U.S. Chamber of Commerce
Institute for Legal Reform

International Tort Costs

A Comparative Analysis of the United States, United Kingdom, EUG5, Australia, and Canada

June 2026

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Contents

Appendix

About the U.S. Chamber of Commerce

The U.S. Chamber of Commerce is the world's largest business organization. Our members range from the small businesses and chambers of commerce across the country that support their communities, to the leading industry associations and global corporations that innovate and solve for the world's challenges, to the emerging and fast-growing industries that are shaping the future. For all of the people across the businesses we represent, the U.S. Chamber of Commerce is a trusted advocate, partner, and network, helping them improve society and people's lives.

About the Institute for Legal Reform

The mission of the U.S. Chamber Institute for Legal Reform (ILR) is to champion a fair legal system that promotes economic growth and opportunity.

ILR's cutting-edge research program examines the most pressing civil justice issues facing legal systems in Washington, DC, across all 50 U.S. states, and around the world. These papers by some of the world's foremost legal and economic experts offer potential solutions for a fairer legal system.

The U.S. legal system has long been plagued by excessive costs that far too often fail to deliver the balanced legal outcome the system was designed to ensure. Over the last decade, some of the most troubling trends from the American legal system have been adopted abroad. A combination of legislative initiatives, judicial interpretation, and the growing commercialization of litigation has pushed other jurisdictions toward U.S. legal practices that often prioritize the business of litigation over access to justice. The following policy foreword provides background on these developments to better understand the general rise in tort costs across the jurisdictions analyzed in the economic study that follows.

Chapter 1

Policy Foreword

01

Examining Global Tort Cost Burdens

United States

As detailed extensively in the U.S. Chamber Institute for Legal Reform's (ILR's) previous study, *Tort Costs in America,*[1] the U.S. suffers from a very high burden in legal system costs.

As such, the U.S. serves as an appropriate benchmark against which to measure other jurisdictions due to the scale of its litigation activity, expansive discovery rules, broad class action mechanisms, possibility for contingency fees and punitive damages, and the frequency of multi-million-dollar verdicts. These features create a uniquely costly environment for businesses, insurers, healthcare providers, and consumers.

During the *U.S. Tort Costs in America* 2013–2023 study period, several trends contributed to elevated tort costs. Social inflation,[2] rising settlement values, aggressive advertising by the plaintiffs' bar, and the growth of third-party litigation funding (TPLF) have all contributed to increased claims frequency and severity. At the same time, nuclear verdicts[3] and expanding theories of liability have amplified uncertainty and defense costs, particularly in product liability, commercial disputes, and mass tort litigation.

Although the U.S. remains the highest-cost system in absolute terms, the more notable global trend is that other jurisdictions are increasingly adopting procedural mechanisms long associated with the U.S. system. As a result, while the U.S. currently bears the highest burden in tort costs, the gap between the U.S. and other major economies is narrowing.

United Kingdom

The U.K. has experienced the most pronounced transformation among the jurisdictions in the study. The introduction of opt-out collective actions under the Competition Appeal Tribunal (CAT), enabled by the Consumer Rights Act of 2015, marked a pivotal departure from the U.K.'s historically opt-in group litigation model.

The CAT regime allows claims to be brought on behalf of individuals without their active participation, significantly increasing claimant pools and aggregate damages. Certification thresholds have remained relatively permissive, enabling a steady pipeline of large-scale claims. In fact, by the end of 2024, U.K. competition class actions encompassed over 655 million class members, which averaged out to roughly 10 class actions for every British citizen.[4]

These claims are dramatically fueled by TPLF, which has become a cornerstone of the U.K. litigation ecosystem. Estimates of TPLF's market size in the U.K. range up to £4.5 billion.[5] The role funders play in claims in the U.K. has increasingly been brought into the spotlight through headline-grabbing cases like *Bates & Others v Post Office* and *Merricks v Mastercard*, which have highlighted the oversized returns and control funders have over claims. These developments have led to government scrutiny of the practice and ongoing policy discussions over the appropriate regulatory framework for TPLF.

The interaction of these elements—the ability to

". . . while the U.S. currently bears the highest burden in tort costs, the gap between the U.S. and other major economies is narrowing."

aggregate claimants via the opt-out model, loose certification standards, and a thriving TPLF market with virtually no oversight—has materially increased litigation costs. The U.K. framework increasingly replicates the economic incentives for litigation and exposure for businesses that are seen in the U.S., all contributing to the U.K.'s significant rise in tort costs over time.

"In fact, by the end of 2024, U.K. competition class actions encompassed over 655 million class members, which averaged out to roughly 10 class actions for every British citizen."

Germany, France, Italy, Spain, and the Netherlands

Across the five largest EU economies, tort costs are also trending upward. Between 2014 and 2023, the EU moved from a patchwork of national collective action regimes toward a more structured and coordinated EU-level framework for collective redress.

This shift accelerated in 2020 with the adoption of the Representative Actions Directive (RAD),[6] which requires every Member State to establish mechanisms allowing both domestic and crossborder collective actions. Although the deadline for transposition expired in 2023, as of June 2026, several Member States are still in the process of implementing the Directive (including Spain). Claims have already begun to emerge under RAD, and expectations are that activity will increase in the near term—particularly as the Digital Markets Act, Digital Services Act, and the revised Product Liability Directive were added to the list of EU laws actionable under RAD, creating new litigation pathways.

Litigation funding has become an important enabler of collective actions in Europe, particularly in jurisdictions with more developed procedural frameworks. Despite a call by the European Parliament for the European Commission to introduce a harmonized framework for the regulation of TPLF, no action has yet been taken.[7] The Commission's recent mapping study nonetheless identified more than 300 litigation funders operating across the EU, underscoring the growing depth of the funding ecosystem.[8]

These developments suggest that the EU is entering an early-stage growth phase in collective litigation. While not yet matching U.S. and U.K. levels, the combination of new avenues for collective actions and expanding funding capacity points to sustained upward pressure on tort costs.

This trend is already playing out in the Netherlands, which has introduced Europe's broadest opt-out collective action mechanism, allowing damages claims across multiple fields of law.[9] TPLF is helping drive the more than 100 active class and mass claims now confronting Dutch businesses and public entities.[10]

. . . the EU is entering an early-stage growth phase in collective litigation. While not yet matching U.S. and U.K. levels, the combination of new avenues for collective actions and expanding funding capacity points to sustained upward pressure on tort costs.

Australia

As the birthplace of TPLF, litigation funding has long contributed to an active class action environment in Australia. Reports of unfair class action settlements and huge returns for funders led to government review and, ultimately, intervention in the industry during the study period. This dynamic is evident in Australia's moderate rise in tort costs.

Other major developments in this jurisdiction during the study period included the decision by the Federal Court to allow judicial review and intervention in the commission funders receive,[11] the Australian Law Reform Commission's inquiry into class actions and TPLF, which resulted in a final report recommending broad reform of class actions and oversight of TPLF,[12] the High Court's decision in *BMW Australia Ltd v Brewster*[13] in 2019 restricting common fund orders,[14] the 2020 federal regulations requiring litigation funders to obtain financial services licenses,[15] and a parliamentary inquiry into litigation funding and the class action industry.[16]

"Australia continues to demonstrate that active supervision can moderate the cost impacts of collective litigation without meaningful guardrails."

Although aspects of these reforms were rolled back in 2022, Australia continues to demonstrate that active supervision can moderate the cost impacts of collective litigation without meaningful guardrails.

Canada

Canada stands out as the only jurisdiction in this analysis to experience a decline in tort costs over the study period, reflecting the impact of targeted legislative and procedural reforms.

Most notably, Ontario substantially overhauled its class action regime in 2020 through the Smarter and Stronger Justice Act. The reforms included stricter certification standards, better coordination of multi-jurisdiction class actions, expanded availability of defense motions to strike or dismiss prior to certification, broader judicial oversight of settlements, and a new statutory framework for TPLF.[17]

Canada's class action framework is also decentralized. Each province administers its own class proceedings regime, and there is no overarching federal mechanism for nationwide aggregation. While national class actions remain possible, it is structurally more complicated.[18]

Although third-party litigation funding exists in Canada, it remains comparatively smaller, and with more supervision than in the U.K. or European markets.[19]

Together, these factors have contributed to a more moderate litigation environment and help explain the divergence in tort cost trends relative to other jurisdictions.

Outlook

Across the jurisdictions studied, a common pattern emerges: government expansion of private rights of action, particularly class actions, creates incentives for litigation funders to back claims, ultimately driving up litigation costs.

In the U.K., these dynamics have already produced a sharp increase in costs as a percentage of GDP, placing the jurisdiction on a trajectory towards parity with, or potentially surpassing, the U.S. By contrast, Australia and Canada illustrate how heightened government scrutiny and targeted legislative reforms can temper the pace and scale of these trends.

As collective litigation regimes expand, policymakers must now contend with the secondary effects of those choices: most notably, the undeniable negative economic implications of funder driven mass claims. Absent targeted safeguards, the continued expansion of collective actions risks entrenching a litigation environment in which costs escalate without corresponding gains in fairness or efficiency.

The tort cost figures and the report describing the methods used to develop those figures are the work product of the Insurance Information Institute. This foreword is the work of ILR.

The analysis covers the period from 2014 to 2023 (the “study period”) and is intended to provide a partial update to the U.S. Chamber Institute for Legal Reform (ILR’s) 2013 report on *International Comparisons of Litigation Costs*.[20]

Chapter 2

Executive Summary

Analysis Summary

This study measures and compares the costs of the tort systems[21] in the United States, the United Kingdom, the European Union's five largest economies (Germany, France, Italy, Spain, and the Netherlands— collectively referred to hereafter as the EUG5), Australia, and Canada.

Tort costs are defined as the economic costs associated with a country's legal system in providing civil remedies for harm caused by others, including monetary damages and related expenses.

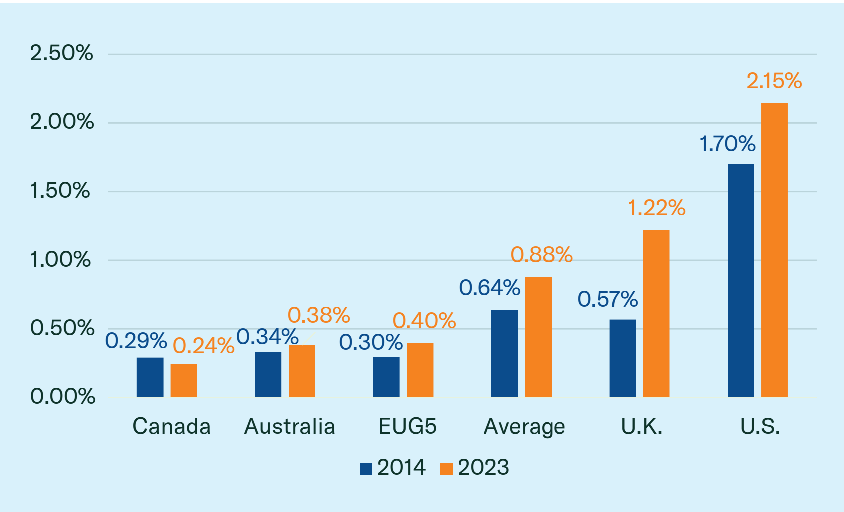
These cross-country tort cost estimates provide a foundation for analyzing differences in the scale and growth of tort systems across jurisdictions and help assess whether rising tort costs are placing a greater burden on legal systems and the broader economy. A detailed description of the data and methodology used in this study is included in the appendix.

Our analysis shows that tort costs continue to grow on a global scale, with some jurisdictions experiencing sharper increases that warrant greater economic concern.

Key Findings

- The U.S. maintains the highest tort cost burden globally among the jurisdictions studied, reaching 2.15% of GDP[22] in 2023—nearly three times the study average.
- The U.K. has experienced the fastest growth in tort costs during the study period:
  - increasing to 1.22% in 2023;
  - more than doubling since 2014; and
  - on track to surpass the U.S. as a share of GDP by 2029–2030 if current trends persist.
- EUG5 tort costs are steadily rising, increasing to 0.40% of GDP in 2023.
- Tort costs are rising faster than economic fundamentals, outpacing inflation and GDP growth across studied jurisdictions.
- This trend signals increasing economic drag, as tort systems consume a growing share of national economic resources over time.

Figure 1: Tort Costs as Percent of GDP by Location (Percent per Year)



Source: Statutory Insurance Data: NAIC and OECD (as of 10/2025).
Economic Data: IMF (2026).

Growth in Tort Costs by Jurisdiction

The United States maintains the highest tort cost burden among jurisdictions studied, rising to 2.15% of GDP in 2023, with nearly 93% growth in costs since 2014—far outpacing GDP, inflation, and economic growth. After the U.S., in declining order of percentage of GDP, tort costs in 2023 were the highest in the U.K. at 1.22%, the EUG5 at 0.40%, Australia at 0.38%, and Canada at 0.24%. (See Figure 1.)

U.S. and U.K. Tort Costs Convergence

From 2014 to 2023, tort costs as a percentage of GDP grew by an annualized average of 2.90% per year in the U.S. and 12.76% per year in the U.K. Holding these annualized increases constant in both countries, tort costs as a percentage of GDP will converge and reach 2.53% of GDP by 2029–2030. (See Figure 2.)

Tort Costs are Increasing Faster Than Both Economic Growth and Inflation

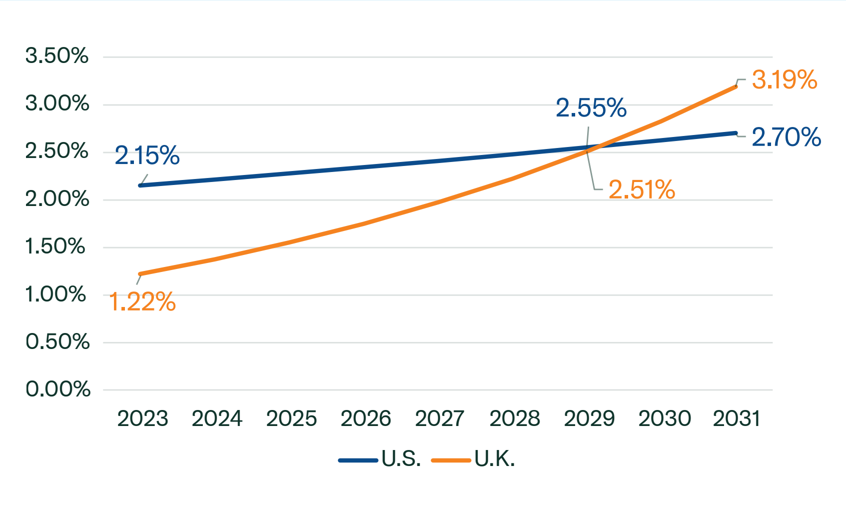
From 2014 to 2023, tort costs as a percentage of GDP increased by an average of 7.05% per year across the five locations. This pace exceeded the average growth of GDP (4.63% annually) and inflation (2.60%) over the same period.

Looking at the full period, the difference is even more pronounced: total tort costs

From 2014 to 2023, tort costs as a percentage of GDP increased by an average of 7.05% per year across the five locations. This pace exceeded the average growth of GDP (4.63% annually) and inflation (2.60%) over the same period.

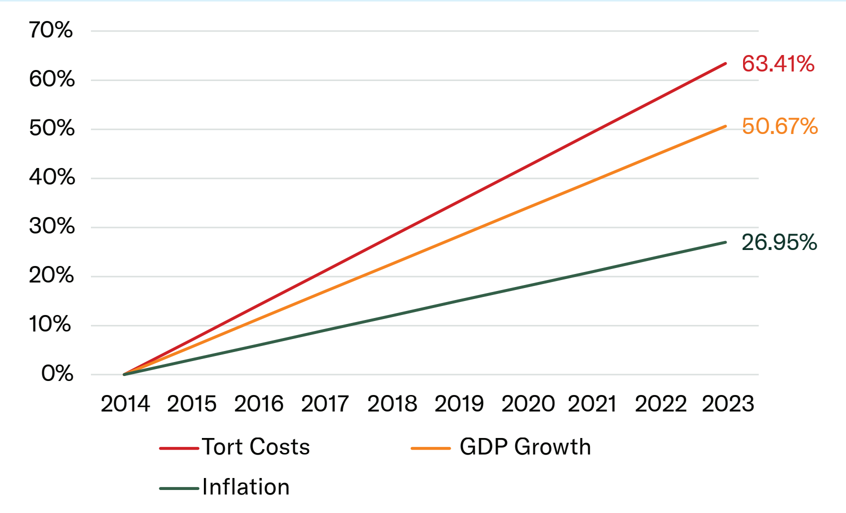
“. . . [T]ort costs continue to grow on a global scale, with some jurisdictions experiencing sharper increases that warrant greater economic concern.”

Figure 2: Tort Costs as Percent of GDP: U.S. and U.K. Convergence



Source: Statutory Insurance Data: NAIC and OECD (2025).
Economic Data: IMF (2025).

Figure 3: Change in Tort Costs, GDP, and Inflation: Average of All Locations



Source: Statutory Insurance Data: NAIC and OECD (2025).
Economic Data: IMF (2025).

increased by 63.41%, compared to 50.67% growth in GDP and 26.95% inflation. (See Figure 3.)

This distinction is important. Some increase in costs over time is expected, as prices rise (inflation) and economies grow. However, when tort costs grow faster than both inflation and economic output, they take up a larger share of overall economic resources. In practical terms, this means that more of a country’s economic activity is being devoted to litigation-related costs rather than productive investment or consumption.

As a result, the data suggests that tort systems across these jurisdictions are becoming more resource-intensive over time, assuredly creating a growing drag on economic activity.

This report estimates, compares, and ranks tort costs in the United States, the United Kingdom, the European Union's five largest economies (Germany, France, Italy, Spain, and the Netherlands—collectively referred to as the "EUG5"), Australia, and Canada. The findings are organized into four countries and one region, referred to as five "locations." The "tort costs" referred to in this study include compensation paid to injured parties as well as the costs involved in administering and defending claims, and are estimated based on insurance data and estimated self-insured costs.

Chapter 3
Empirical Observations

This report updates ILR's *International Comparisons of Litigation Costs in Canada, Europe, Japan, and the United States (2013)*, which provided tort costs estimates for the U.S. and 11 other countries for 2011; and Towers Watson's *Update on U.S. Tort Cost Trends* (2011) which provided U.S. tort costs estimates from 2001 to 2010. This report also provides a partial update to ILR and the Brattle Group's *Tort Costs in America* (2024), which will be further updated in a 2026 edition of that paper.[23]

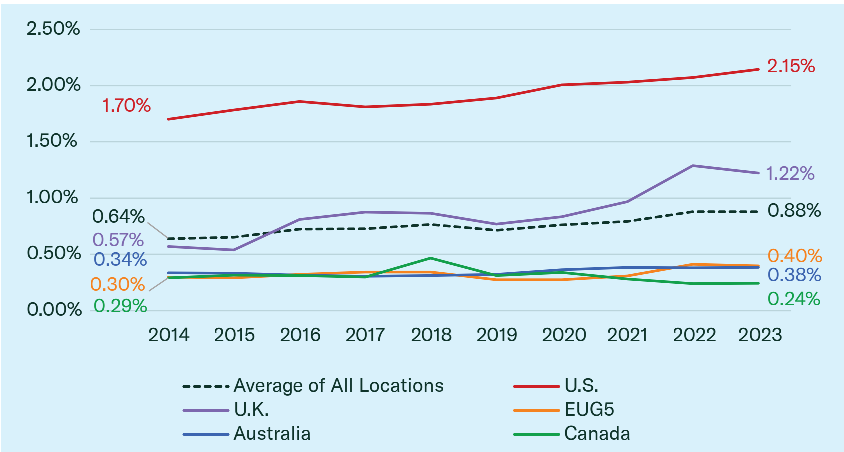
Tort Costs and Tort Costs as a Percentage of GDP in 2014 and 2023

In 2023, tort costs in the five locations averaged 0.88% of GDP. That year, the U.S. had the highest tort costs burden of the five locations at 2.15% of GDP, nearly three times the five locations' average and equivalent to $579 billion in tort costs. After the U.S., the highest tort costs burden as a percentage of GDP was in the U.K. at 1.22% ($41.17 billion), the EUG5 at 0.40% ($51.15 billion), Australia at 0.38% ($6.67 billion), and Canada at 0.24% ($5.28 billion). (See Figure 4.)

To compare, in 2014, tort costs in the five locations averaged 0.64% of GDP. The U.S. had the highest tort costs burden at 1.70% of GDP, nearly three times the five locations' average. This represented almost $300 billion in tort costs. After the U.S., the highest tort costs burden as a percentage of GDP were in the U.K. at 0.57% ($17.43 billion), Australia at 0.34% ($4.88 billion), the EUG5 at 0.30% ($33.91 billion), and Canada at 0.29% ($5.28 billion).

Below, we explore key statistics by location, examining both how much is being spent on tort costs as a share of the overall economy (GDP share) and how quickly those costs are increasing over time (nominal growth).

Figure 4: Tort Costs as Percent of GDP by Location (Percent per Year)



Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

Tort Costs, Inflation, and GDP Growth: 2014 to 2023

Tort Costs are Increasing Faster Than GDP and Inflation

From 2014 to 2023 and across the five locations, average tort costs increased by 7.05% per year, more than the average GDP growth of 4.63% per year and the average inflation rate of 2.60% per year. (See Figure 5.)

Over the same period, tort costs grew by a cumulative average of 63.41%, more than the average cumulative increase in GDP growth of 50.67% and the average cumulative increase in the Consumer Price Index (CPI) of 26.95%. As such, tort costs increased more (125.15%) than GDP growth and more than twice (235.29%) the inflation rate.

Tort costs grew at the fastest pace in the U.K., increasing by an average of 15.14% per year (a cumulative increase of 136.22%) compared to the country's average GDP growth of 4.37% per year (a cumulative increase of 45.57%) and average inflation rate of 2.89% per year (a cumulative increase of 30.60%).

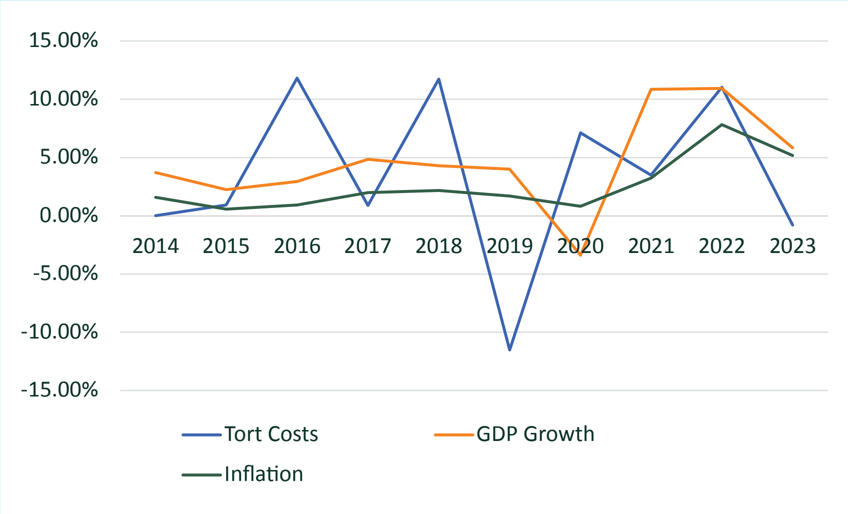
After the U.K., U.S. tort costs increased by an average of 10.38% per year (a cumulative increase of 93.45%) outpacing the country's average GDP growth of 5.17% per year (a cumulative increase of 57.95%) and average CPI rate of 2.74% (a cumulative increase of 28.72%).

Following the U.K. and U.S., in the EUG5, tort costs increased by an average of 5.65% per year (a cumulative increase of 50.84%), outpacing the region's average GDP growth of 3.72% per year (a cumulative increase of 40.40%) and average inflation rate of 2.17% per year (a cumulative increase of 23.13%).

In Australia, tort costs increased by an average of 4.05% per year (a cumulative increase of 36.49%). Over the same period, the country's average GDP growth was 5.34% per year (a cumulative increase of 62.37%) and average inflation rate of 2.67% per year (a cumulative increase of 26.80%).

In Canada, tort costs increased by an average of 0.01% per year (a cumulative increase of 0.08%), below the country's average GDP growth of 2.51% per year (a cumulative increase of 47.07%) and average inflation rate of 2.60% per year (a cumulative increase of 25.51%).

Figure 5: Change in Tort Costs, GDP, and Inflation: Average of All Locations (Year-Over-Year Percentage)



Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

> **"In 2023, tort costs in the five locations averaged 0.88% of GDP. That year, the U.S. had the highest tort costs burden of the five locations at 2.15% of GDP . . . equivalent to $579 billion in tort costs."**

"From 2014 to 2023 and across the five locations, average tort costs increased by 7.05% per year, more than the average GDP growth of 4.63% per year and the average inflation rate of 2.60% per year."

Findings by Location

United States: Highest Overall Tort Costs

The United States continues to bear the highest tort cost burden of all locations, with rapid growth that has significantly outpaced overall economic expansion.

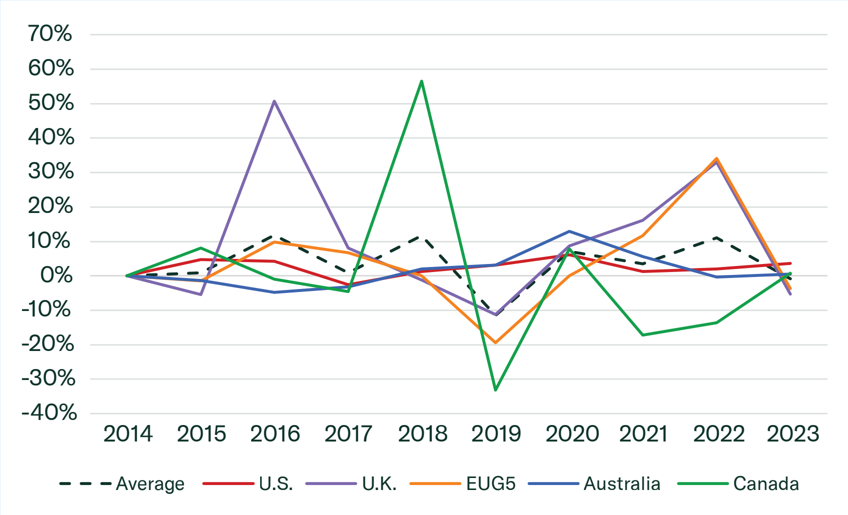
- U.S. tort costs as a percentage of GDP were 2.15% in 2023, up from 1.70% of GDP in 2014. (See Figure 6.)
- Average annual increase in the share of tort costs as a percentage of GDP of 2.90% per year and a cumulative increase in the share of tort costs as a percentage of GDP of 26.06%. (See Figure 7.)
- Over the same period, tort costs increased by an average of 10.38% per year, a cumulative increase in tort costs of 93.45%.
- This is more than the U.S. average GDP growth of 5.17% per year (a cumulative increase of 57.95%) and average inflation rate of 2.74% per year (a cumulative increase of 28.72%). (See Table 1.)

United Kingdom: Fastest Growth in Tort Costs

The United Kingdom experienced the most rapid acceleration in tort costs, with growth far exceeding underlying economic trends. If trends continue, the U.K. will have the world's most expensive tort system as a percentage of GDP after 2030.

- U.K. tort costs as a percentage of GDP were 1.22% in 2023, up from 0.57% of GDP in 2014.
- This is a relative increase in the share of tort costs as a percentage of GDP of 12.76% per year and a cumulative increase in the share of tort costs as a percentage of GDP of 114.86% from 2014 to 2023.
- This increase is more than three times (333.16%) the five locations' average, more than three times (335.99%) the EUG5's, more than four times (440.72%) the U.S.', and more than eight times (813.39%) Australia's.
- Over the same period, tort costs increased by an average of 15.14% per year, for a cumulative increase in tort costs of 136.22% from 2014 to 2023.
- These figures far exceed the U.K.'s average GDP growth of 4.37% per year (cumulative increase of 45.57%) and average inflation rate increase of 2.89% per year (cumulative increase of 30.60%).

Figure 6: Change in Tort Costs as Percent of GDP (Year-Over-Year Percentage)



Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

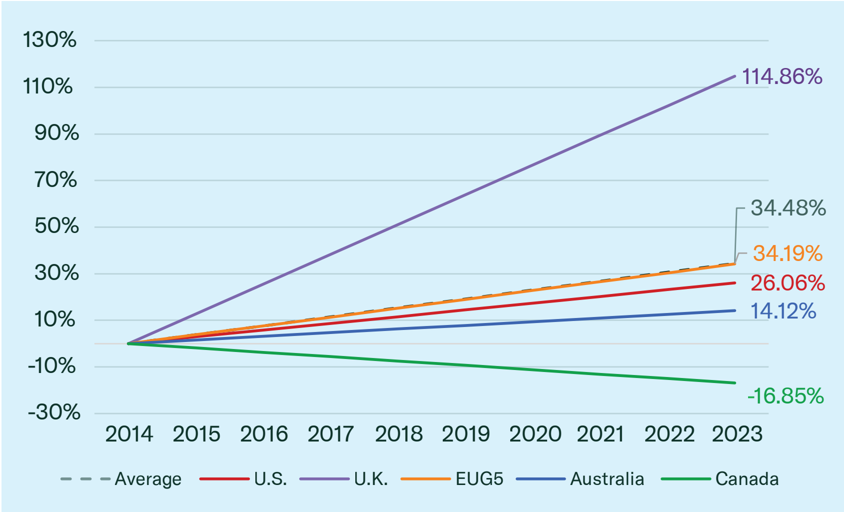
"The United States continues to bear the highest tort cost burden of all locations, with rapid growth that has significantly outpaced overall economic expansion."

EUG5: Continued Upward Pressure in Tort Costs

The EUG5 shows a consistent upward trend, with tort costs gradually increasing and outpacing economic fundamentals.

- From 2014 to 2023, EUG5 tort costs as a percentage of GDP increased from 0.30% to 0.40%.
- This is a relative increase in the share of tort costs as a percentage of GDP of 3.80% per year and a cumulative increase in the share of tort costs as a percentage of GDP of 34.19% from 2014 to 2023.
- Over the same period, tort costs increased by an average of 5.65% per year, a cumulative increase of 50.84% from 2014 to 2023.
- For this period, tort costs growth exceeded the EUG5 average GDP growth of 3.72% per year (cumulative increase of 40.40%) and average inflation of 2.17% per year (cumulative increase of 23.13%).

Figure 7: Change in Tort Costs as Percent of GDP (Cumulative Annualized Percentage)



Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

Australia: Moderate, Relatively Contained Growth

Australia's tort costs have grown steadily, remaining relatively contained compared to overall economic growth.

- From 2014 to 2023, Australia's tort costs as a percentage of GDP increased from 0.34% to 0.38%.
- This is a relative increase in the share of tort costs as a percentage of GDP of 1.57% per year and a cumulative increase in the share of tort costs as a percentage of GDP of 14.12% from 2014 to 2023.
- Over the same period, Australia's tort costs increased by an average of 4.05% per year, a cumulative increase of 36.49% from 2014 to 2023.
- Australia's GDP grew by an average of 5.34% per year (cumulative increase of 62.37%) and its inflation by an average of 2.67% per year (cumulative increase of 26.80%) for the same period.

Canada: Declining Tort Cost Burden

Canada was the only jurisdiction over the study period to experience a decline in tort costs, underscoring the impact of targeted legislative and procedural reforms.

- Canada's tort costs as a percentage of GDP decreased from 0.29% in 2014 to 0.24% in 2023.
- This is a relative decrease in the share of tort costs as a percentage of GDP of 1.87% per year and a cumulative decrease in the share of tort costs as a percentage of GDP of 16.85% from 2014 to 2023.
- Over the same period, Canada's tort costs increased by an average of 0.01% per year, a cumulative increase of 0.08% from 2014 to 2023.
- During this period, Canada's GDP increased by an average of 2.51% per year (a cumulative increase of 47.07%) and its inflation by an average of 2.60% per year (a cumulative increase of 25.51%).

"The United Kingdom experienced the most rapid acceleration in tort costs, with growth far exceeding underlying economic trends."

Conclusion

Overall, the findings show that tort costs are rising across most jurisdictions and, in many cases, outpacing both economic growth and inflation. While the United States continues to bear the highest overall burden, the United Kingdom's rapid acceleration highlights how quickly cost pressures can intensify.

Across most regions, the consistent pattern of tort costs growing faster than underlying economic fundamentals suggests that these litigation systems are expending an increasing share of national resources that would be better spent more productively, elsewhere. Over time, this trend points to a growing financial drag, with more economic activity directed toward litigation-related costs rather than productive investment and growth.

At the same time, the experience of countries such as Canada and Australia demonstrates that more measured tort costs, or even a reduction in costs, is possible, suggesting that policy choices and reforms can play an important role in containing costs and limiting their broader economic impact.

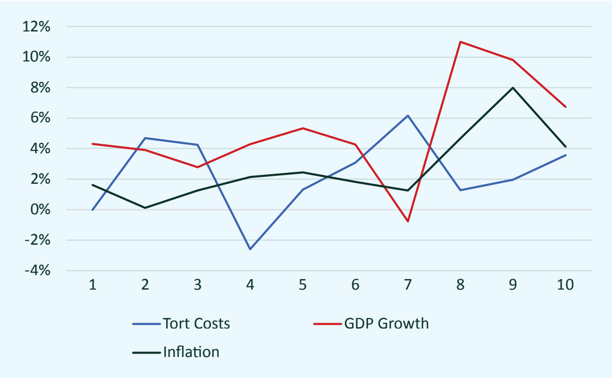
Table 1: Change in Tort Costs, GDP, and Inflation (2014–2023)

Average (All Locations)	Annual Average	Cumulative
Tort Costs Growth	7.05%	63.41%
GDP Growth	4.63%	50.67%
Inflation Rate	2.60%	26.95%
United States		
Tort Costs Growth	10.38%	93.45%
GDP Growth	5.17%	57.95%
Inflation Rate	2.74%	28.72%
United Kingdom		
Tort Costs Growth	15.14%	136.22%
GDP Growth	4.37%	45.57%
Inflation Rate	2.89%	30.60%
EUG5		
Tort Costs Growth	5.65%	50.84%
GDP Growth	3.72%	40.40%
Inflation Rate	2.17%	23.13%
Australia		
Tort Costs Growth	4.05%	36.49%
GDP Growth	5.34%	62.37%
Inflation Rate	2.67%	26.80%
Canada		
Tort Costs Growth	0.01%	0.08%
GDP Growth	2.51%	47.07%
Inflation Rate	2.60%	25.51%

Appendix

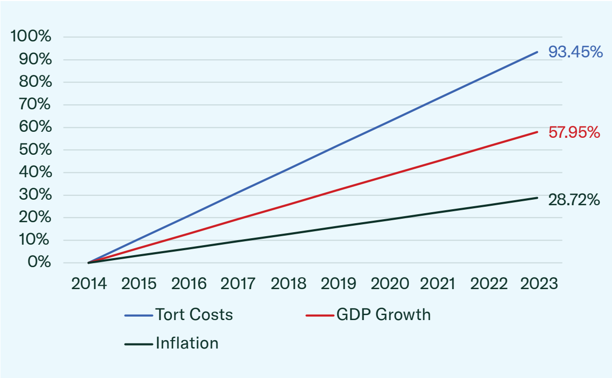
Appendix A
Change Over Time by Location

Figure A-1: Change in Tort Costs, GDP, & Inflation: U.S. (Year-Over-Year %)



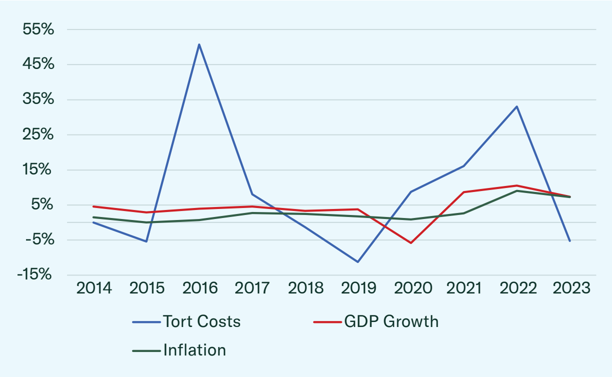
Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

Figure A-2: Change in Tort Costs, GDP, & Inflation: U.S. (Cumulative Annualized %)



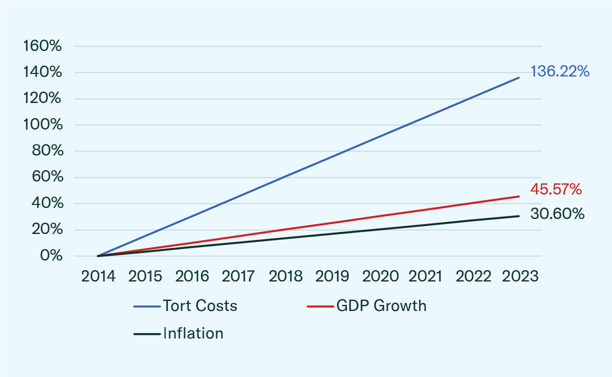
Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

Figure A-3: Change in Tort Costs, GDP, & Inflation: U.K. (Year-Over-Year %)



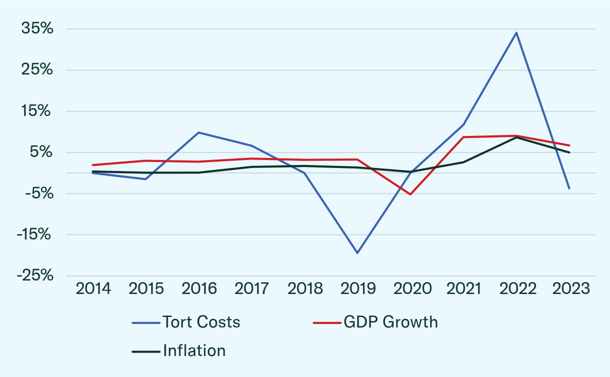
Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

Figure A-4: Change in Tort Costs, GDP, & Inflation: U.K. (Cumulative Annualized %)



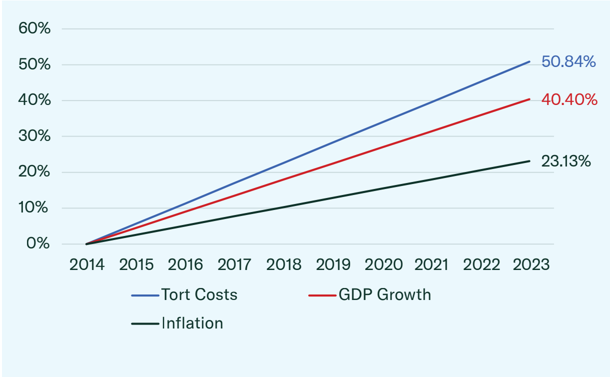
Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

Figure A-5: Change in Tort Costs, GDP, & Inflation: EUG5 (Year-Over-Year %)



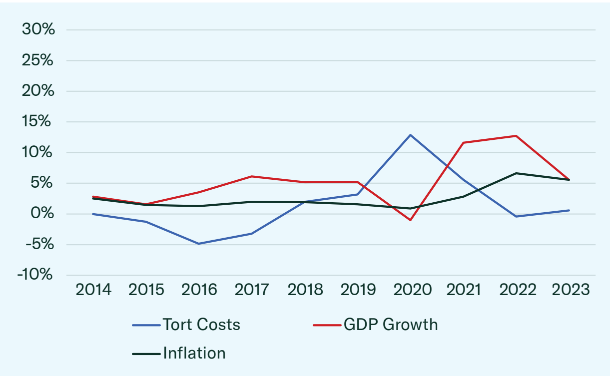
Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

Figure A-6: Change in Tort Costs, GDP, & Inflation: EUG5 (Cumulative Annualized %)



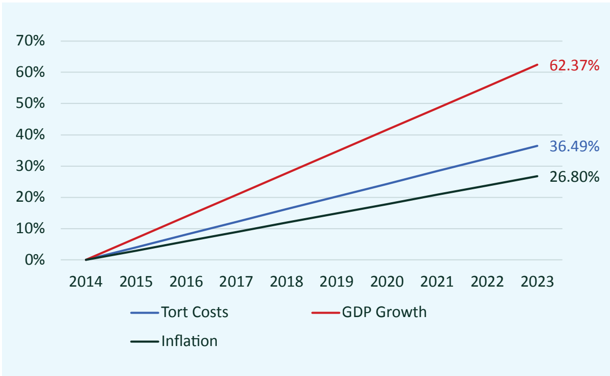
Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

Figure A-7: Change in Tort Costs, GDP, & Inflation: Australia (Year-Over-Year %)



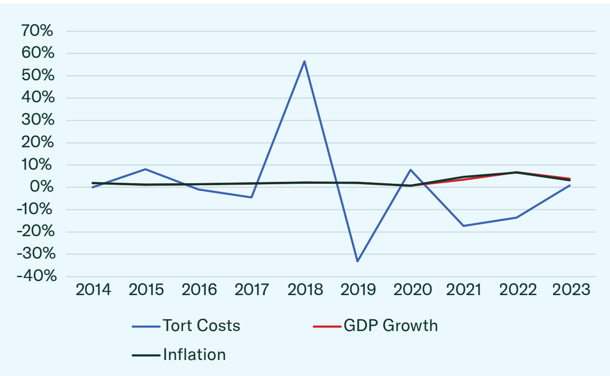
Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

Figure A-8: Change in Tort Costs, GDP, & Inflation: Australia (Cumulative Annualized %)



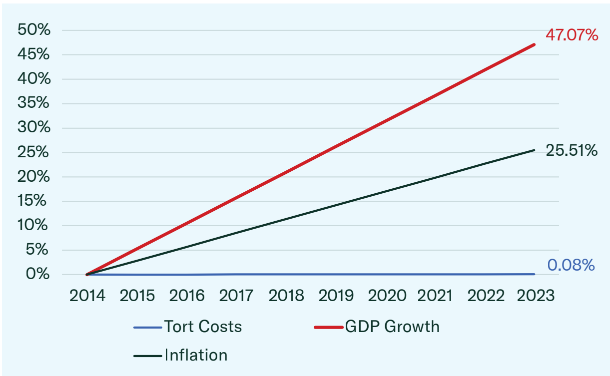
Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

Figure A-9: Change in Tort Costs, GDP, & Inflation: Canada (Year-Over-Year %)



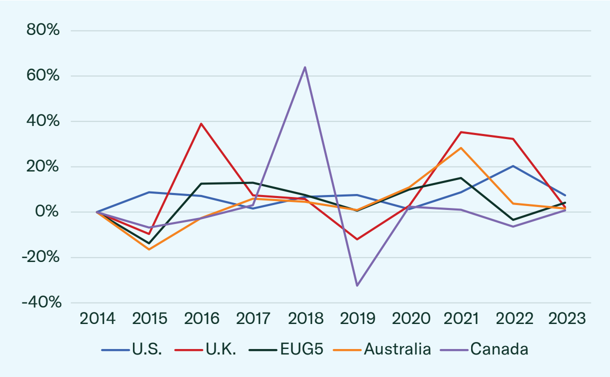
Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

Figure A-10: Change in Tort Costs, GDP, & Inflation: Canada (Cumulative Annualized %)



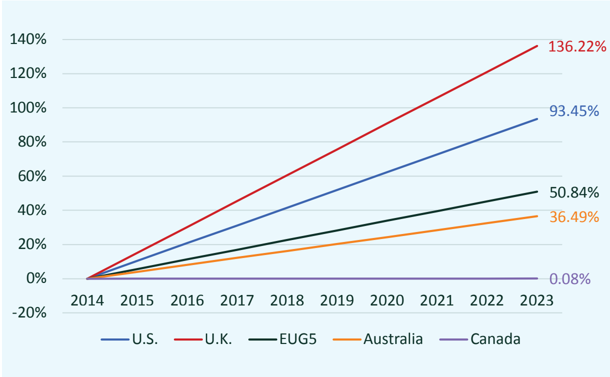
Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

Figure A-11: Change in Tort Costs by Location (Year-Over-Year %)



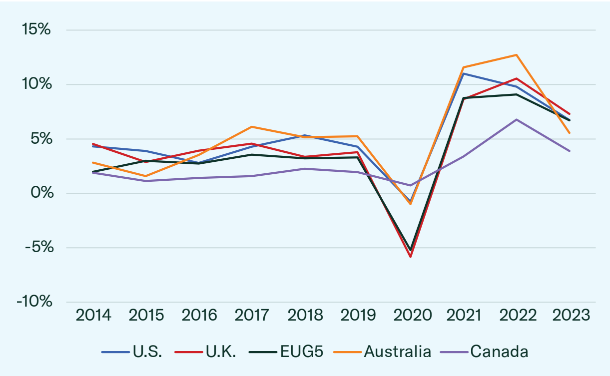
Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

Figure A-12: Change in Tort Costs by Location (Cumulative Annualized %)



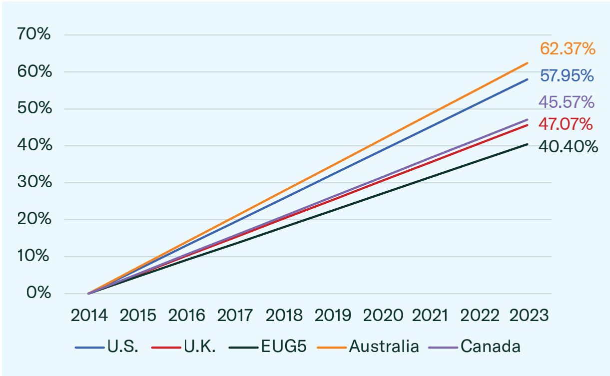
Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

Figure A-13: GDP Growth by Location (Year-Over-Year %)



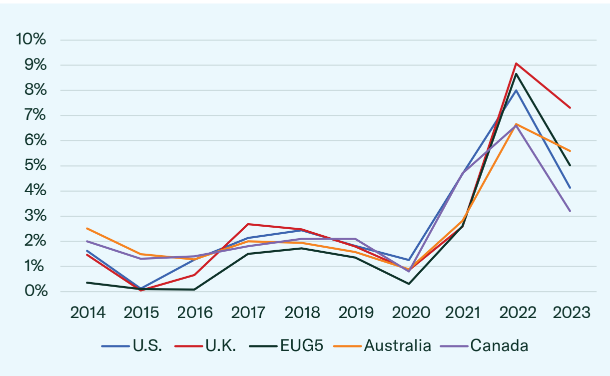
Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

Figure A-14: GDP Growth by Location (Cumulative Annualized %)



Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

Figure A-15: Inflation by Location (Year-Over-Year %)



Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

Appendix B

Continuity With Prior Reports

This report applies the same methodology as the methodology used to estimate U.S. tort costs as ILR's *Tort Costs in America* (2024), produced in collaboration with the Brattle Group, and Towers Watson's *Update on U.S. Tort Cost Trends* (2011).

This report and ILR's 2024 report estimate U.S. tort costs as a percentage of GDP of 2.07% in 2022, the last overlapping year. For the full overlapping period, 2016 to 2022, the two reports' estimates of U.S. tort costs as a percentage of GDP have a correlation of (r=) .94.

The correlation between our and TW's tort costs as a percentage of GDP estimates is (r=) .98 for the 2000 to 2016 period.

Additional Notes on Continuity

This report relates findings for tort costs estimates from 2014 to 2023. In preparing this report, we also generated U.S. tort costs estimates from 2000 to 2024. For reasons of data reliability, we did not include the full expanded period's tort costs estimates in the final report, though we do discuss those results below to illustrate methodological alignment, and we compare the findings in this report to the findings in the previous ILR and TW reports during overlapping years. This comparison shows close alignment and continuity between findings across the three reports. More specifically:

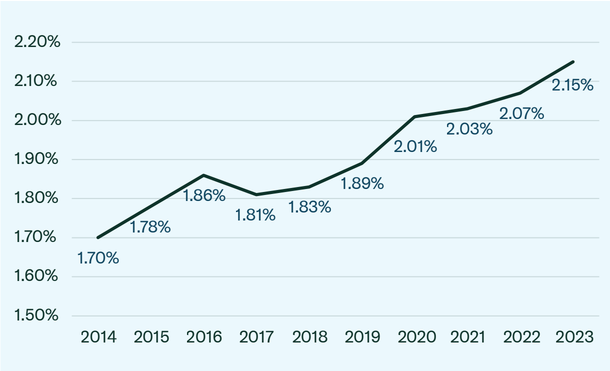
- ILR 2026 and 2024: The reports' U.S. estimates overlap from 2016 to 2022. Both reports have the same tort costs as a percent of GDP estimates of 2.07% in 2022. Across the

Report Continuity: Correlation Analysis

	ILR (2026)	ILR (2024)	ILR (2011)	TW (2011)
Correlation (r)		0.94		0.98
2024	2.19%			
2023	2.15%			
2022	2.07%	2.07%		
2021	2.03%	2.05%		
2020	2.01%	2.09%		
2019	1.89%	1.95%		
2018	1.83%	1.93%		
2017	1.81%	1.84%		
2016	1.86%	1.88%		
2011	1.70%		1.66%	
2010	1.82%			1.82%
2009	1.81%			1.84%
2008	1.78%			1.88%
2007	1.80%			1.88%
2006	1.85%			1.95%
2005	2.07%			2.23%
2004	2.20%			2.40%
2003	2.21%			2.44%
2002	2.19%			2.47%
2001	2.00%			2.17%
2000	1.80%			1.96%

Source: Insurance Information Institute (2026).

Figure B-1: Tort Costs as Percent of GDP: U.S. (Percent per Year)



Source: Statutory Insurance Data: NAIC (2025).

overlapping years, the two report's tort costs as a percentage of GDP estimates have a correlation of (r=) 0.94.

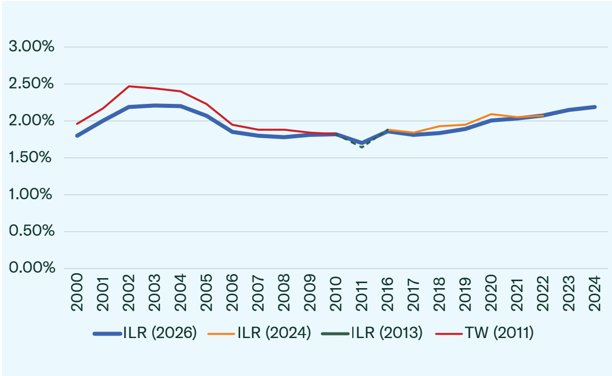
- ILR 2026 and 2013: The reports' U.S. estimates overlap in 2011. For that year, this report's estimate of U.S. tort costs as a percentage of GDP is 1.70%, and the ILR report's is 1.66% of GDP, a difference of 0.04%.
- ILR 2026 and TW 2011: Our expanded U.S. analysis overlaps with TW's 2011 report for the period ranging from 2000 to 2010. During that period, the reports' U.S. estimates of tort costs as a percentage of GDP have a correlation of (r=) 0.98.

In comparing with previous reports, we identified small differences in U.S. GDP estimates for some of the years covered due to revised economic data. They explained the majority of the differences in tort costs as a share of GDP estimates.

For U.S. tort costs, this report followed the same methodology as ILR 2024 and TW 2011. Within this overall framework, this report made these specific adjustments:

- Statutory lines are modified by their own combined ratios
- The non-U.S. adjustment is applied to all individual statutory lines.
- All statutory lines are modeled similarly.

Figure B-2: ILR 2026 Continuity with Previous Reports (Tort Costs as Percent of GDP)



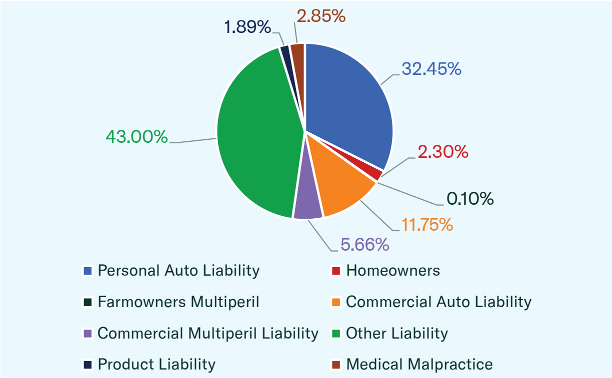
Source: Statutory Insurance Data: NAIC and OECD (2025). Economic Data: IMF (2025).

Appendix C

U.S. Tort Costs, 2023 Projections

Tort costs represented 2.15% of GDP in 2023,[24] the highest tort costs as a percentage of GDP of the five locations reviewed in this report. For that year, total tort costs represent $579.73 billion over a GDP of $27,021 billion. From 2014 to 2023, U.S. tort costs as a percentage of GDP increased by 0.44% of GDP, a relative increase in percent of GDP of 26.06% over the full period or 2.90% per year. From 2014 to 2023, tort costs increased by a cumulative 93.45%. Over that period, tort costs increased by an average of 10.38% year-over-year, more than the country's average annual year-over-year GDP growth of 5.17% and average annual year-over-year CPI increase of 2.74%.

Figure C-1: Statutory Lines Percent of Total U.S. Tort Costs (2023)



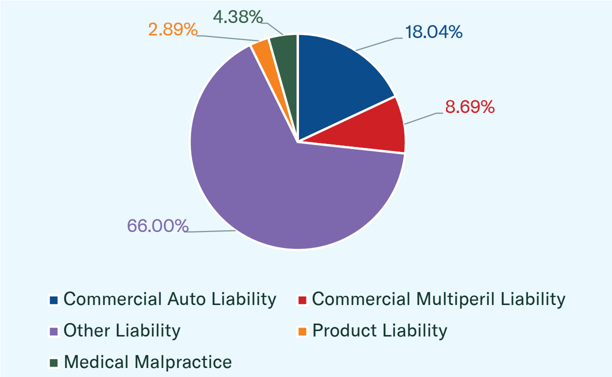
Source: Analysis: Insurance Information Institute (2026). Statutory Insurance Data: NAIC (2025).

Tort Costs from Personal and Commercial Lines

Personal Lines: In 2023, tort costs from personal lines were $202.01 billion (34.84%) of total U.S. tort costs of $579.73 billion. Of the $202.01 billion, tort costs from personal auto liability were $188.13 billion (93.13%), tort costs from homeowners $13.31 billion (6.59%), and tort costs from farmowners multiperil $0.57 billion (0.28%).

Commercial Lines: In 2023, tort costs from commercial lines were $377.71 billion (65.15%) of total U.S. tort costs of $579.73 billion. Of the $377.71 billion, tort costs from other liability were $249.31 billion (66.00%), from commercial auto liability $68.13 billion (18.04%), from commercial multiperil liability $32.81 billion (8.69%), from medical malpractice $16.54 billion (4.38%), and from product liability $10.93 billion (2.89%).

Figure C-2: Commercial Lines Percent of Commercial U.S. Tort Costs (2023)



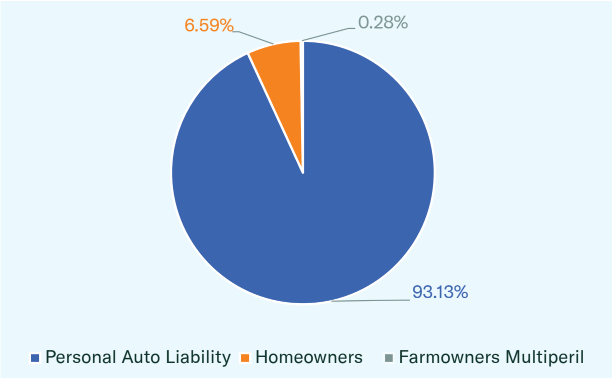
Source: Analysis: Insurance Information Institute (2026). Statutory Insurance Data: NAIC (2025).

Insured and Self/Uninsured Tort Costs

Insured Tort Costs: In 2023, insured tort costs were $416.48 billion (71.84%) of all U.S. tort costs of $579.73 billion. Of the $416 billion in insured tort costs, $198.05 billion (47.55%) were from personal lines and $218.43 billion (52.45%) from commercial lines. Of the $416 billion of insured tort costs, the largest costs were personal auto liability at $184.44 billion (44.29%), and other liability at $124.65 billion (29.93%).

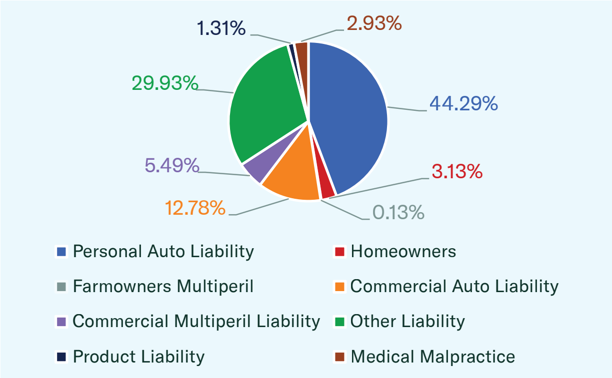
Self/Uninsured Tort Costs: In 2023, self/uninsured tort costs were $163.25 billion (28.16%) of all U.S. tort costs of $579.73 billion. Of the $163.25 billion, $3.96 billion (2.43%) were from personal lines, and $159.29 billion (97.57%) from commercial lines. Of the $163.25 billion in self/uninsured tort costs, the largest costs were other liability at $124.65 billion (76.36%), followed by commercial auto liability at $14.89 billion (9.12%), and commercial multiperil at $9.93 billion (6.08%).

Figure C-3: Personal Lines Percent of Personal U.S. Tort Costs (2023)



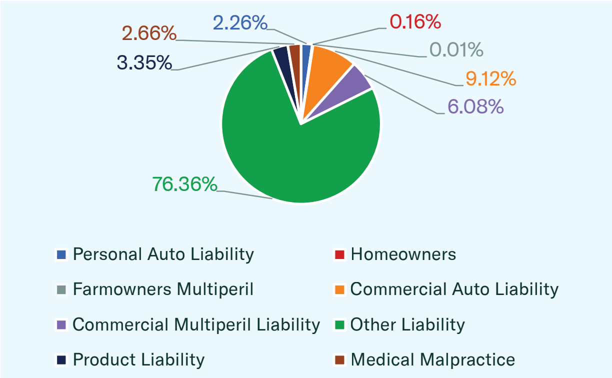
Source: Analysis: Insurance Information Institute (2026). Statutory Insurance Data: NAIC (2025).

Figure C-4: Statutory Lines Percent of Insured U.S. Tort Costs (2023)



Source: Analysis: Insurance Information Institute (2026). Statutory Insurance Data: NAIC (2025).

Figure C-5: Statutory Lines Percent of Self/Uninsured U.S. Tort Costs (2023)



Source: Analysis: Insurance Information Institute (2026). Statutory Insurance Data: NAIC (2025).

Appendix D
Methodology

As stated above, this report applies the same methodology used to estimate U.S. tort costs as ILR's *Tort Costs in America* (2024) produced in collaboration with the Brattle Group, and with Towers Watson's *Update on U.S. Tort Cost Trends* (2011). This report sought continuity with the ILR's *International Comparisons of Litigation Costs* (2013), prepared in collaboration with NERA, and with *A Cross-National Study of Government Social Insurance as an Alternative to Tort Liability Compensation* (2009), to which the 2013 NERA report refers. We express gratitude to David McKnight and Paul Hinton, the authors of ILR's 2013 and 2024 reports, for their feedback.

Tort Costs Framework

U.S. tort costs estimates are derived from statutory insurance data from 2014 to 2023. U.S. statutory data is from the National Association of Insurance Commissioners (NAIC), aggregated through S&P as of October 2025. For the U.S. statutory data, this report used earned premium, expense ratios (including dividends), and combined ratios for the following lines:

- Personal Auto Liability
- Homeowners
- Farmowners Multiperil
- Commercial Auto Liability
- Commercial Multiperil
- Product Liability
- Other Liability
- Medical Malpractice Liability

For non-U.S. tort costs estimates, we used national statutory data for general liability. Statutory insurance data for the United Kingdom, Germany, France, Spain, the Netherlands, Italy, Canada, and Australia for the years 2014 to 2023 is from the OECD 2024 Global Insurance Statistics report, which aggregates national statutory insurance data from each country's insurance regulator or equivalent body.

General Considerations

Data Sources and Recency

U.S. statutory insurance data is from NAIC, and was sourced in 2025 for the period from 2000 to 2024. Statutory insurance data for the U.K., the EUG5, Australia, and Canada is sourced from national insurance regulators or their equivalent as aggregated by the OECD. The OECD data was collected in 2025 for the period from 2014 to 2023. Economic data, including GDP and inflation, was sourced from the International Monetary Fund (IMF) in 2026 for the period from 2000 to 2024.

Exchange Rates

Statutory insurance data from the NAIC and the OECD is provided by each organization in U.S. dollars as of each year. Tort costs as a percent of GDP is estimated by dividing each location's tort costs estimates in U.S. dollars by each location's gross domestic product in U.S. dollars as of each year. When comparing tort costs across years, we used the local currency as of each year.

Cumulative Change Baselines and Averages

Cumulative change uses 2014 as the baseline (0%) with the change from 2014 to 2015 being the first computed change. For the EUG5, the report first estimated tort costs as a percent of GDP for each country and then used the direct average of the five countries to generate the EUG5 average.

Areas for Further Research

As part of the research for this report, we conducted econometric analysis—for example, by applying fixed-effect and normalization techniques—to increase tort costs estimate comparability across countries. In doing so, we drew from the ILR's *International Comparisons of Litigation Costs* (2013) prepared in collaboration with NERA and expanded on that report's use of the methodology introduced in *A Cross-National Study of Government Social Insurance as an Alternative to Tort Liability Compensation* (2009), published in the *Journal of Risk and Insurance*. Further exploration of such considerations as a key area is recommended for further research.

Tort Costs Estimates and Key Assumptions

U.S. Tort Costs

U.S.: Tort Costs = Insured Tort Costs + Self/Uninsured Tort Costs

where Insured Tort Costs =

(Personal Auto Liability Earned Premium $) * (Tort Costs Percent of Earned Premium: 100%) * (Non-U.S. Adjustment: 99%) * (Personal Auto Liability Combined Ratio %)

(Homeowners Earned Premium $) * (Tort Costs Percent of Earned Premium: 9%) * (Non-U.S. Adjustment: 99%) * (Homeowners Combined Ratio %)

(Farmowners Multiperil Earned Premium $) * (Tort Costs Percent of Earned Premium: 9%) * (Non-U.S. Adjustment: 99%) * (Farmowners Multiperil Combined Ratio %)

(Commercial Auto Liability Earned Premium $) * (Tort Costs Percent of Earned Premium: 100%) * (Non-U.S. Adjustment: 99%) * (Comercial Auto Liability Combined Ratio %)

(Commercial Multiperil Liability Earned Premium $) * (Tort Costs Percent of Earned Premium: 100%) * (Non-U.S. Adjustment: 99%) * (Commercial Multiperil Combined Ratio %)

(Other Liability Earned Premium $) * (Tort Costs Percent of Earned Premium: 100%) * (Non-U.S. Adjustment: 99%) * (Other Liability Combined Ratio %)

(Product Liability Earned Premium $) * (Tort Costs Percent of Earned Premium: 100%) * (Non-U.S. Adjustment: 99%) * (Product Liability Combined Ratio %)

(Medical Malpractice Earned Premium $) * (Tort Costs Percent of Earned Premium: 100%) * (Non-U.S. Adjustment: 99%) * (Medical Malpractice Combined Ratio $)

and where Self/Uninsured Tort Costs =

(Personal Auto Liability Earned Premium $) * (Self/Uninsured Percent of Personal Auto Liability Earned Premium: 2%)

(Homeowners Earned Premium $) * (Self/Uninsured Percent of HomeownersEarned Premium: 2%)

(Farmowners Multiperil Earned Premium $) * (Self/Uninsured Percent of Farmowners Multiperil Earned Premium: 2%)

(Commercial Auto Liability Earned Premium $) * (Self/Uninsured Percent of Commercial Auto Liability Earned Premium: 27.97%)

(Commercial Multiperil Liability Earned Premium $) * (Self/Uninsured Percent of Commercial Multiperil Liability Earned Premium: 43.40%)

(Other Liability Earned Premium $) * (Self/Uninsured Percent of Other Liability Earned Premium: 100%)

(Product Liability Earned Premium $) * (Self/Uninsured Percent of Product Liability Earned Premium: 100%)

(Medical Malpractice Earned Premium $) * (Self/Uninsured Percent of Medical Malpractice Earned Premium: 35.66%)

Non-U.S. Tort Costs

where Tort Costs =

[Tort Costs = (Total General Liability Gross Premium) * (Share of Tort Costs_100%)]

Tort Costs as Percent of GDP: All Countries

where Tort Costs as Share of GDP =

[Tort Costs by Country (Nominal USD) / GDP by Country (Nominal USD)]

Source: Insurance Information Institute (2026). Based on (with modifications): ILR (2024) and TW (2011).

Endnotes

1 David McKnight and Paul Hinton, *Tort Costs in America: An Empirical Analysis of Costs and Compensation of the U.S. Tort system*, Third Edition (U.S. Chamber Institute for Legal Reform, November 2024).

2 R&I Editorial Team, "Social Inflation Drives 57% Surge in U.S. Liability Claims Over a Decade," Risk & Insurance, September 11, 2024.

3 Cary Silverman and Christopher E. Appel, *Nuclear Verdicts: An Update on Trends, Causes, and Solutions* (U.S. Chamber Institute for Legal Reform, May 2024).

4 Kenny Henderson et al., *European Class Action Report 2025* (CMS, July 2025).

5 Emily O'Neill, "Litigation Funding Overview—United Kingdom," Deminor, June 10, 2026.

6 Directive 2020/1828 of the European Parliament and of the Council of 25 November 2020 on Representative Actions for the Protection of the Collective Interests of Consumers.

7 *European Parliament Resolution of 13 September 2022 with Recommendations to the Commission on Responsible Private Funding of Litigation.*

8 European Commission, *Mapping Third-Party Litigation Funding in the European Union* (March 2025).

9 *Supra*, note 4.

10 Chambers & Partners, "Netherlands: A Litigation: Mass Torts: Mainly Plaintiffs Overview," https://chambers.com/.

11 Jones Day, "Australian Federal Court Has Power to Reduce Litigation Funder's Commission Payable in a Class Action," Jan. 2017.

12 Australian Law Reform Commission, *Inquiry into Class Action Proceedings and Third-Party Litigation Funders* (January 2019).

13 *BMW Australia Ltd. v Brewster*, 94 A.L.J.R. 514 (High Ct. Austl. 2019).

14 *Ibid.*

15 Corporations Amendment (Litigation Funding) Regulations 2020 (Cth) (Austl.).

16 Parliamentary Joint Comm. on Corporations & Financial Services, *Litigation Funding and the Regulation of the Class Action Industry* (2020).

17 Randy Sutton, "Ontario Passes Significant Amendments to Class Proceedings Act," Norton Rose Fullbright, September 18, 2020.

18 Lenczner Slaght, *Class Actions in Canada 2024* (2024).

19 Glen Gibson et al., "Year in Review: Third Party Litigation Funding in Canada," Borden Ladner Gervais LLP, October 31, 2024.

20 David McKnight & Paul Hinton, *International Comparisons of Litigation Costs: Canada, Europe, Japan, and the United States* (U.S. Chamber Institute for Legal Reform, June 2013).

21 This study was conducted by the Insurance Information Institute (Triple-I) and published by the U.S. Chamber of Commerce Institute for Legal Reform (ILR).

22 Tort Cost as Percent of GDP is always = Nominal Tort Costs as Percent of Nominal GDP.

23 Our statistical analysis showed that the results between this and the three above-cited reports for the same locations are closely aligned, with correlations between (r=) .94 and .98. See Appendix B for the full continuity analysis.

24 2023 numbers included in this report represent projections based on available data. ILR expects to update and deepen this analysis, and to add 2024 information, in the forthcoming 2026 edition of *Tort Costs in America*.

Notes

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