



Overview of Global Casualty Market and US Emerging Risks

San Juan, PR

October 16, 2025



Agenda Overview



1 Global Casualty Market

2 Emerging Risks

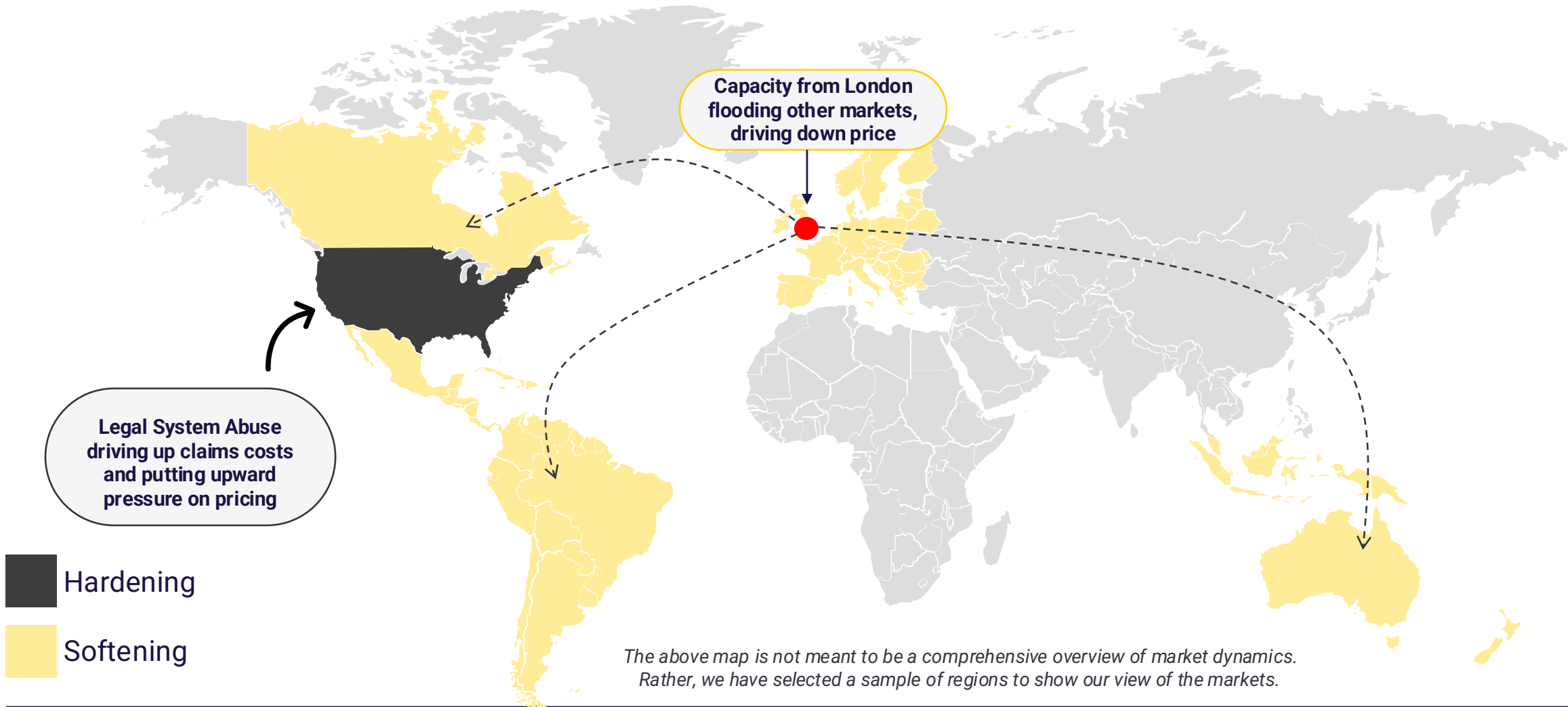
- Human Trafficking
- Lithium-Ion Batteries
- Generative AI



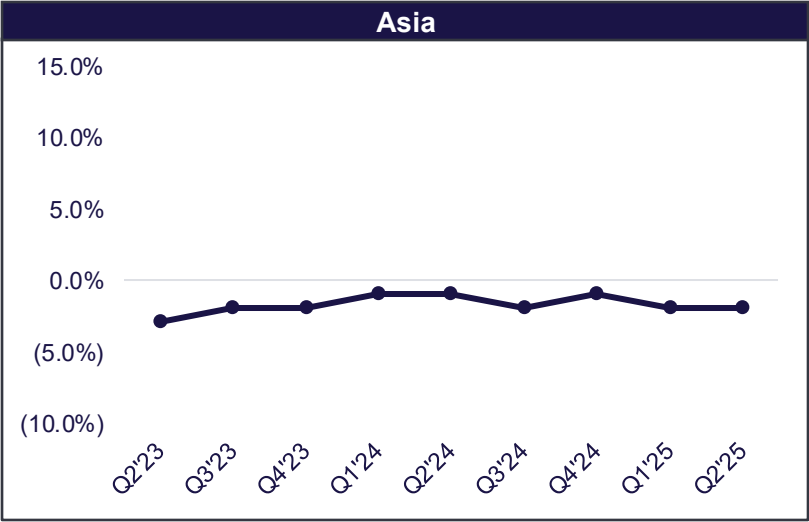
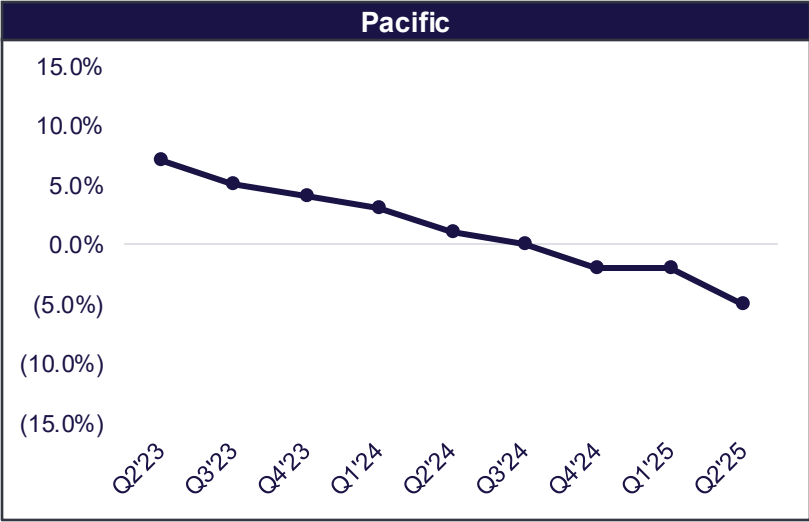
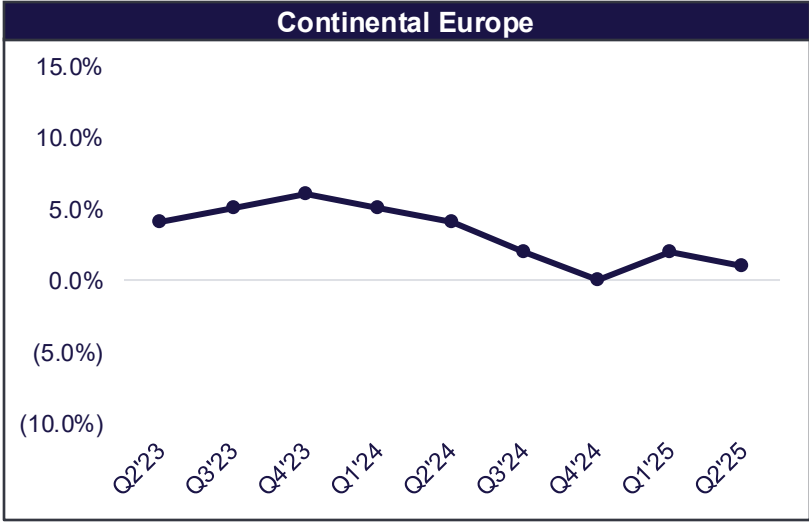
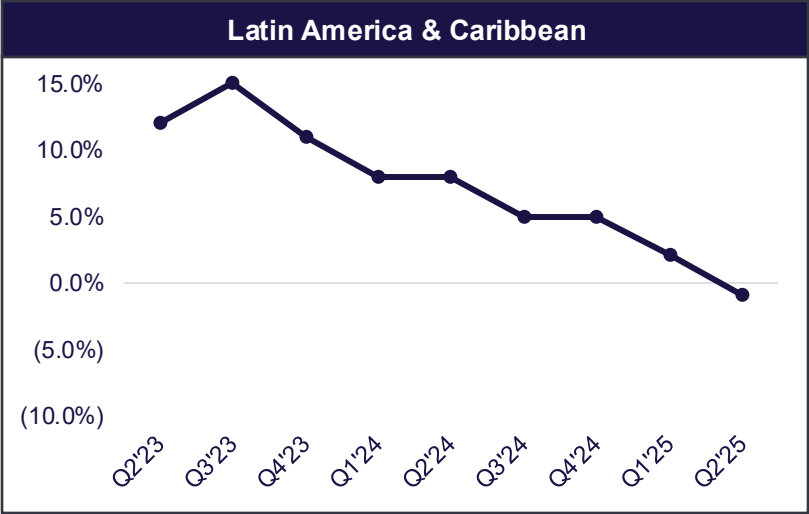
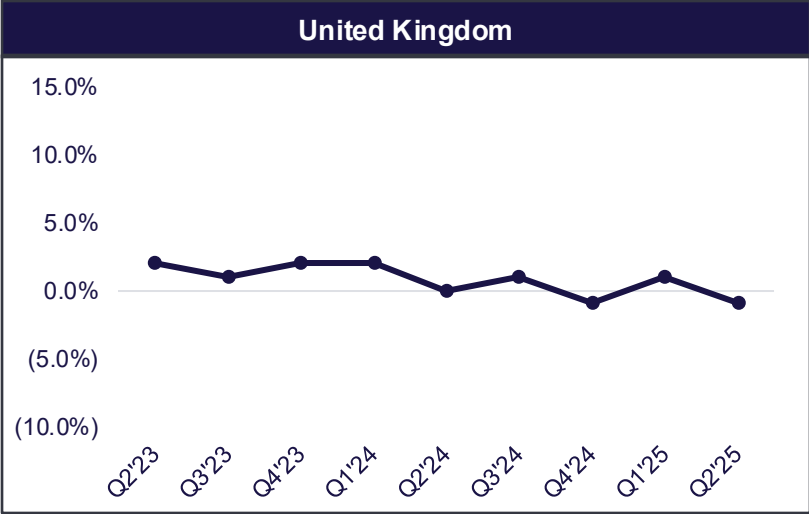
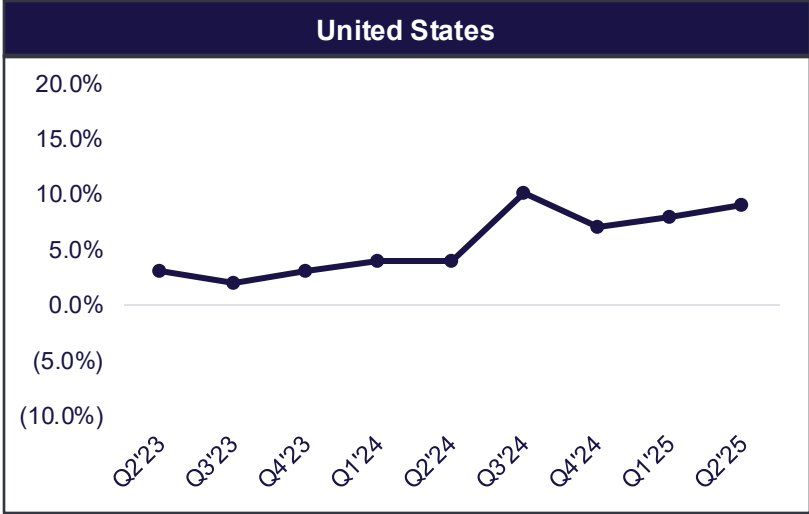
Global Casualty



The United States is going through a hardening market in most Casualty lines, while the rest of the world is softening



Global Rate | Global composite commercial Casualty rates declined for the 4th consecutive quarter driven by increased insurer competition



Emerging Risks



Human Trafficking



Human Trafficking is a Global Concern across many industries

Human trafficking involved the use of force, fraud, or coercion to obtain some type of forced labor including domestic servitude, or commercial sex acts.

>25M

people are victims of human trafficking worldwide, at any given time.

Traffickers exploit their victims using mainly psychologic tactics to obtain and control their victims, often targeting at risk individuals.

Minors

Women

LGBTQ+

Migrant Workers

Industries most at risk: agriculture, construction, electronics manufacturing, entertainment, education, mining, fishing, forestry, hospitality, housekeeping and janitorial services, textile and apparel manufacturing, transportation, and warehousing.

People are reported to be trafficked from 127 countries and exploited from 137 countries, impacting every continent and every type of economy



Source: UNODC



Trafficking Victims Protection Reauthorization Act (TVPRA)

What is TVPRA?

An individual who is a victim of [human trafficking] may bring a civil action against the perpetrator (*or whoever knowingly benefits, financially or by receiving anything of value, from participation in a venture which that person knew or should have known has engaged in a trafficking venture*) in an appropriate district court of the United States and may recover damages and reasonable attorneys fees.

Impact of TVPRA

- Provides victims with the capability for compensatory and punitive damages
- Provides framework for negligence
- Broadens the statute of limitation to 10- years



Recent Sex Trafficking Verdict out of the US

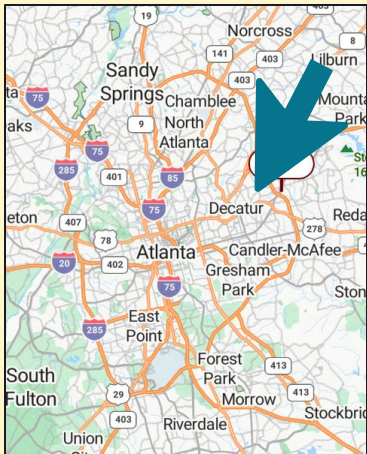
JULY 14, 2025

JURY AWARDS \$40M TO SURVIVOR AFTER DECATUR HOTEL ENABLED CHILD SEX TRAFFICKING

DEKALB COUNTY NEWS - FEATURED

\$10M - Compensatory

\$30M - Punitive



U.S. District Court for the Northern District of Georgia

J.G vs Northbrook Industries, Inc. (operating United Inn & Suites)

Allegations and Facts

The hotel knowingly profited from the trafficking and failed to take action to stop it

- Victim (16 year-old female) was trafficked for ~40 days
- Victim was at the motel when a 'Be on the lookout' (BOLO) was issued by police
- Victim was alone in the motel room with adults cycling through every 30 minutes
- Hotel staff sold the victim condoms on multiple occasions
- Housekeeping changed the sheets multiple times a day and observed large amounts of condoms being present in the room
- Night Manager assisted traffickers by purchasing drugs and helping them in avoiding law enforcement

Coverage and Defense Strategy

- Exclusion Sexual Abuse and Molestation, and Physical Altercation
- Definition of occurrence and bodily injury
- Victim had the opportunity to leave



Human trafficking spans well beyond sex trafficking

Industry	Employment Exposure	Operations Exposure
Hotels, Motels and Rental Properties	Housekeeping, janitorial and maintenance employees	Accommodating or failing to identify and report trafficking. Inadequate security.
Truck stops, travel centers		Accommodating or failing to identify or report trafficking.
Health and Beauty Services	Employees who may or may not be approved for migrant work, in businesses such as nail salons, hair salons, acupuncture businesses, etc..	Accommodating or failing to identify or report trafficking. (e.g., massage parlors)
Social Media		Providing platform for traffickers to recruit, advertise and control victims; implementing algorithms that connect traffickers and victims.
Financial Institutions		Financing or approving transaction(s) that are related to human trafficking operations. Lack of oversight to identify suspicious transactions
Transportation	Drivers and warehouse workers	Vehicles being used in human smuggling.



Lithium-Ion Batteries



Concerns with Lithium-Ion Batteries

Thermal Runaway: The primary concern associated with lithium-ion batteries is the risk of thermal runaway, a condition where the battery explodes and ignites a fire that is significantly more intense than a standard fire. This can lead to substantial property damage, severe bodily injury, and environmental pollution.

Environmental Pollution: In addition to the pollution exposure resulting from fires and battery leaks, improper disposal of these batteries may result in further environmental pollution.

Mechanical failure: Mechanical failure or defects in the design and manufacturing of battery systems can also lead to operational downtimes and claims for lost revenue or replacement costs.

Safety, Health & Workers Compensation: Work-related injuries arising from accidents and unexpected events from other safety hazards either directly linked to or potentially associated with the use, storage and or handling of batteries (exposure to hazardous substances, manual transport and handling of large heavy battery units/cells, lone and remote isolated working conditions, exposure to toxic gases, etc.)



Lithium-Ion Battery Litigation

Class action lawsuits have emerged globally over lithium-ion battery failures.

- In South Korea and the US, Samsung faced litigation after Galaxy Note 7 smartphones exploded, causing injuries and property damage.
- In New York, a defective hoverboard led to a house fire and a settled lawsuit against Swagway.
- General Motors recalled 141,000 Chevy Bolt vehicles from 2017-2019, costing \$1.8 billion, due to battery defects involving LG Electronics and LG Chem.
- Major fires at lithium-ion battery plants, such as Moss Landing, California, forced evacuations and lawsuits over health, property, and pollution concerns.
- In France, a battery recycling center fire spread toxic materials.
- Amazon was held liable in California after an exploding laptop battery bought through its platform caused severe injury.

Fire at California battery plant raises health concerns for nearby communities

By EHN Curators • Feb 11, 2025 • 1 min read



BATTERY STORAGE LAWSUIT ALLEGES NEGLIGENCE

written by See Below | February 17, 2025



California court rules Amazon is liable for injuries from defective products

The appeals court found that Amazon played a pivotal role in every step of plaintiff Angela Bolger's purchase of a replacement laptop battery.



Consumer Alert: GM Expands Recall, All Chevrolet Bolt Vehicles Now Recalled

All owners urged to limit charging, park away from structures, and more

Share:

August 20, 2021 | Washington, DC

GM is expanding the current Chevrolet Bolt recall to include model year 2017-2022 Chevrolet Bolt vehicles. With this expansion, all Chevrolet Bolt electric vehicles are now recalled due to the risk of the high-voltage battery pack catching fire. The recall applies to **all** Bolt vehicles, including those that may have received an earlier recall repair for the fire risk issue.



Exposure examples



Product Liability: Resulting from defective batteries, battery chargers, and battery management systems embedded in a product within consumer-facing products. The following loss scenarios can be associated with design failures, poor quality assurance and/or failure to warn by the manufacturers.



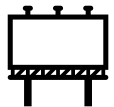
Premise / Operations Liability: Resulting from improper battery maintenance, failures during transport and storage, premise management, end of life disposal and recycling



Pollution / Environmental Impairments Liability: Resulting pollution from the battery, including storage/transport, fire and fire extinguishment.



Product Recall: The costs associated with recalling defective batteries or products containing defective batteries.



Advertising Liability: Advertising the batteries as safe and providing a false sense of security.



Auto Comprehensive / Physical Damage: As more fleets convert to all electric vehicles, there is an increased possibility of fire impacting multiple vehicles.



Generative AI



Today's Generative AI evolved from traditional AI models

While traditional AI systems analyze data and make predictions, generative AI goes a step further by creating new data similar to its training data.

Traditional AI models are *reactive* and make simple decisions, such as predicting an answer or responding to a multiple-choice question.

NETFLIX



amazon alexa



Generative AI models are *proactive and* generate content from a prompt. By learning from the data it's been trained on, GenAI can create computer code, images, and music....



ChatGPT



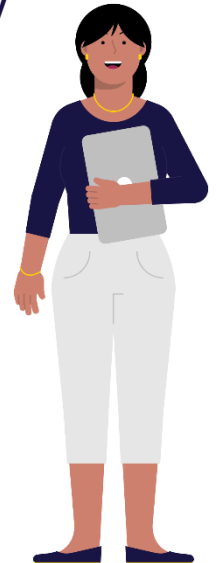
DALL-E

character.ai

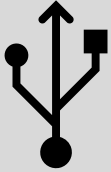
... But while GenAI generates output by **mimicking** these patterns, it doesn't truly understand what it's creating.



GenAI may be in its infancy, but it's already expected to have large impact across industries and **alter the way humans interact** with technology



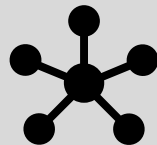
GenAI is more than just a tech underwriter's problem



While GenAI has the greatest potential to impact insurers who underwrite **technology companies**...



And of some of the major product liability cases involving GenAI, the **developer of the underlying GenAI model** is the defendant...



The overall impact of GenAI issues are far beyond the creators of AI content in the tech industry



Generative AI Risk for Insurers

Commercial General Liability

- Triggered by services or products using AI that result in injury or property damage to others

Product Liability

- Triggered by third parties being harmed due to defective AI or AI malfunctions

Employment Practices Liability

- Triggered by AI making biased choices in employment that is discriminatory in determining applications, promotions or wrongful determinations



Claims Risk: Manufacturers of AI- enhanced products

- Litigation hazards of GenAI continue to emerge as we await court's decision on bellwether case

Can A.I. Be Blamed for a Teen's Suicide?

The mother of a 14-year-old Florida boy says he became obsessed with a chatbot on Character.AI before his death.



Character.AI, a platform for artificial intelligence chatbots, has been accused of failing to implement proper guardrails on their product marketed towards children.

A 14-year-old boy in Florida took his own life after a developing a close relationship with a chatbot on the platform.

Ongoing lawsuit names Character.AI founders for claims of products liability, negligence, intentional infliction of emotional distress, etc.



Claims Risk: Copyright violations

- Users of AI-generated content may not even realize they're infringing on existing copyrights due to the model's underlying training data.
- The legal landscape regarding ownership and liability in AI-generated content will almost certainly evolve as AI technology advances.



Use Case:

The owner of a family pizzeria uses ChatGPT, a GenAI tool, to generate a new logo for their small business.

The restaurant owner input specific parameters and keywords into the AI tool, and it generates a unique piece of artwork the family is happy with. The family then use this AI-generated logo in advertisements, social media posts, and printed materials.

Because the AI model they used was trained on a dataset that includes various copyrighted images and artworks without proper licensing or permissions, the generated logo closely resembles several existing copyrighted works.

The pizzeria could now face legal costs, potential damages, and an injunction to stop using the artwork.



Claims Risk: Use of AI in predicting class action lawsuits

➤ Most common types of class actions identified through AI tools:

- Privacy
- Price fixing
- Labor violations
- Product labeling
- Securities fraud



- A new way of sourcing clients
 - Intelligence firms have begun using AI-based tools to scrape the internet for potential class action suits by sourcing consumer complaints, social media posts, and government databases
 - These firms are rumored to uncover a substantial volume of cases by providing fact patterns that may indicate liability
 - Companies may use AI to *disprove* allegations... but we're more likely to see it utilized to encourage more plaintiffs' lawyers to bring new cases and pursue class actions



Questions to consider

- Where and how is a company using AI (backend, customer facing)
- How is the AI sourced (proprietary, contracted, developed full or in part, use of open AI sources)
- What is the data profile and how is it used (personal information....)
- Assess responsible usage (level of autonomy, human oversight ...)
- Is there liability transfer (Contractual indemnification opportunity)



