CHUBB®

# Liability Limit Benchmark & Large Loss Profile by Industry Sector 2023

Proper Protection in a Volatile World



# Bad things happen to good companies, even those with best-in-class risk management practices.

Plaintiffs who had sought to settle claims more quickly amid pandemic-related constraints once again had an open road in 2022 to strengthen their cases. Economic and social inflation, litigation funding and other factors we have discussed in prior reports continued at full throttle, driving up liability exposure.

Although these trends are not new, their impact has further strengthened and, in this year's report, we see the delta between liability loss cost trends and limits purchased widening at an alarming pace. Many of the sectors spotlighted in this report have seen limits drop between 15 and 30 percent over the last 10 years. Consider that the median limits purchased for the rail sector have decreased 58% over the last 10 years - meanwhile, there were 1,164 derailments in the United States in 2022.[1]

Those of us in the insurance industry work under the specter of losses of unimaginable magnitude. Trying to predict which events could send a company off the proverbial rails is near impossible, but there are ways we can prepare. At Chubb, our underwriters work closely with clients to understand their exposures and to help them structure their liability programs in order to address their unique risks most appropriately. Our risk engineers bring invaluable loss prevention services and best-practice loss mitigation solutions to the table. We are also deeply experienced advocates in managing claims.

When developing our insurance offerings, we leverage our own data, layered with publicly available loss information, to ensure we see the big picture. Year after year, we bring our collective knowledge to the table and put our deep expertise to use to provide consistent, financially strong, and large-block liability capacity to our clients.

This is our 15th annual Liability Limit Benchmark & Large Loss Profile by Industry Sector report, which provides concrete data on liability limits purchased, overlaying ISO loss trends, and large losses to support well-informed insurance-purchasing decisions - critical for building adequate liability towers that can suitably withstand unpredictable and, unfortunately, inevitable catastrophes that have become all too commonplace.

This year, we've further enhanced our report with the introduction of "Insights from Chubb Industry Specialists." These highly experienced professionals offer their keen observations regarding sector-specific exposures and detail the solutions that will help keep companies well protected.

As always, our aim with this report, and with the work we do every day, is to partner with and support our customers as they determine the right amount of liability capacity required to adequately protect their businesses.

**SOURCES**

[1] https://www.npr.org/2023/03/09/1161921856/there-are-about-3-u-s-train-derailments-per-day-they-arent-usually-major-disaste





Our **15th Annual Liability Limit Benchmark & Large Loss Profile by Industry Sector** report dives into liability exposure and loss data on 10 industry sectors.


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## For each **sector**, the report spotlights:



- A sampling of large losses seen in the industry
- Median liability limits purchased over a 10-year period based on Chubb's 2022 year-end portfolio data
- ISO loss cost trends compared to median liability limits
- Insights from Chubb Industry Specialists

Against the backdrop of an ever-increasing volatile and uncertain world of tremendous risk, we hope you find our 2023 report helpful for answering that one fundamental, and still all-important, question:

**How much liability insurance limit is enough?**





# Life Sciences

Companies engaged in the research, development, manufacturing, marketing, distribution, or sale of pharmaceuticals, biologics, and medical products/devices, including biomedical research/technology.

## Sample Large Losses

| Date of Loss | Loss Details | Location | Incurred Amount |
|---|---|---|---|
| 2015 | Contaminated equipment used during surgery alleged to cause severe and life-threatening infections | USA | $215M |
| 2016[1] | Schizophrenia and bipolar disorder drug caused disturbing side effect | USA | $70M |
| 2017[2] | Design defects of the implanted medical device caused severe personal injuries | USA | $57M |
| 2017 | Blood pressure drug caused gastrointestinal injuries | USA | $300M |
| 2019 | Blood thinning drug alleged to cause internal bleeding, stroke and death | USA | $775M |
| Various | 17 patients with alleged personal injuries from defective metal-on-metal hips | USA | $941M |
| Various | Opioid litigation | USA | $48B+[3] |
| Various | Hernia mesh litigation | USA | $241M |
| 2019[4] | Laboratory technician developed mesothelioma from exposure to biopharmaceutical equipment containing asbestos | USA | $70M |
| 2020[5] | Class action alleging injuries associated with transvaginal mesh devices | Canada | $21.5M CAD |
| 2020 | Class action alleging injuries from coil birth control device | USA | $1.6B |
| 2021 | Opioid litigation brought by NY state | USA | $1.18B |
| 2021 | Opioid public nuisance litigation | USA | $200M |
| 2021 | Defective batteries in implantable heart devices and false statements to the FDA regarding the same | USA | $27M |
| 2022 | Diagnostics company copied screening method for genetic abnormalities from fetal DNA test maker | USA | $272.5M |

[1] Disposition date [2] Disposition date [3] Proposed settlement [4] Jury verdict [5] Date of settlement


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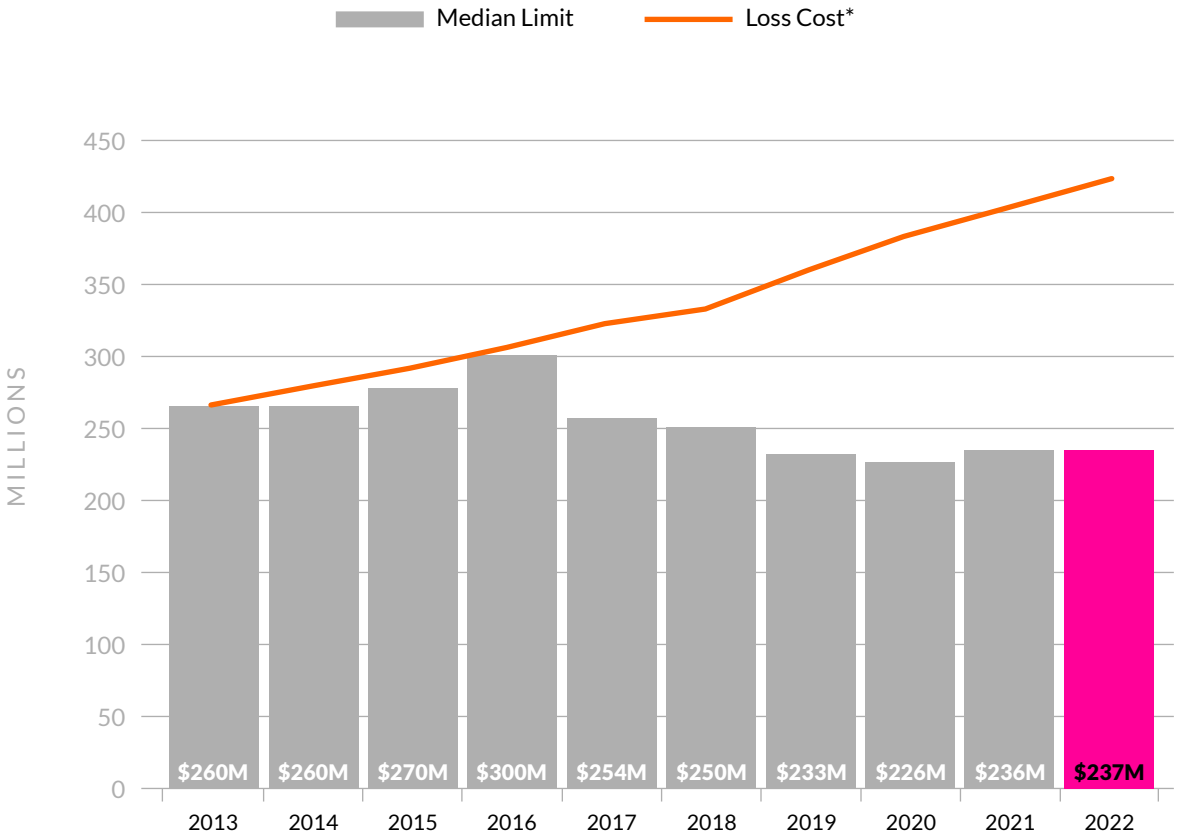
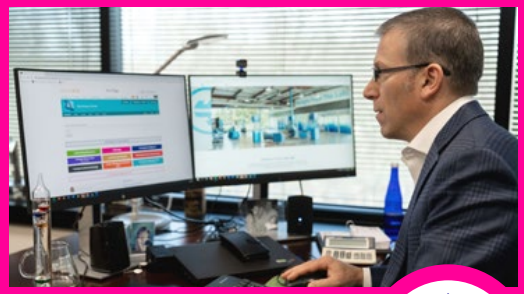
## Life Sciences // Limits Purchased vs. Loss Costs




*Loss Costs are trended using the ISO trend circular and are indexed to 2013 limits



## Expert Insight

Buoyed by large recent verdicts and settlements, the well-organized plaintiffs' bar is pursuing Life Sciences companies more actively than ever. At the same time, COVID has accelerated changes in the way healthcare is delivered, increasing use of wireless medical devices, sensors, and other remote monitoring systems. These represent a broad new frontier for potential large losses resulting from cyber vulnerabilities and the related product liability issues.

We keep close watch on evolving litigation, exposure and regulatory environments and provide our clients not only insurance and risk management solutions but insights and best practices to help them avoid or mitigate liability. This includes improving their contracting process and ensuring that in-house employees with expertise in products design, manufacturing or applications are well prepared to provide expert testimony. Also critical is helping our clients build a strong tower of liability protection, one that reflects the growing risks of the Life Sciences sector.

**Lee Farrow** | EVP, Life Sciences Industry Practice Leader, Chubb

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# Healthcare

Organizations including hospitals, teaching universities/medical schools, long-term care/assisted living facilities, managed care organizations, and clinical trial/contract research organizations.

## Sample Large Losses

| Date of Loss | Loss Details | Location | Incurred Amount |
|---|---|---|---|
| 2018[1] | Doctor's negligence resulted in severe permanent injury | USA | $73M |
| 2018[2] | University physician alleged sexual abuse and harassment | USA | $215M |
| 2018[3] | Clinic's negligence with a medical device resulted in wrongful death | USA | $384M[4] |
| 2018[5] | University sports physician sexually abused girls and women | USA | $500M |
| 2019[6] | Hospital liability for infant brain damage | USA | $50M[7] |
| 2019[8] | Catastrophic infant brain injury caused during delivery | USA | $205M[9] |
| 2019 | Medical malpractice resulting in infant sustaining brain damage at birth | USA | $101M |
| 2020 | Alleged sexual battery by university physician | USA | $73M |
| 2022 | Medical malpractice of nurse practitioner that failed to inform patient of fatal condition | USA | $17.1M |
| 2022 | Brain injury stemming from multiple doctors mistreating severe hyponatremia | USA | $68.6M |
| 2022 | Wrongful death against addictive treatment center for abrupt discharge of patient | USA | $77.2M |
| 2022 | ER doctors fail to provide immediate treatment to stroke victim causing paralysis | USA | $75M |
| 2022 | Hospital caused plaintiff to be born prematurely and with developmental disabilities | USA | $80M |
| 2022 | Medical malpractice stemming from broken leg from playing soccer | USA | $111M |
| 2022 | Birth injury | USA | $97.4M |

[1] Disposition date [2] Final approval of settlement in 2020 [3] Disposition date [4] Verdict, later reduced to a confidential settlement [5] Disposition date
[5] Disposition date [6] Date of verdict [7] Reduced by settlement from $101M jury verdict [8] Diposition Date [9] Reduced from $229M verdict; now on appeal


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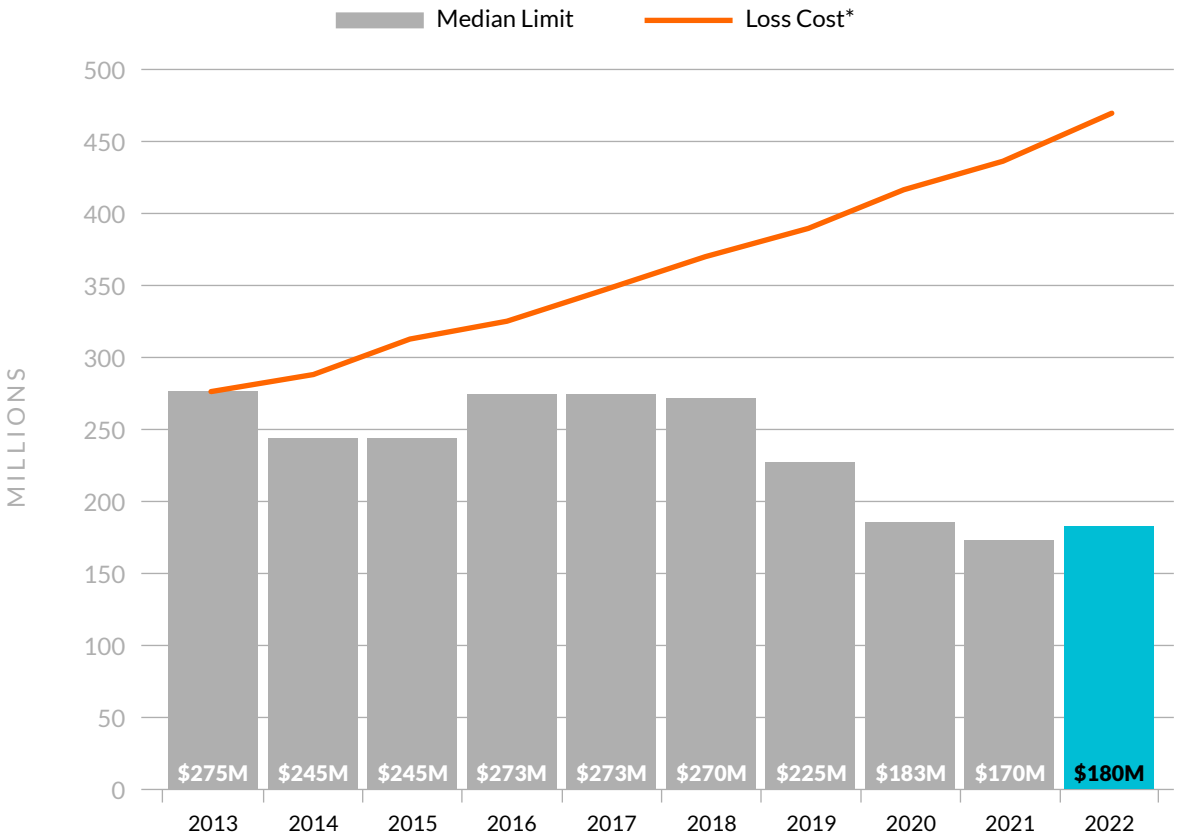
# Almost 35% decline in median limits purchased over the last 10 years.

## Healthcare // Limits Purchased vs. Loss Costs




*Loss Costs are trended using the ISO trend circular and are indexed to 2013 limits



## Expert Insight

Eroding tort reform and alarming emerging risks have accelerated severity trends throughout the healthcare liability landscape. Professional burnout is straining healthcare systems and left unchecked, can increase clinical error rates and claim severity. Workplace violence has made healthcare one of the most dangerous professions and opens more paths to liability.

We are working closely with hospital leadership as they expand strategies to enact meaningful change - from wellness programs to rapid response procedures for confrontational situations, and fire risk education and assessments. And all of this must go hand-in-hand with a strong, reliable tower of lability protection that is truly commensurate with a provider's exposure.

**Caroline Clouser** | EVP, Healthcare Industry Practice Leader, Chubb

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# Consumer Products

Companies engaged in the manufacturing, marketing distribution, and sale of consumable goods, food, and beverages, including food service providers.

## Sample Large Losses

| Date of Loss | Loss Details | Location | Incurred Amount |
|---|---|---|---|
| 2017 | Faulty refrigerator alleged to have contributed to a deadly fire that killed 79 | UK | Pending |
| 2018[1] | Defective furniture killed three children | USA | $50M |
| 2018[2] | Workers allege that defective dust masks led to disease | USA | $67M |
| 2018[3] | Faulty vehicle seat design injures to two children | USA | $209M |
| 2018/2019 /2020[4] | Talc litigation | USA | $5B |
| 2018[5] | Industrial farm created a noise and odor nuisance for residents | USA | $98M |
| 2019[6] | Grocery store's failure to provide adequate security led to mugging injury | USA | $70M |
| 2020[7] | Concealment of cell phone throttling and battery degradation | USA | $310M - 500M + potential $113M |
| 2021 | Contamination of property and groundwater by chicken plant | USA | $205M |
| 2021 | Class action alleging defective design of microwaves resulting in smoke damage | USA | $103M - $113M |
| 2022 | Cable television/internet provider held liable for murder by cable field technician where it ignored red flags and forged service agreement | USA | $1.147B |
| 2022 | Hearing damage stemming from defective earplugs (three separate suits) | USA | $50M - $110M |
| 2022 | Talc products exposure from cosmetics and secondary asbestos exposure from forklift maker | USA | $52.1M |

[1] Date of settlement [2] Disposition date [3] Disposition date [4] Date of verdicts [5] Disposition date [6] Disposition date [7] Date of settlement


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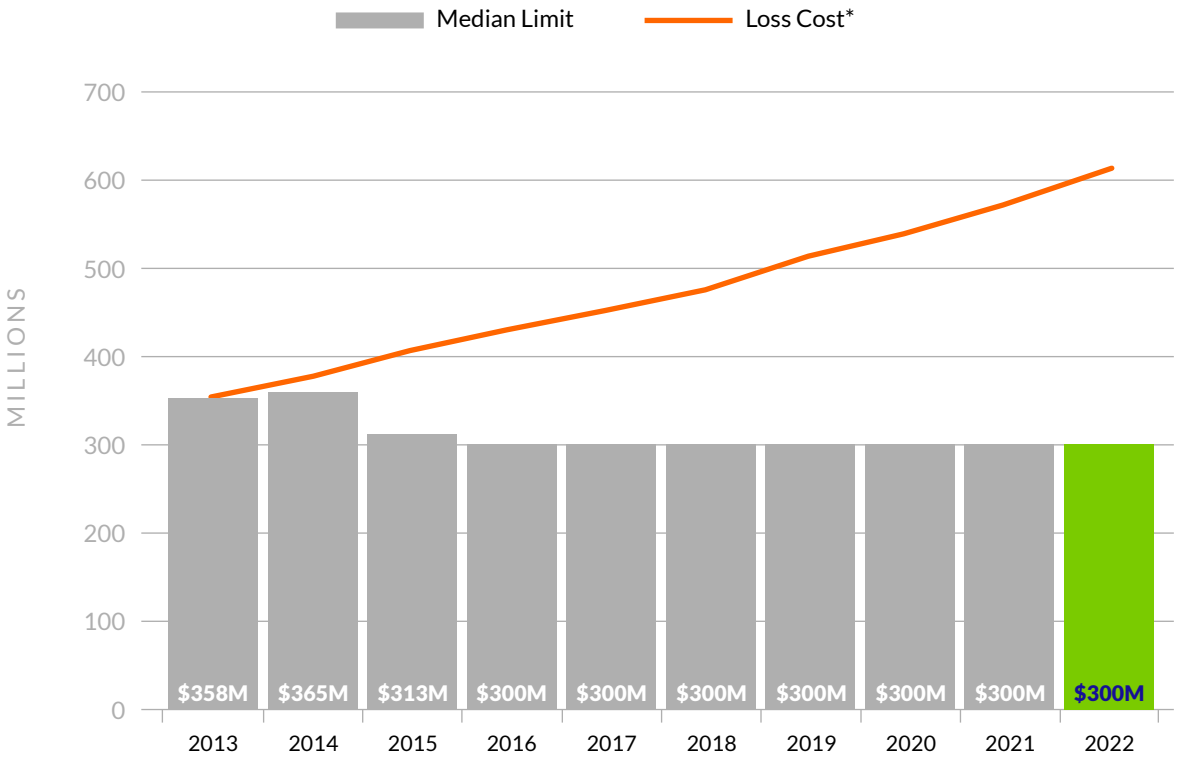
## Consumer Products // Limits Purchased vs. Loss Costs




*Loss Costs are trended using the ISO trend circular and are indexed to 2013 limits



### Expert Insight

As shown in this report, median limits purchased by consumer products companies have remained flat seven years running, even as the combined forces of litigation funding and economic and social inflation continue to drive up the frequency and severity of liability claims.

The increased prevalence of punitive damages dramatically raises the stakes. These damages represent a significant exposure that is not addressed with certainty by Most Favored Venue/ Most Favored Jurisdiction (MFV/MFJ) clauses. Consequently, along with reassessing catastrophic liability limits, more and more consumer products companies are seeking out Bermuda's punitive damage "wrap" policies to help improve certainty of coverage for this outsized exposure.

**Michael Warwicker** | SVP, Head of Excess Liability, Chubb Bermuda

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# Real Estate & Hospitality

Companies engaged in the ownership, operation, or management of all types of premises/occupancies, including commercial and residential buildings, hotels, and arenas/stadiums.

## Sample Large Losses

| Date of Loss | Loss Details | Location | Incurred Amount |
|---|---|---|---|
| 2018[1] | Hotel liable for failure to respond to murder in guestroom | USA | $41M |
| 2018[2] | Hotel failed to intervene in ongoing domestic abuse | USA | $42M |
| 2019[3] | Property association liable for bicyclist's crash into improperly placed pole | USA | $41M |
| 2019[4] | Apartment's substandard living condition led to death | USA | $125M |
| 2019 | Hotel settlement to victims of 2017 mass shooting that killed 58 people and injured others | USA | $800M |
| 2020[5] | Event worker suffered brain injury at concert venue | USA | $53.7M |
| 2021 | Convenience store employee's lack of training and security resulted in escalation of robbery causing traumatic injury to plaintiff | USA | $91M |
| 2021 | Owner and manager of strip mall liable for dangerous condition of property resulting in worker's injuries | USA | $12.6M |
| 2022 | Environmental cost recovery suit against developer for contamination in residential neighborhood | USA | $133.3M |
| 2022 | Woman died from cerebral aneurysm rupture in hotel room and hotel failed to investigate after call from spouse | Canada | $60.5M |
| 2022 | Negligent serving of alcohol against bar that served inebriated driver, causing fatal automobile accident | USA | $95.5M |

[1] Disposition date [2] Disposition date [3] Disposition date [4] Disposition date [5] Verdict reduced from $102.1M


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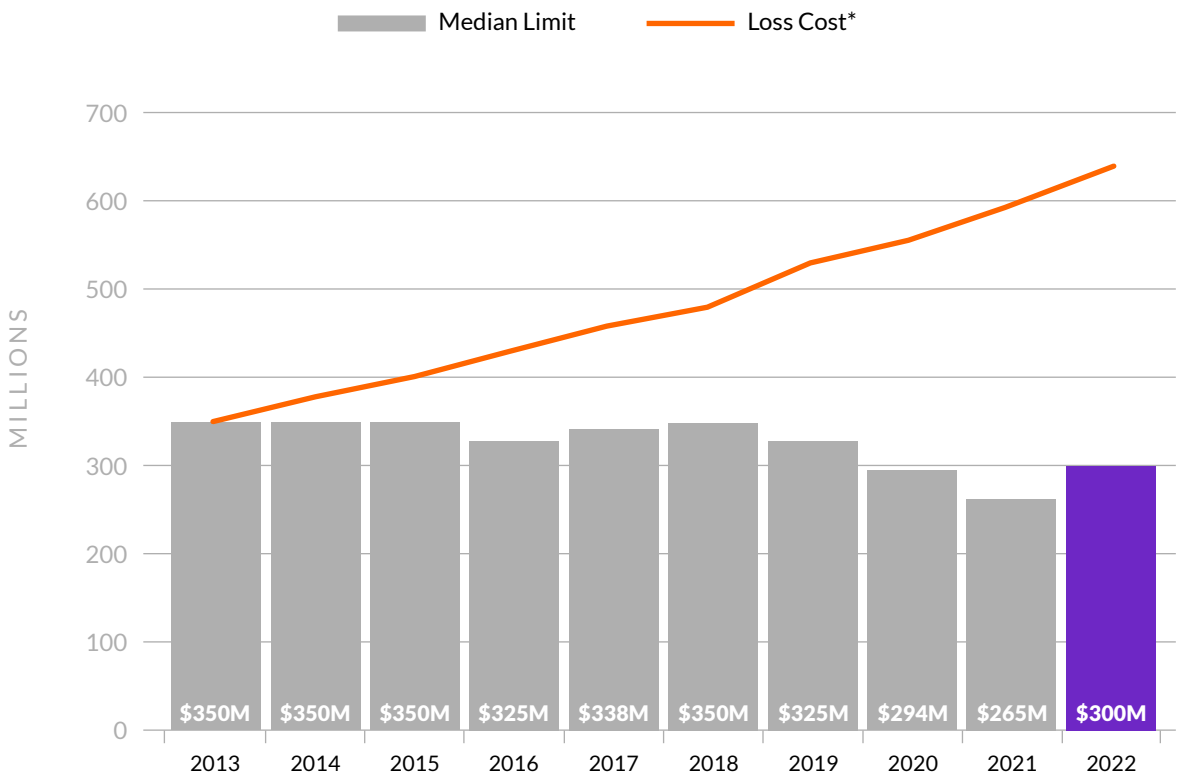
## Real Estate & Hospitality // Limits Purchased vs. Loss Costs




*Loss Costs are trended using the ISO trend circular and are indexed to 2013 limits



## Expert Insight

The last few years have accentuated the constantly evolving nature of the Real Estate & Hospitality (REH) sector, changing office usage, leaving hospitality venues with labor and supply chain constraints ... increasing and reshaping potential exposures.

Chubb is keenly focused on keeping our REH clients well protected with the best possible insurance for their circumstances including primary, umbrella, and stable high excess limits. We also invest heavily in risk engineering to help our clients enhance both property and casualty loss mitigation - including access to the cutting-edge products and technology of StreamLabs, a Chubb company that provides sensor-driven water detection and shutoff devices to on-site risk and safety evaluations to mitigate liability exposure.

**Lyndsey Christofer** | EVP, Real Estate & Hospitality Industry Practice Leader, Chubb

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# Transportation Road

Companies engaged in the transportation of passengers and/or products by roadway.

## Sample Large Losses

| Date of Loss | Loss Details | Location | Incurred Amount |
|---|---|---|---|
| 2019 | Head-on collision between tractor trailer and SUV killed 5 | USA | $280M |
| 2019[1] | Cyclist injured by vehicle driven by temp agency employee | USA | $54M |
| 2020 | Pedestrian killed by trailer that disconnected from truck | USA | $21M |
| 2020[2] | Motorcycle driver paralyzed after crashing into stopped tractor trailer in emergency lane | USA | $412M |
| 2021 | College student killed as a result of two crashes caused by truck drivers' negligence | USA | $1B |
| 2021 | Bus struck and killed teenager in crosswalk | USA | $21.6M |
| 2021 | Multiple-vehicle crash caused by tractor-trailer, resulting in extensive injuries to plaintiff | USA | $43M |
| 2021 | Airline employee suffered paralysis after being hit by truck | USA | $352M |
| 2022 | Retaliation verdict against transportation company that fired employee complaining of discrimination | USA | $366M |
| 2022 | Lawsuit against truck driver and employer for traumatic brain injury caused by roadway collision | USA | $52.3M |
| 2022 | Boy separated from grandmother getting on a bus, let off the bus to cross the street and struck by vehicle | USA | $18M |
| 2022 | A motorcyclist who suffered severe lower-body injuries from a collision with a truck | USA | $25M |

[1] Verdict amount upheld by Colorado appeals court in 2020

[2] Jury verdict


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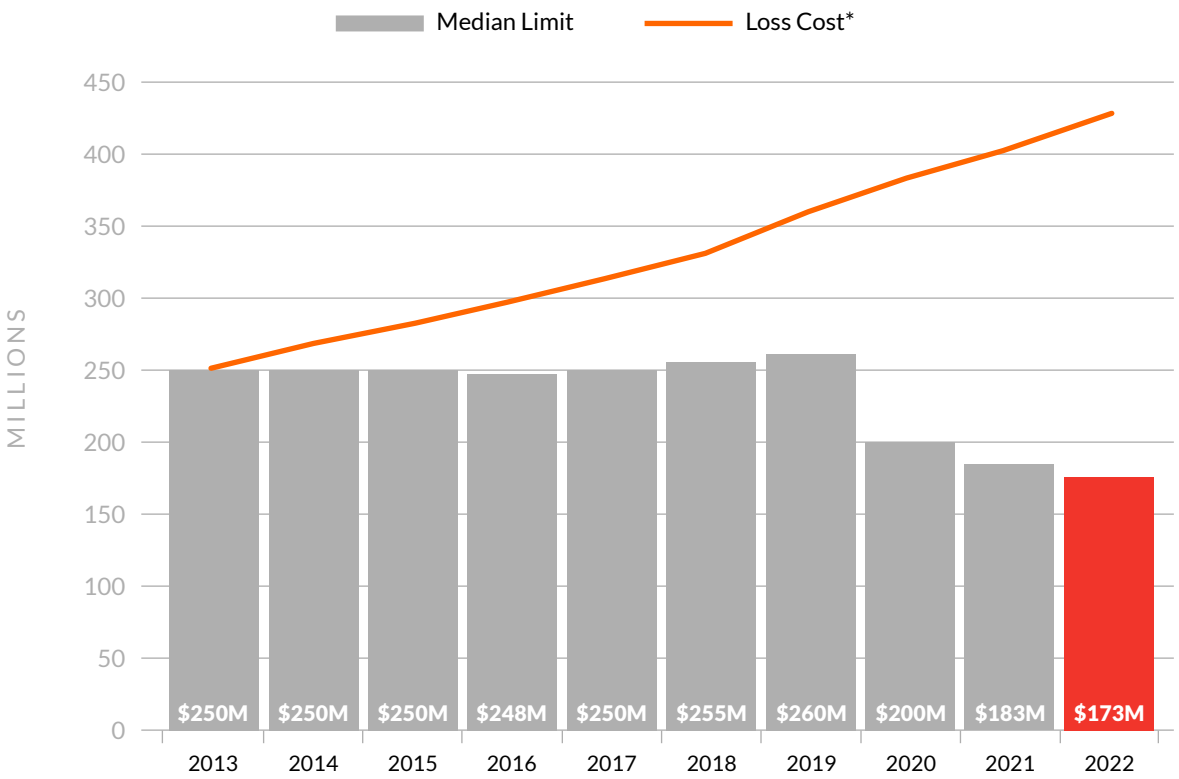
# More than 30% decline in median limits purchased over the last 10 years.

## Transportation – Road // Limits Purchased vs. Loss Costs




*Loss Costs are trended using the ISO trend circular and are indexed to 2013 limits



## Expert Insight

The transportation sector has long been attractive to the plaintiffs' bar and continues to see nuclear verdicts at an alarming rate, including a $1 billion judgement in a case in 2021 involving one fatality. In 2022, as road and rail traffic rebounded to pre-pandemic levels, the driver shortages that have historically strained trucking companies continued and the industry saw more of these unprecedented loss events. Yet, the limits purchased by this sector once again decreased and the delta between loss costs and limits grew even larger.

While budgets may be strapped, sacrificing essential catastrophic protection is not a prudent solution. Our goal is to work in partnership with our clients as they structure programs that deliver stable protection for the very real catastrophic liability exposure, while recognizing effective use of safety technology, including telematics and other loss mitigation measures, such as driver training and education.

**Dave Brown** | EVP, Transportation Industry Practice Leader, Chubb

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# Transportation Rail

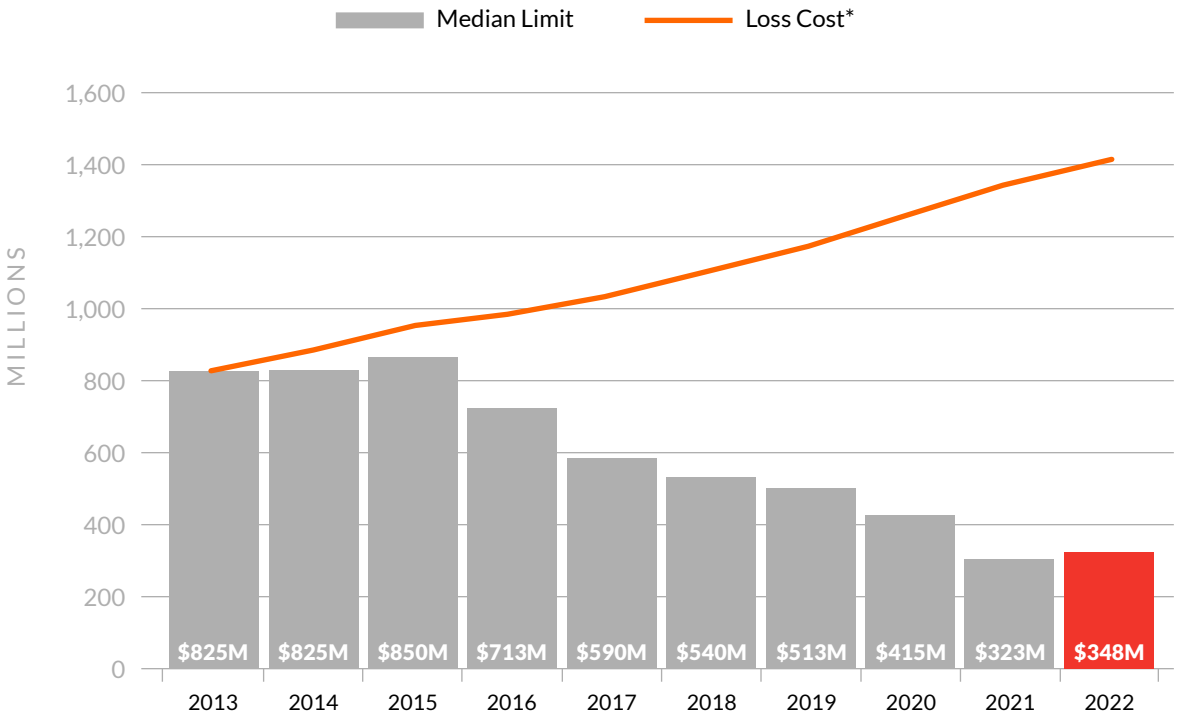
Companies engaged in the transportation of passengers and/or products by rail.

## Sample Large Losses

| Date of Loss | Loss Details | Location | Incurred Amount |
|---|---|---|---|
| 2016[1] | Train strikes car at railroad crossing, killing one and severely injuring four | USA | $37.5M |
| 2017 | Train derails on newly opened route, killing three and injuring about 100 | USA | $31.7M |
| 2018[2] | Railroad worker exposed to toxic fumes from leaking railcar | USA | $15M |
| 2019 | Train derails into a river, killing three crew members | Canada | Pending |
| 2020[3] | Train derailed at curve, killing three passengers and injuring about 80 | USA | $10M |
| 2022 | Remote control operator in rail yard sues employer after falling, leg amputated from falling off train | USA | $21M |

[1] Disposition date [2] Disposition date [3] Jury verdict

## Transportation – Rail // Limits Purchased vs. Loss Costs




*Loss Costs are trended using the ISO trend circular and are indexed to 2013 limits

While budgets may be strapped, sacrificing essential catastrophic protection is not a prudent solution.

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# Construction

Companies engaged in project design, engineering, development, and construction.

## Sample Large Losses

| Date of Loss | Loss Details | Location | Incurred Amount |
|---|---|---|---|
| 2019 | Individual paralyzed after riding bicycle into open construction trench | USA | $20M |
| 2019 | Construction workers dropped subway beam, crushing spine of cyclist | USA | $110M |
| 2020 | Class action alleging misstatements regarding “clean coal” power plant construction project | USA | $87.5M |
| 2021 | Mason suffered spinal injuries after falling from scaffolding | USA | $26.6M |
| 2021 | Worker backed up construction vehicle on highway, causing collision and brain injuries to truck driver | USA | $18.9M |
| 2022 | Death from being hit with falling tree while on dirt bike due to excavator improperly on track | USA | $22M |
| 2022 | Spinal injuries to worker who fell due to improperly placed temporary wooden staircase | USA | $48M |


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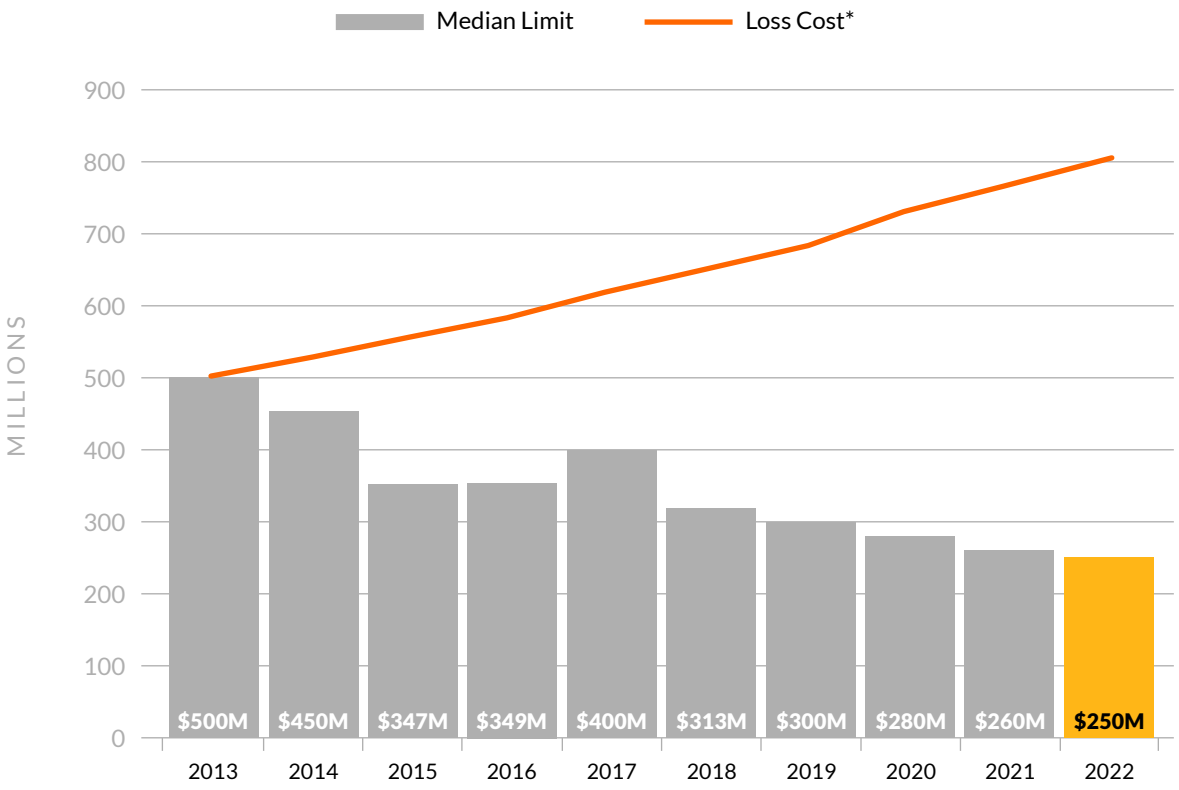
## Construction // Limits Purchased vs. Loss Costs




*Loss Costs are trended using the ISO trend circular and are indexed to 2013 limits



### Expert Insight

Construction executives, project owners and contractors are working hard to elevate the industry's safety culture. We all know how high the liability consequences can be, with a single injury or fatality case resulting in tens of millions in losses. Ensuring that organizations have limits that are both stable and sufficient for their exposure is critical in the construction industry, but prevention also equals protection. We are a strong partner in these efforts, offering insights and resources regarding proactive design and planning, worker orientation and training, PPE and fall protection systems, and the critical commitment of management and workers.

**George Cesarini** | SVP, Construction, Major Accounts, Chubb

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# Manufacturing

Companies engaged in the design, development, assembly, manufacturing, marketing, distribution, and sale of industrial equipment, motor vehicles, and component parts used in various industries.

## Sample Large Losses

| Date of Loss | Loss Details | Location | Incurred Amount |
|---|---|---|---|
| 2018[1] | Bankruptcy judge approved a fund for victims of exploding airbag inflators | USA | Up to $137M |
| 2018[2] | Industrial emissions from processing plant affected neighboring properties | USA | $51M |
| 2019[3] | Vehicle accident caused by safety defect resulted in paralysis | USA | $151M |
| 2019[4] | Refinery explosion resulting from alleged manufacturing defects | USA | $317M[5] |
| 2019[6] | Engine defect litigation | USA | $758M |
| 2020[7] | Class action alleging improper emission controls in vehicles | USA | $700M |
| 2020[8] | Consumer safety suit brought by multiple states over defective frontal air bags | USA | $96M |
| 2021 | Class action alleging underlying defect in failure-prone engines that could catch fire | USA | $889.6M - $1.3B |
| 2021 | Faulty batteries for electric vehicles increased risk of fire | USA | Up to $1.9B |
| 2021 | Failure to warn of faulty boat design, resulting in death of child | Canada | $200M |
| 2022 | Cancer caused by exposure to ethylene oxide plant emissions | USA | $363M |
| 2022 | Engine defects that caused problems including stalling and premature breakdowns | USA | $102.6M |
| 2022 | Faulty propulsion systems made by electrical equipment manufacturer that failed on cruise ships | USA | $158.75M |
| 2022 | Warehouse worker injured by a toppled load of lighting equipment | USA | $100M |
| 2022 | Defect in truck's roof caused deaths of two people | Canada | $1.724B |

[1] Disposition date
[2] Date of settlement
[3] Disposition date
[4] Date of settlement
[5] Reduced to $195M by settlement prior to jury verdict
[6] Date of proposed settlement
[7] Date of settlement
[8] Date of settlement


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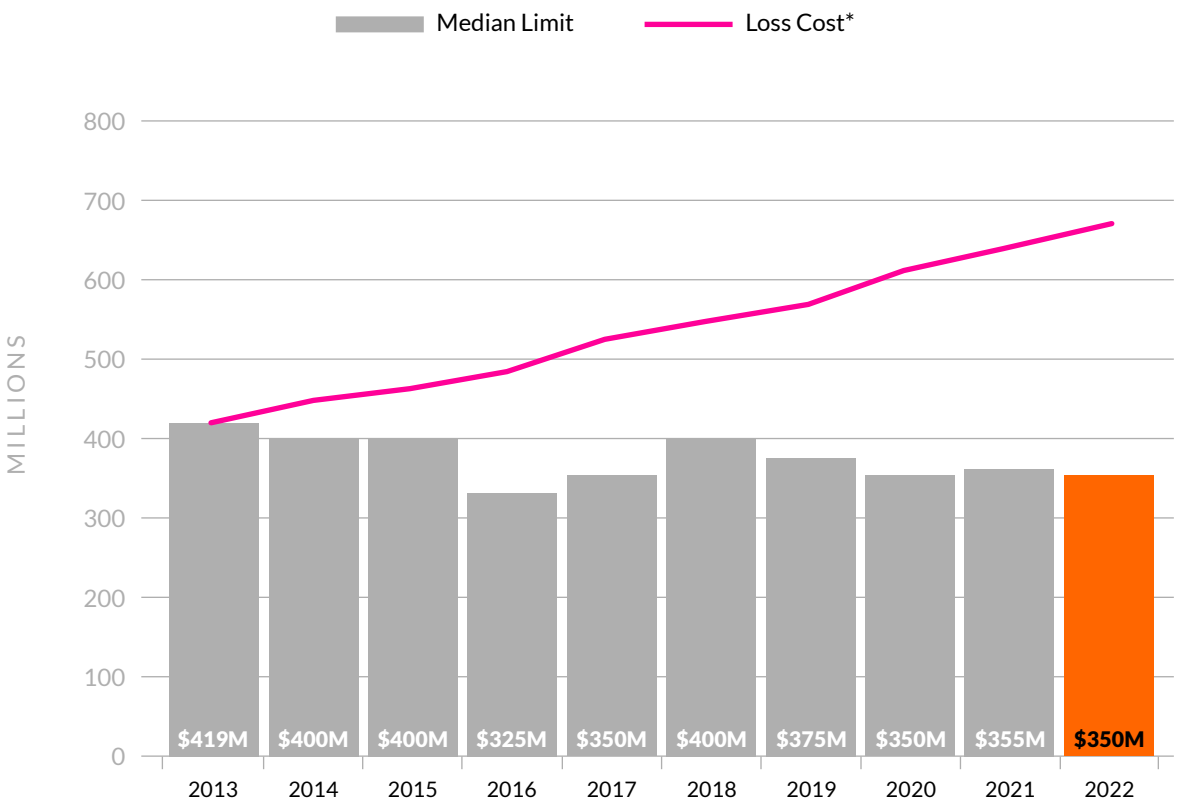
## Manufacturing // Limits Purchased vs. Loss Costs




*Loss Costs are trended using the ISO trend circular and are indexed to 2013 limits



### Expert Insight

Whether the loss emanates from faulty product design or exposure to harmful materials, the manufacturing industry counts many of its large losses not in millions but in hundreds of millions of dollars. And with 40-year-high inflation and juries resolute about sending a strong message when something goes wrong, the manufacturing sector has every reason to brace for more, and more severe, litigation outcomes. We watch these trends closely and use our experience to help clients mitigate exposures, mount the best possible legal defense to claims, and secure strong, stable liability limits that reflect today's real-world exposure.

**Mike Williams** | EVP, Manufacturing Industry Practice Leader, Chubb

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# Oil & Gas

Companies engaged in the exploration, production, refining, processing, marketing, and distribution of natural gas, oil, liquids, and derived products, including contract drilling and other oilfield products and services.

## Sample Large Losses

| Date of Loss | Loss Details | Location | Incurred Amount |
|---|---|---|---|
| 2016 | Gas pipeline explosion kills two and injures several | USA | Pending |
| 2017 | Gas truck struck a motorcyclist, causing injuries | USA | $46M |
| 2018[1] | Oil services company truck driver plowed into the back of a pickup truck | USA | $33M |
| 2019 | Natural gas pipeline built in the 1950s exploded | USA | Pending |
| 2019[2] | Coastline damage allegedly caused by oil and gas drilling | USA | $100M |
| 2019[3] | Alleged willful misconduct in management of oil processing facility and gas well drilling | USA | $74.1M |
| 2020[4] | Oil spill from pipeline closed beaches and damaged environment | USA | $60.6M |
| 2021 | Additional environmental damage from 2006 oil spill | USA | $19.7M (in addition to $97M in earlier fines) |
| 2021 | Groundwater contamination by gas additive MTBE | USA | $25M |
| 2021 | Pipeline wastewater spill resulting from hydraulic fracturing (fracking) | Canada | $35M |
| 2021 | Failure to investigate multiple leaks of natural gas storage facility | USA | $1.1B |
| 2022 | Employee gas turbine technician was killed after he was struck by a fuel filter cover that blew off the equipment he was working on | USA | $150M |

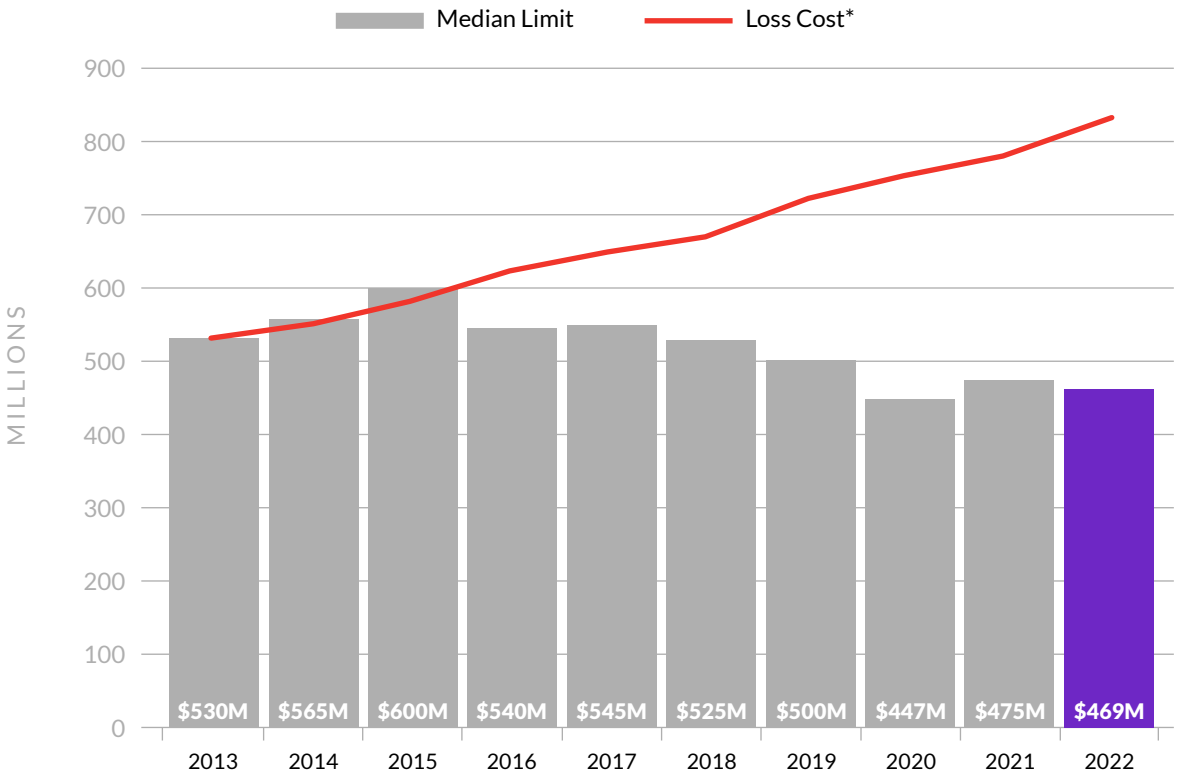
[1] Disposition date

[2] Date of settlement

[3] Verdict date. Judge declined to reduce verdict in 2019. Pending appeal in 2020.

[4] Date of settlement

## Oil & Gas // Limits Purchased vs. Loss Costs




*Loss Costs are trended using the ISO trend circular and are indexed to 2013 limits




## Expert Insight

As our listing illustrates, explosions and environmental damages remain the norm among large losses for oil and gas companies. But these losses tell only part of the story. Extreme weather, aging infrastructure, talent shortages, and geopolitical issues are compounding the already difficult liability landscape. As this sector faces ever more unpredictability, our focus is keeping them on firm footing with solid liability capacity: Many are migrating to the stability of a bookended approach -- instilling the strength and service of Chubb at both the lead umbrella and top excess levels of their liability towers. This approach ensures both stable, reliable capacity and puts Chubb's highly skilled and experience claims resources at the insured's side.

**Heidi Lines** | Vice President, Excess Liability, Chubb Bermuda

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# Utilities

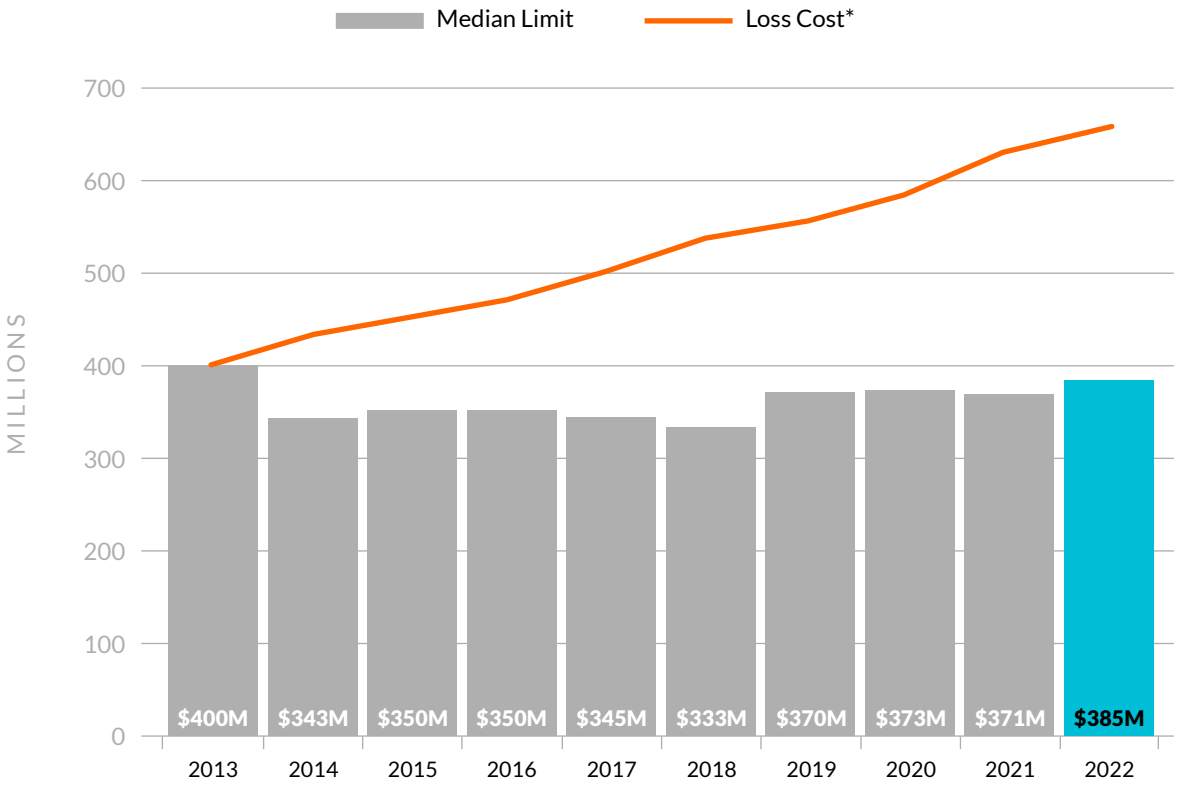
Companies engaged in the generation, transmission, and distribution of electricity, including transmission or distribution of gas.

## Sample Large Losses

| Date of Loss | Loss Details | Location | Incurred Amount |
|---|---|---|---|
| 2017 | A loose wire on a utility pole became electrified, killing one worker and causing a double amputation to another | USA | $100M[1] |
| 2017[2] | Child electrocuted while climbing trees near power lines | USA | $24M |
| 2017/2018 | Wildfires allegedly caused by power and distribution lines, conductors, and failure of power poles | USA | $12B-24B |
| 2018 | Alleged negligence in vegetation management when a tree fell on a child who lost a leg | USA | $48M |
| 2018 | Gas leak and explosion kills one, injures over 25 and impacts over 8,000 customers | USA | Over $790M |
| 2020[3] | Individual injured by falling utility pole | USA | $125M |
| 2020[4] | Wildfire allegedly caused by unmaintained trees that damaged power lines due to negligent tree trimming | USA | $20M |
| 2021 | Child struck and killed by garbage truck | USA | $38.8M |
| 2021 | Paving company found to be grossly negligent in making a road repair, causing fatal crash involving commercial truck | USA | $74M |
| 2021 | Piping maintenance company failed to repair faulty relief valve, resulting in scalding death of worker | USA | $220M |
| 2022 | Workers at electricity supply company forced out of jobs, complaining about sexual and racial harassment | USA | $464M |
| 2022 | Competitor smear campaign against real estate investment company and media network | USA | $46.6M |
| 2022 | Garbage collector struck by car and seriously injured while crossing street to collect a can | USA | $14M |

[1] Demand [2] Disposition date [3] Date of settlement [4] Date of settlement

## Utilities // Limits Purchased vs. Loss Costs




*Loss Costs are trended using the ISO trend circular and are indexed to 2013 limits



## Expert Insight

Aging power grids are showing their vulnerability to everything from extreme weather to physical attacks. New smart grids raise the specter of systemic loss and cascading disruptions and spotlight the urgent need to shore up both cyber and physical security. We work closely with our utility clients to support them in taking inspections, testing and predictive maintenance to the highest level, evaluating cyber security protocols, and ensuring strong contingency plans. We also draw on our decades of experience to bring valuable insights and data to the underwriting table that can help our clients pinpoint the proper limits for their true exposure. Transparent discussions are critical: While median limits purchased for this sector ticked up slightly in 2022, they are far outpaced by loss cost trends.

**Erik Olsen** | SVP, Property Center of Excellence Leader, Risk Engineering Services, Chubb

*NOTE: Panel in photo is de-energized.*

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# Chemical

Companies engaged in research, development, manufacturing, marketing, and distribution of petrochemicals, basic and specialty chemicals, agricultural chemicals, and chemical intermediates.

## Sample Large Losses

| Date of Loss | Loss Details | Location | Incurred Amount |
|---|---|---|---|
| 2017 | Class action settlement for personal injuries resulting from exposure to chemical | USA | $671M |
| 2018[1] | Toxic product to be removed from homes | USA | $60M |
| 2019[2] | Private citizen's lawsuit alleging illegal pollution discharge into waterways | USA | $50M |
| 2019[3] | Groundwater contamination alleged from application of pesticide fumigants | USA | $63M |
| Various | Potential class action from thousands of claimant allegations that an agrichemical causes personal injuries | USA | $11.22B[4] |
| 2020[5] | Crop damage resulting from third party use of herbicides | USA | $75M |
| 2020[6] | Deceptive marketing of glyphosate, an ingredient in herbicide | USA | $35.5M |
| 2021 | Contamination of drinking water by firefighting foam containing PFAS | USA | $17.5M |
| 2021 | PFOA contamination of well water by plastic company | USA | $23.5M |
| 2021 | School exposed to leaking PCBs in fluorescent light fixtures | USA | $185M |
| 2021 | Cleanup costs relating to contaminated groundwater at Superfund sites | USA | $86M |
| 2022 | Exposure to dangerous and long-lasting chemicals (PCBs) at local school | USA | $82M |
| 2022 | Students and teachers exposed to PCBs caused neurological injuries | USA | $275M |
| 2022 | Dry cleaning chemicals contaminated city's soil and groundwater | USA | $56.3M |

[1] Date of settlement [2] Disposition date [3] Disposition date [4] Defense settlement offer
[5] Disposition date. Court modified punitive damages to $60M and upheld $15M compensatory damages in Nov. 2020 [6] Date of settlement

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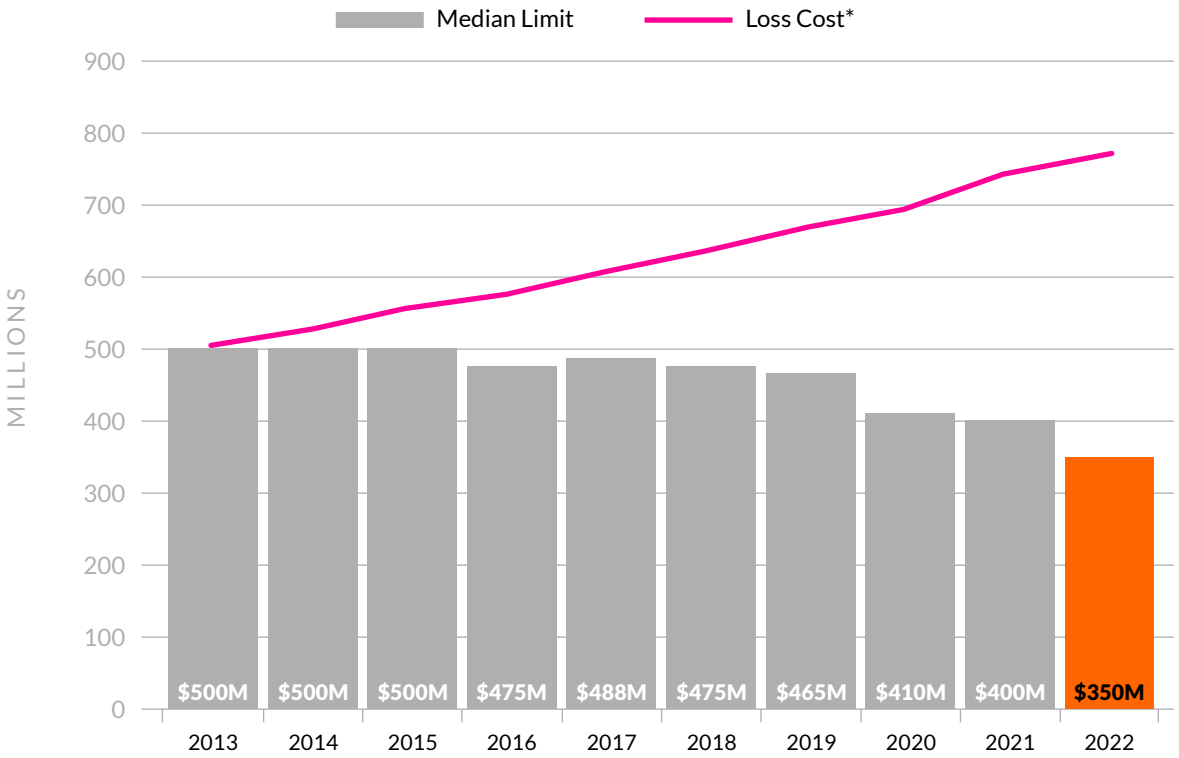
## Chemical // Limits Purchased vs. Loss Costs




*Loss Costs are trended using the ISO trend circular and are indexed to 2013 limits



### Expert Insight

The chemical industry is a challenging class of business in terms of product liability and sudden and accidental pollution liability exposures, and the risks are only getting more severe. Our report shows that over the past 10 years, average loss costs have increased from $500 million to nearly $800 million. This increase is driven not only by the breadth of the exposure, but also by social inflation and the rise in nuclear verdicts.

New types of infrastructure, advancing technology and product development, and improvements in risk assessment and risk engineering will be needed to mitigate emerging exposures, and the value of catastrophic liability protection cannot be underestimated.

**Christine Russell** | EVP, Head of Claims and Claims Counsel, Chubb Bermuda

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The verdict and settlement amounts referenced in the report are pulled from various publicly available case summaries and news sources.

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