



***FORWARD
IN FOCUS***

Nuclear Verdicts & Predatory Litigation:

How Food Distribution Leaders Reduce Risk Without Slowing the Business

S e p t e m b e r 1 5 , 2 0 2 6

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Agenda

- How Did We Get Here
- Quantifying The Impact
- Reasons For Hope: Learnings From Travelers
- What You Can Do



How Did We Get Here

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Key Events & Milestones

	1970s	1980s	1990s	2000s	2010s	2020s
 Legal System	- Consumer Product Safety Act of 1972 - Strict Product Liability - First Amendment Protects Attorney Advertising		- Struck Punitive Damages Cap in Bad Faith (OH) - Unlimited Non-Economic Damages (IL)	State Farm vs Campbell (2003)	- Damages Cap Struck (GA) - Damages Cap Struck (KS) - Bad Faith/Time Limit Demand (NC) - Shifting Judicial Landscape	- IL 6% Pre-Judgment Interest - Attorney Advanced Punishment Tactics
 Social Change		Lawyer Population 574,000	Tobacco Master Settlement	- Enron Scandal - Obesity and Sleep Declines - Rise of Chronic Pain	- Social Inflation - Opioid Epidemic - Political Polarization	- Covid 19 - Surgeon General Advisories - Lawyer Population 1,322,659
 Economics		Liability Insurance Crisis		- Friends Cast \$1M/episode - Attorney TV Ad Spending 6x 2008 Financial Crisis	- Rise of Nuclear Verdicts - Expansion of Third-Party Litigation Funding - Legalization of Marijuana	- Post-Pandemic Inflation - Patrick Mahomes Contract \$450M
 Technology			Google Search Launches	- Facebook Expansion - iPhone Launches - Algorithmic Feeds Emerge	Rise of 24-Hour News Cycle	- TikTok's Explosion - Rapid AI Advancement



The Current Environment

Media

Societal
Factors

Plaintiff
Tactics

“In 2024, it is estimated that more than **\$2.5 billion** were spent on more than 26.9 million ads for legal services or soliciting legal claims across the United States.¹



“Driven by a generation-long decay in public trust of corporations, social inflation trends are challenging to predict, largely because they are driven by "soft" social constructions, such as public perception of corporate behavior and changing demographics, especially with the increasing influence of social media.”²

¹According to American Tort Reform Association

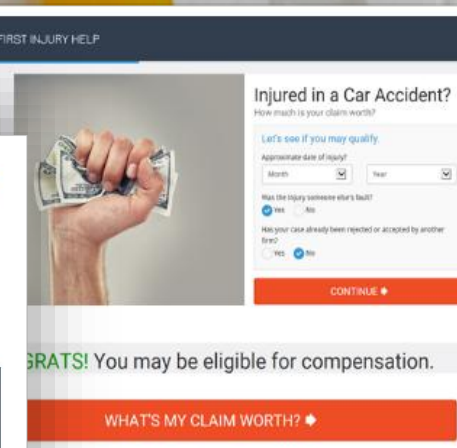
²According to PropertyCasualty360



Social Inflation: How Today's Rising Claim Costs Affect Tomorrow's Insurance Premiums

3 minute read

Share now: [f](#) [X](#) [in](#)



Public Sentiment

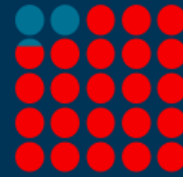
Optimism and the Perception of Control are Declining...

Placing a higher burden on companies according to Travelers data.¹

¹Jury Pool Attitudes (Travelers Enterprise Market Research, 2019)

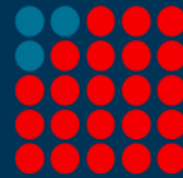
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Percent of jurors who **strongly or somewhat believe** companies:



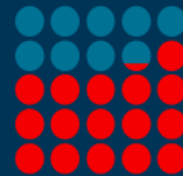
89%

Should always have **to do more than just meet government safety standards**



88%

Should take any and all **precautions, no matter how impractical or costly** to ensure the safety of their products



67%

Knowingly cut corners when it comes to safety in order to make greater profits

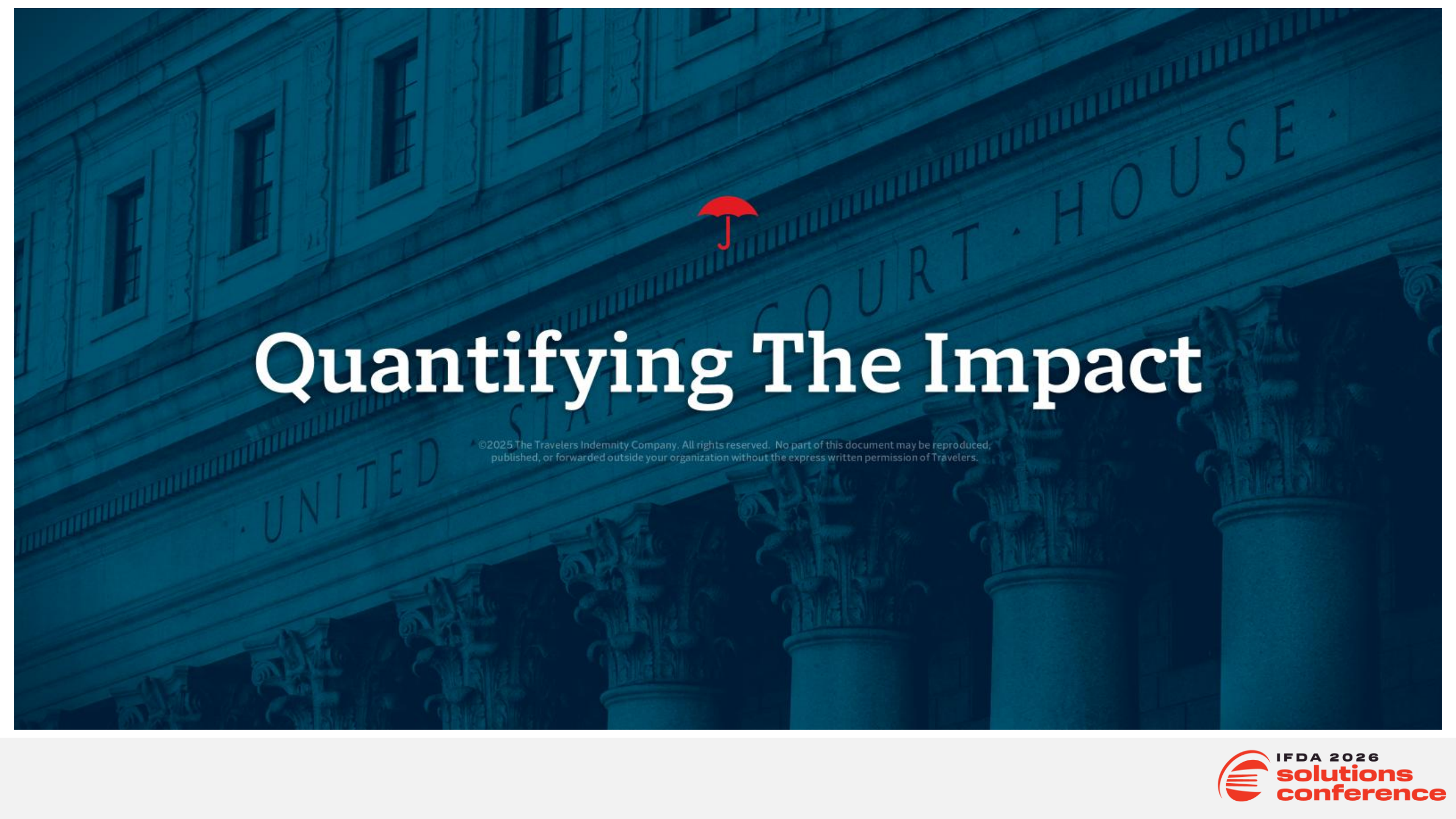


58%

Always have some **responsibility for the injury**, even if the customer is injured while misusing a product

Source: Decision Quest National Juror Attitude Survey, 2017-2018.

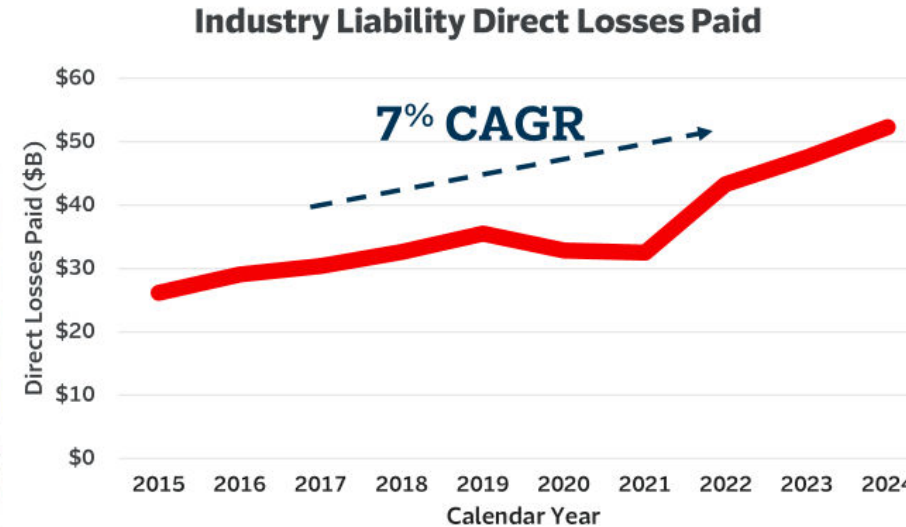




Quantifying The Impact

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Quantifying the Impact



Cost to Business

- Increase in Attorney Representation – Surge in Lawsuits
- Higher Claim Frequency & Severity – Increased Loss Costs
- Escalation of Claim Values Exceeding Policy Limits
- Rising Insurance Premiums
- Reduced Availability of Coverage and Limits
- Reputational Harm
- Strained Business Relationships
- Loss of Productivity
- Loss of Competitive Advantage

“Excessive litigation and abuse of the U.S. legal system are effectively imposing a tax on the U.S economy and causing a surge in liability insurance costs.¹”

1 Insurance Journal: Excessive Litigation Causes Surge in Liability Insurance Costs

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Nuclear Verdicts

Trial Verdicts

Attorney Litigation

Attorney Non-Lit

Unrepresented

TODAY'S LIABILITY ENVIRONMENT
AND IMPACT ON BUSINESS

Shadow Effect of Litigation:

Litigation outcomes shape the value of attorney represented claims – from minor injuries to major losses. Thoughtfully acting in this environment influences the entirety of liability cost.



Trucking Manufacturing

Strengths and Supporting Facts

- Plaintiff's vehicle driving at highway speed struck the rear of the customer tractor trailer resulting in the fatality of the driver and a passenger.
- Customer manufactured the trailer 20-year prior meeting minimum standards.
- Rear end collision with plaintiff driver intoxicated and neither wearing a seatbelt.

Challenges and Arguments

- The jury was **prevented from hearing key evidence**, but did hear about the customer and other manufacturers lobbying efforts against tighter federal standard.
- Attorney argued that a stronger RIG could have saved their lives.
- Plaintiffs used the “**reptile theory**” accusing the customer of participating in an “**unlawful conspiracy to knowingly produce dangerous products**” when better safety technology existed.



Jury verdict: \$462 million (\$450 million designated as punitive damages)

Judge denied a new trial but reduced **\$450** million in punitive damages to **\$108** million



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Tractor Trailer Auto Accident



Strengths and Supporting Facts

- Company was responsible for moving disabled tractor trailers from the highway.
- They moved the disabled tractor trailer to a "safe" place on an off-ramp and was there 8 hours before the accident happened.
- Extreme snowy weather conditions and motorist should use care while driving.
- Plaintiff rear ended disabled tractor at a speed that was too fast for conditions.

Challenges and Arguments

- Plaintiff was able to establish the tractor trailer was partly in the roadway.
- They also established the tractor trailer could have been exclusively on the shoulder of the off ramp.
- Very sympathetic case, deceased mother of 5 and surviving father with orthopedic injuries and a traumatic head injury.



Case was tried for 2 weeks and plaintiff **asked for over \$100M** in his closing statement

The jury deliberated for 4 hours and returned a **defense verdict.**



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What Would You Do?

To: John Smith, CEO
From: Law Offices
RE: Demand Letter

Given the **indisputable liability** and outrageous conduct of your client and the devastating and catastrophic injuries suffered any reasonable person must view your client as grossly underinsured and **exposed to a verdict well in excess of its total** in insurance coverage.

Only a full and unequivocal tender of the policy limits will prevent the **economic annihilation** and **extinction of your client** which will inevitably result should this case go to trial.

His manager will admit the work was dangerous and that this worker was in grave harm, but he did it anyway. His defense that management made him do it will enrage the jury and exponentially multiply the jury's gargantuan damages resulting in economically crippling punitive damages.

The jury will hand down punitive damages that will **condemn your client to economic extinction.**"

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Staged Accidents: Travelers Experience Across Venues

LAS VEGAS

- Classic swoop and squat on Nevada interstates — out-of-state truckers targeted at random near Las Vegas corridor
- Investigated through dashcam footage; where cameras were absent, pattern recognition — common addresses, treating physicians, attorneys, recently purchased vehicles, occupants who appeared not to know one another
- **When NHP began photographing all occupants, same individuals surfaced across multiple accidents using different names and vehicles**
- Required in-person pre-suit meetings with Travelers photo documentation — attorneys either complied, filed suit (opening video deposition), or made demands not credible given known facts
- Activity has largely ceased — cases became too difficult to pursue because of sustained defense posture

TRAVELERS RESULT

Multiple claims defeated — NHP partnership + photo documentation drove rings out of market

NEW ORLEANS

- Deliberate sideswipe scheme: plaintiff vehicle accelerated to occupy space into which insured was merging
- No independent witnesses, no dashcam — case built on physical evidence and insured credibility
- **Tried to a defense verdict in the Eastern District of Louisiana**
- During trial, the plaintiff attorney was suspected as a participant in a related federal staged-accident conspiracy
- **The plaintiff attorney was indicted, tried, and convicted March 2026 on 5 federal counts: conspiracy, wire fraud, mail fraud, obstruction of justice, and witness tampering**
- Trial of additional co-conspirators later this year

TRAVELERS RESULT

Defense verdict + plaintiff attorney's federal criminal conviction on 5 counts

NEW YORK METRO

- Post-accident behavior on camera: claimants frequently pull in front of truck after impact — footage captures demeanor before/after law enforcement arrives; abrupt changes in presentation are clearly visible and useful on both liability and damages
- **Dashcam is decisive:** Law enforcement now routinely asks at scene whether truck has a dashcam, reviews footage, and incorporates findings directly into police report
- Sideswipes: rear/side cameras are gold standard; forward-facing camera locks claimant location, then demonstrates insured maintained lane throughout — less effective when targeted during a legitimate lane change

CURRENT FOCUS

Protocols in place — continue to enhance specialist resources



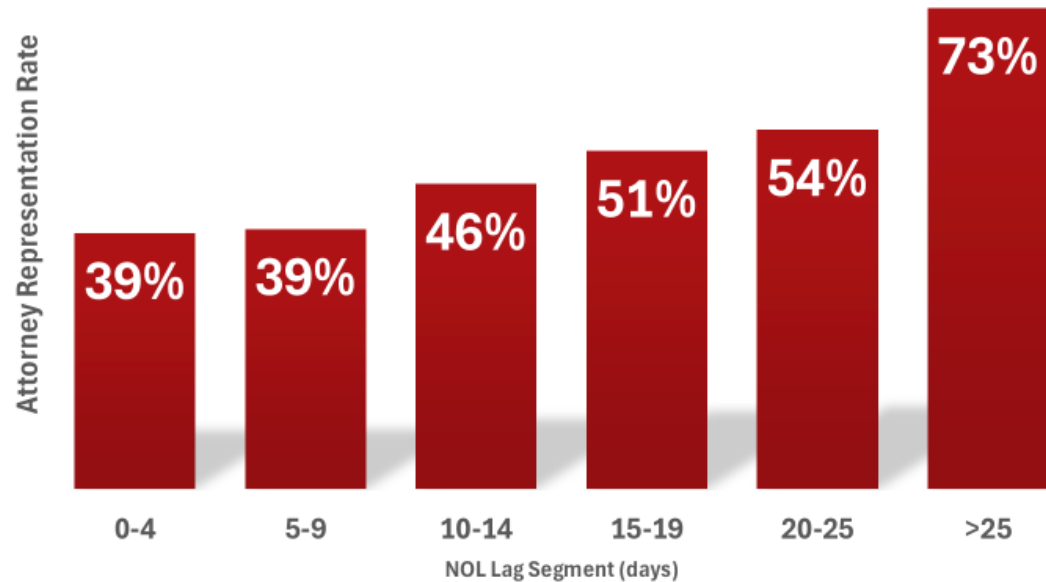
What You Can Do

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Timely Actions and Reporting Matter

Delayed reporting increases the likelihood of attorney involvement

Notice Timing to Legal Representation



On average, an attorney is notified 60-90 days before Travelers has been notified.



Timely
Freeze the Facts

* Data represents median days notice of loss lag time



Delayed
First notice by attorneys 35x longer

Evidence Preservation



Reduce Claim Costs Through
Early Intervention



Mitigate Legal Risks

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* Data from 2022-2024 CLP and DLP studies by Travelers and Aon



Get Involved: A Call to Action



Majority of Americans Want Reforms

86% Agree that state and federal lawmakers should address abuses of the legal system¹suit¹

88% Believe there should be full transparency and disclosure of all the parties who have a financial stake in a civil lawsuit¹

Most Americans Agree Certain Plaintiff Lawyer Tactics Increase the Cost of Insurance and Everyday Items

69% believe the practice of third-party litigation funding and jury anchoring will increase the overall cost of home, auto, and business insurance for all Americans.²

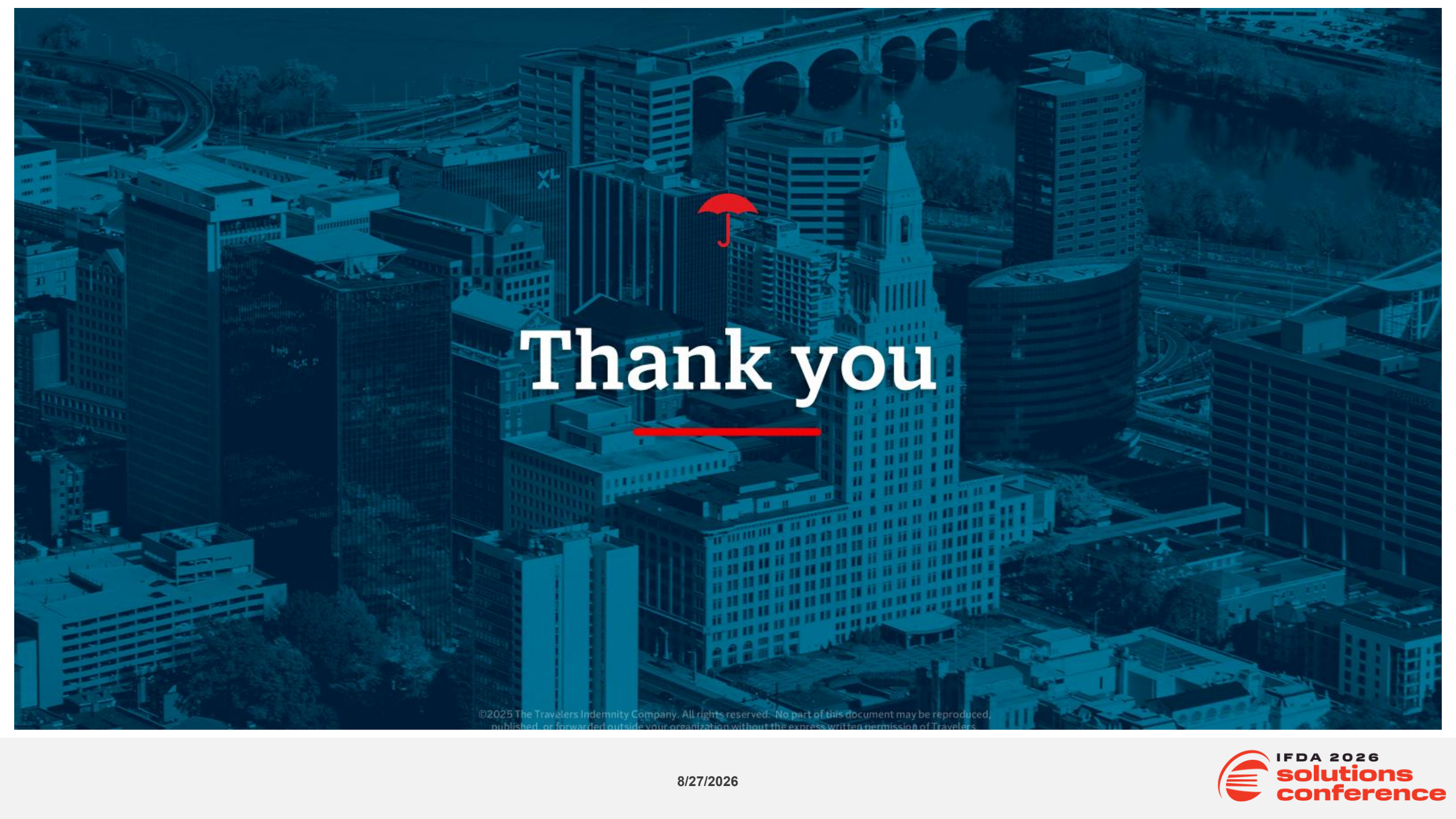
68% agree that excessively high jury awards will increase the overall cost of home, auto and business insurance for all Americans²



Winning Gameplan:

Thriving Amidst Challenge

- ✓ Prioritize Employee Well-being and Safety
- ✓ Foster a Culture of Care and Accountability
- ✓ Exceed Regulatory Standards
- ✓ Prepare for Adversity
- ✓ Respond Effectively to Incidents
- ✓ Lead with Awareness
- ✓ Engage Actively in Claims Management
- ✓ Influence Regulatory Reform
- ✓ Be Active in Your Community

An aerial photograph of a city skyline, likely Philadelphia, with various skyscrapers and a prominent clock tower. A red umbrella icon is positioned above the text 'Thank you'.

Thank you

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8/27/2026