

sedgwick

State of the Line

2026 MID-YEAR

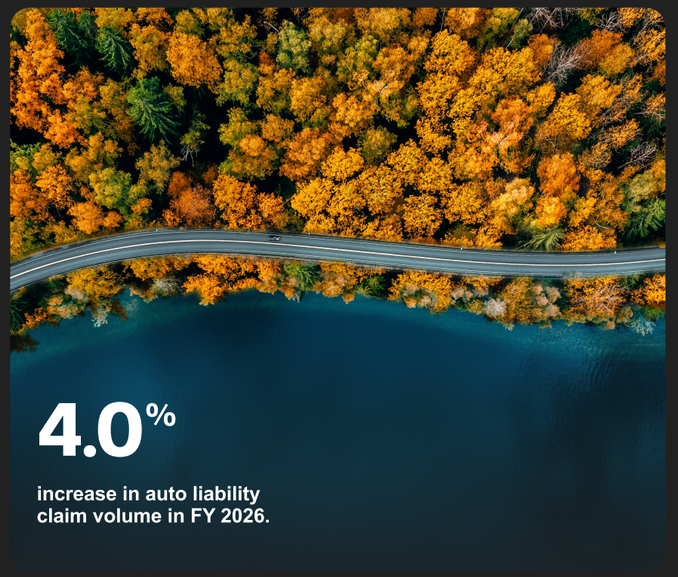
Auto liability

The auto liability environment presents a mixed picture. While claim growth moderated, closure rates improved and litigation frequency remained stable in FY 2026, financial pressure continued to increase.

Losses are becoming concentrated in a small number of severe claims. Claims exceeding $100,000 and litigated files account for a disproportionate share of incurred and paid losses, despite representing only a small fraction of total claim volume.

The challenge is no longer managing more claims, but identifying and influencing the claims that drive financial outcomes.

Dive deeper into these stats with the full online report →



4.0%
increase in auto liability claim volume in FY 2026.

5.8% ↑
increase in bodily injury (BI) claim volume.

5.7%
increase in property damage (PD) claim volume.

Together, these represent a total of 71.8% of new claims and drive portfolio growth.

Industries are separated.

The food and beverage industry is seeing predominantly PD claims (81.2%), while retail and carrier maintain the highest BI rate at nearly 18%.

Northeast ↑

Geographic growth is concentrated in the Northeast. The five highest-volume states generated 43.8% of new claims.

New York and New Jersey recorded the largest FY 2026 increases (12.3% and 10.1%), well above California and Texas.

8.6% ↑
increase in averaged incurred for BI claims.

Overall incurred-cost growth slowed, but BI severity remains elevated. The average incurred increased 3.7% for all new claims, while BI claims are 8.6% higher.

65% ↑
of closed-claim dollars came from losses over $100K.

Large losses are consuming an increasing share of total dollars. Claims above $100,000 represented only 0.5% of new claim volume but 24% of all amounts incurred. Among all closed claims, the tier represented approximately 2% of volume and 65% of incurred dollars.

Attorney involvement continues to occur earlier.

64% of BI claims that became litigated had representation within 24 hours, and 84% had representation within 14 days.

Litigation frequency is relatively stable, but litigation severity continues to accelerate.

The new BI litigation rate remained mostly flat at 3.65%, yet average incurred on litigated BI claims increased 21.3%.

The existing litigation inventory presents emerging pressure.

Pending litigation increased to 19.0%. Closed litigated claims represented 3.93% of closures but generated 53.6% of dollars paid.