Insurers care passionately about it because it is creating an absolute no-win scenario for the underwriting community."

As the likelihood of an outsized loss increases, insurers must charge more to cover the ultimate tail, Blinn said, leading some commercial buyers to purchase lower limits. "Excess coverage is fast becoming an expensive luxury product that many mid-market insureds are simply pricing out of their corporate budgets, leaving them dangerously exposed," he said.

Several large verdicts awarded in Q2 illustrate the range of exposure insurers face, led by a $1.6 billion award against Upton Assets, LLC in Texas over a workplace explosion, an $885 million antitrust and intellectual property judgment against Takeda Pharmaceutical Company in Massachusetts, and a $603 million products liability verdict in Orlando, Fla., against a China-based airbag manufacturer.

High-severity claims remain concentrated in commercial auto, product liability and serious personal injury, with commercial auto losses further compounded by higher repair costs, driver shortages and distracted driving, according to AM Best's *2026 U.S. Commercial Lines Outlook*.

The report also found that third-party litigation funding is contributing to longer settlement times and higher-severity claims, particularly in mass tort and complex liability cases, with verdicts increasingly piercing primary limits and reaching into excess and umbrella coverage.

In a recent report, RPS's *2026 Q2 Umbrella and Excess Market Update* found that median nuclear verdicts have increased more than 25% over the past decade, outpacing inflation,

and that in many cases less than 15% of an award is tied to actual economic loss, with the remainder driven by non-economic and punitive damages.

RPS separately identified per- and polyfluoroalkyl substance (PFAS) claims, sexual and physical abuse litigation, fleet exposures, jurisdictional volatility and regulatory changes such as extended statutes of limitations as ongoing pressure points for insurers.

A New Wave of Mass Torts: AI

AM Best's outlook highlighted emerging technological exposures as an accelerating source of claims inflation that underwriters are currently ill-equipped to price. Sources say artificial intelligence-related litigation is splintering into two distinct, high-exposure legal theories.

First, securities and governance fraud targeting tech executives who over-promised artificial intelligence (AI) capabilities and revenue gains. Second, and more concerning for general liability and excess casualty underwriters, is the rise of product liability and bodily injury claims stemming from automated system failures.

Blinn said AI-related litigation is emerging as its own watch area, spanning shareholder lawsuits over unmet AI-driven revenue projections and early product-liability claims tied to automated vehicle systems.

"We are tracking ongoing, high-exposure litigation involving autonomous commercial vehicle accidents and complex subrogation disputes between primary auto writers and software developers," Blinn said. "But the broader, immediate risk isn't just the physical accidents caused by AI; it is how the plaintiff bar is utilizing AI behind the scenes to optimize their business model."

According to Blinn, attorneys are using specialized large language models to draft hundreds of highly customized, legally dense complaints and profile the exact settlement histories and psychological breaking points of specific corporate defense attorneys. AI is also being used to build predictive jurisdictional models to determine which specific courthouses yield the highest returns on investment.

"The defense bar is still trying to figure out internal compliance policies on how to securely open a public AI tool without violating privilege, while the plaintiffs are already actively coding automated predictive litigation strategies with it," Blinn said.

Michele Hibbert, SVP of Regulatory Compliance Management at Enlyte

Michele Hibbert, SVP of regulatory compliance management at Enlyte, said the underlying drivers of social inflation have been sharpened by AI tools that help plaintiffs' firms target demographics and jurisdictions.

"They've been able to pick up, through the use of AI, certain demographics to appeal to, and who to market to plaintiffs in certain areas of the country," Hibbert said.

Driving Severity: Plaintiff-Bar Tactics

Driving claims numbers and severity, the plaintiffs' bar has weaponized advanced data analytics, corporate profiling, and psychological tactics far more effectively than a historically conservative, reactive defense bar.

Holly Howanitz, civil trial attorney and Southeast regional managing partner at Tyson & Mendes, tried 10 high-exposure transportation cases last year alone, and says plaintiff firms now routinely deploy jury consultants and real-time background checking tools during selection, even on non-catastrophic cases.

"The plaintiff bar has achieved an incredible analytical advantage, and they are strategically weeding out the people with the most common sense and business sensitivity," Howanitz said.

Once a sympathetic, emotionally driven panel is secured, plaintiff attorneys rely heavily on "anchoring" strategies that involve demanding astronomical figures early and often to shift the jury's psychological baseline.

This is paired with the relentless execution of the "reptile strategy," according to Howanitz, and its newer, more aggressive iteration known in legal circles as "the edge." This tactic shifts the entire focus of the trial away from the actual proximate cause of the accident and onto corporate non-compliance, internal profit margins, and systemic safety violations.

"They don't try the accident anymore; they try the corporate culture. They paint the company as a corporate monster that puts profits over public safety," Howanitz said.

"Anger drives the numbers, not the actual medical injuries. The result is 'Monopoly money' awards rooted in pure emotion," she said.

This emotional leveraging was on full display in Q2 2026, when a staggering $600 million verdict was awarded in Florida to the family of a woman killed by a counterfeit airbag. The case involved a tragic, freak accident caused by a faulty airbag made by a foreign manufacturer. However, the domestic distributor was held fully liable under liability theories concerning domestic logistics and supply chain insurance sectors.

Holly Howanitz, Southeast managing partner, Tyson & Mendes

Critics argue that too often carriers rely on an "ostrich approach" during pain-and-suffering-focused cases, ignoring the emotional narrative being constructed by the plaintiff until a jury returns an unappealable award.

"The insurance industry frequently gets caught being penny-smart and dollar-stupid when it comes to claims management," Howanitz said.

Carriers become terrified of how bad-faith exposures can blow past their policy limits, so they end up settling for inflated, astronomical amounts on the courthouse steps, she said, noting that settlement money doesn't make the problem go away — it just funds the plaintiff firm's next three war chests to go after the next insured.

"If you want to change the trajectory of these losses and stabilize commercial pricing, you have to invest heavily in the physical and legal fight long before you ever step foot inside a courtroom," Howanitz advised.

Inflation, Medical Costs and Billing Practices

Hibbert said the gap between general inflation and medical procedure costs in third-party claims has widened sharply. Nationally, third-party medical procedure costs have risen 20% over five years, she said, against a 12% rise in the Consumer Price Index's broader

measure over the same period — especially right after the pandemic — with California and Texas running even hotter, at 18% and 17%, respectively.

"You kind of think, is it inflation, or is it price increases just for the sake of price increases?" Hibbert said. "That's what we've been saying all along."

This disconnect between core economic data and third-party claims costs is evident by comparing standard inflation against medical and legal payout trends.

While the broader Consumer Price Index (CPI) stabilized across the macroeconomic landscape prior to the recent Middle East conflict between the U.S., Israel and Iran, the medical costs embedded within third-party casualty claims have wildly outpaced standard indicators.

General Inflation and Medical Procedure Costs in Third-Party Claims

Metric (Past 5 Years)	Cumulative Increase
Standard Consumer Price Index (CPI)	12%
Average Third-Party Liability Payout	28%
Third-Party Medical Procedures (In Claims)	20%
Average Commercial Auto Premium	42%

Sources: Enlyte, CPI

Overall, Hibbert says the inflation seen in courtrooms is largely artificial, driven by strategic billing practices rather than actual healthcare supply costs.

"Right after the pandemic, the inflation narrative became the perfect cover for the plaintiff bar," she said. "It's almost like taking advantage of the broader economic environment at the time — using the general public narrative of rising prices to inflate medical billing just for the sake of compounding price increases."

Hibbert sees this behavior concentrated heavily in third-party liability line litigation, used to infuse artificial value into a claim before it ever reaches a jury. She cites cases involving Letters of Protection (LOPs), in which a plaintiff is directed to a specific medical provider managed by their attorney.

In these cases, a simple chiropractic routine, localized physical therapy, or a soft-tissue treatment that would normally cost $3,000 under a worker's compensation fee schedule is billed at $45,000 or $60,000.

"This is done explicitly to anchor the jury's perception of special damages and make a half-million-dollar pain-and-suffering demand look reasonable by comparison," Hibbert said.

Legislating Litigation

Compounding the social inflation problem is the relentless influx of third-party litigation funding (TPLF), Hibbert notes, which has evolved into a highly sophisticated, multi-billion-dollar global asset class, drawing institutional venture capital from overseas.

In Q2, the insurance industry scored a historic legislative victory in North Carolina via H.B. 315, becoming the first state to ban third-party litigation funding in most commercial disputes. Because federal efforts to mandate TPLF disclosure remain permanently stalled in Congress, the entire insurance industry is watching North Carolina closely.

"It's become part of a business model," Hibbert said. "We should be watching now to see what effect that has — third-party litigation funding, or the lack thereof — on social inflation."

The law will prove whether cutting off the external capital supply can starve social inflation at the root. Experts say if HB 315 succeeds in lowering loss ratios in North Carolina, expect a lobbying effort by insurers to replicate that framework in dozens of states.

State-Level Playgrounds: Tort Reform vs. Global Capital

To curb systemic litigation abuse, several states have passed aggressive tort reform packages aimed at shortening statutes of limitations, establishing uniform standards for past medical billing and limiting bad-faith triggers that plaintiff attorneys use to force insurers to pay above policy limits.

However, industry experts are divided on whether these reforms are working in practice, with some arguing that plaintiffs' attorneys have already found ways around them.

Hibbert pointed to a Florida law she identified as House Bill 837 — which she said capped attorney fee structures and shortened the statute of limitations for filing personal-injury claims from four years to two — as evidence the reform is working.

She cited USAA's roughly $2 billion in policyholder givebacks in the state, which she attributed to cost savings from the law, along with outside data she said showed an 11% rate decrease.

"That really limited settlements," Hibbert said of the shortened filing window. "If you can do the math, that's an easy thing to figure out."

Howanitz was more skeptical, saying she has not seen Florida's reforms meaningfully change verdict outcomes in her own trial practice.

"I was a self-proclaimed Debbie Downer on tort reform when it passed in Florida, and looking at the data mid-way through 2026, I still don't think it has made a meaningful difference in macro casualty severity," Howanitz said.

In her experience, if the jury wants to award a certain figure, it will manipulate the pain-and-suffering line on the verdict form to get there, completely bypassing any restrictions on economic damages.

"Juries are smart, and plaintiff attorneys are incredibly creative," she said. "They back into the numbers they want to give to deliver what they perceive as social justice, regardless of statutory write-offs or medical bill caps."

In Georgia, Howanitz said her firm's Atlanta office has leaned on a newer bifurcated-trial process that separates liability and damages phases.

"I do think bifurcation makes a difference, because the jury doesn't get to see the sympathy and all the injuries and hear about all the pain and suffering," she said, though she noted it offers little benefit in cases where liability is effectively conceded, as in many trucking and auto matters.

Blinn, who tracks verdict data across states with varying reform laws, was similarly cautious about drawing conclusions on reform effectiveness. "So far, it is too early to tell," he said.

The Largest Nuclear Verdicts Awarded in Q2 2026

Nuclear Verdict Awarded	Case Ruling Details	Insurance Lines and Claims Coverages
$1.6 billion	A Texas court found Upton Assets, LLC guilty of negligence and wrongful death after an explosion killed several workers; a jury awarded their descendants $1.6 billion.	Wrongful Death, Negligence
$885 million	Direct Purchasers v. Takeda Pharmaceutical Co. (Massachusetts): an $885 million antitrust and intellectual property judgment.	Anti-Trust, Intellectual Property
$603 million	An Orlando, Florida jury awarded the family of a woman killed by a counterfeit airbag in a survivable crash $360 million in punitive damages against the China-based manufacturer and $243 million in compensatory damages.	Products Liability
$420 million	Skillz Inc., a New York mobile game developer, was found liable for fraud, deceptive trade practices and false advertising.	Fraud and Deception; Bad Faith
$307.6 million	A Michigan jury awarded more than $300 million to a plaintiff who was denied medical treatment while incarcerated and sustained permanent damage requiring a colostomy bag.	Negligence, Medical Malpractice
$198 million	Award after an ER radiologist missed a spinal calcification, resulting in the plaintiff's permanent paralysis.	Medical Malpractice
$105 million	A San Diego jury awarded a former substance abuse counselor $105 million, including $70 million in punitive damages, after concluding she was terminated for reporting workplace harassment, a hidden camera and patient safety violations.	Healthcare; Workplace Harassment Liability
$67.5 million	A plaintiff injured his spine during a mud-based event activity despite following the rules on where he was permitted to dive; jurors awarded $67.25 million.	Premises Liability; Personal Injury
$52.1 million	A Los Angeles Superior Court verdict found multiple trucking firms jointly liable for a single crash, underscoring the risk of subcontractor and independent-contractor liability.	Vicarious Liability; Supply Chain

Sources: Court documents