

# Reducing General Liability Costs

Authored by  
*Albert L. Sica*

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Frequency and severity of the General Liability (GL) claims are on the rise, which is partially due to what many consider the abuse of the legal system as society continues to become more and more litigious.

Many businesses are concerned with reducing increasing GL claims leveled against them, particularly within litigation. This is especially poignant in construction claims. A recent article, written by Mike Myers, Head of Construction at Safety National, discusses some of the cost drivers that are leading to increases, focusing on litigation costs.

<https://digital.bnpmmedia.com/publication/?m=39147&i=820776&p=40&ver=html5>

According to Myers, there are three major contributing factors for increased severity:

1. Devaluation of money has increased jury settlements as jurors have become more desensitized to large settlements, often in the millions of dollars.
2. The trend of “Reptile Theory”, which is used to influence juries by suggesting continued actions will lead to endangering the community.
3. The use of third-party litigation funding has seen an increase, which occurs when a third party invests capital in the litigation in order to receive part of the settlement.

To combat these as well as other factors, early resolution of claims is the most effective method. This is aided by the implementation of clear and concise risk management processes and procedures.

The simplest risk management technique to implement is the addition of technology in areas where losses may occur. For example, video surveillance on worksites allows monitoring as well as capturing any potential accidents that may occur. This can decrease fraud and provide factual evidence if the facts of the case or mechanism of injury are disputed.

In tandem with video surveillance, systematic and immediate responses to any potential incident that could result in a claim are needed. ALS specializes in establishing succinct processes to help support the risk management process, enabling early intervention and resolution. To learn more about this process, visit our claims management page at <https://thealsgroup.com/claims-management/>.

Having consistent meetings and discussions is required upon receipt and throughout the lifecycle of a claim. If a claim is established correctly and investigated thoroughly at the initiation of the claim, then it is more likely that the claim will be resolved timely and have a more positive outcome.

If you have any questions on claims or incident response or want to discuss your company’s claims process, please contact Maggie Ingels, Senior Consultant, Claims and Risk Services, at 732-395-4262 or [mingels@thealsgroup.com](mailto:mingels@thealsgroup.com).