Tort Costs in America - Commercial Auto

An Analysis of the Economic Impact of Commercial Automobile Tort Costs

October 2025

U.S. Chamber of Commerce
Institute for Legal Reform

David McKnight, Paul Hinton, Wonjun Chang, and Natasha Abrol, The Brattle Group

Executive Summary

Chapter

01

The impacts of the tort system on the U.S. economy go beyond the immediate litigation and insurance costs borne by businesses and the compensation paid to claimants. The cost of the tort system reduces business investment and spending, which in turn dampens broader economic growth and reduces both GDP and employment. These multiplier effects magnify the importance of enacting tort reforms that curb litigation excesses and lessen the economic burden that tort costs impose on consumers and businesses.[1]

Trucking is an integral part of the U.S. economy. It serves as the backbone of commerce by transporting most goods consumed nationwide, reaching 70 percent of shipped tonnage in the United States in 2024.[2] Because of its central role, disruptions or rising costs in trucking can ripple across manufacturing, retail, agriculture, construction, and many other sectors of the U.S. economy.

In recent years, trucking and related commercial transportation firms have faced large and growing tort-related costs. Commercial automobile liability has been the fastest-growing area of tort costs, with an annual growth rate of over 10 percent between 2016 and 2022. In 2022, commercial automobile tort costs in the U.S. totaled $58 billion.[3]

In this study, we analyze the economic impact of tort costs associated with commercial automobile transportation—which includes the trucking industry and non-trucking commercial vehicles such as delivery, service, and other corporate fleets—on the broader U.S. economy. Understanding this impact, including the collateral effects on consumers who rely on goods and services delivered through commercial automobile supply chains, is important for policymakers evaluating potential legal reforms.

To perform the analysis, we use Brattle's "BEYOND" model (described in detail in the Appendix) to model the U.S. economy on a

"Because of its central role, disruptions or rising costs in trucking can ripple across manufacturing, retail, agriculture, construction, and many other sectors of the U.S. economy."

state-by-state basis and capture the use of trucking and commercial automobile fleets across all industries. The BEYOND model is well suited to this exercise because it simulates the interconnections of the economy across states and industries, including trade flows, economic output, consumption, and employment. Specifically, we simulate the economic changes that would result from lowering commercial automobile tort costs (CATC)[4] to the level (as a percent of business revenues) observed in the least costly state.[5] Given the central importance of commercial automobile fleets to the U.S. economy, the impacts are wide-ranging.

Given the recent rate of increase in CATC, decreasing CATC nationwide would have the following effects over a 10-year period from 2025 through 2034:

- increase U.S. GDP by an average of $52.3 billion per year, through avoided litigation costs and increased economic activity;
- create 5.7 million additional jobs across the economy; and
- reduce expected inflation in Food at Home[6] prices by up to 15%.

Underlying these points, we also find that a $1 million increase in CATC is associated with an average reduction in U.S. GDP of $2 million. The negative impact of these tort costs could be characterized as an economic shock resulting in a reduction of U.S. GDP through lower production and consumption of goods and services.[7]

The impacts we describe above are nationwide averages, but they are more pronounced in states with larger trucking industries or states that rely heavily on fleets of commercial vehicles. Higher CATC also affect the cost of goods transported, particularly for goods where transportation costs represent a high fraction of their price, such as perishable food items.

“Underlying these points, we also find that a $1 million increase in CATC is associated with an average reduction in U.S. GDP of $2 million. The negative impact of these tort costs could be characterized as an economic shock resulting in a reduction of U.S. GDP through lower production and consumption of goods and services.”

Food Price Impact Detail

Given the centrality of food and food prices to daily life, we devote a portion of this study to examining the impacts of CATC on food prices, specifically. As described in greater detail below, we find that reducing CATC from current levels would moderate the

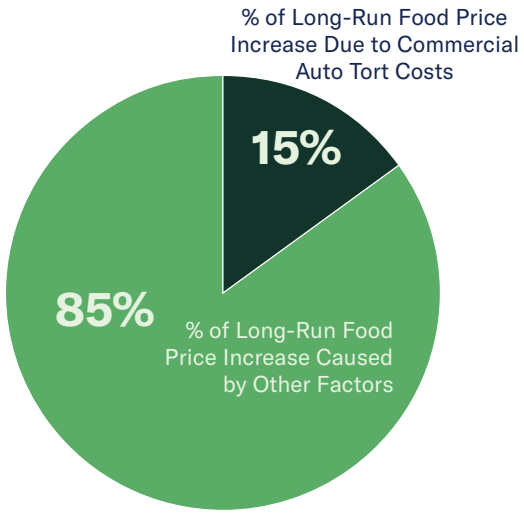
expected growth in long-term Food at Home prices by as much as 15% by 2034.

The long-run effects on food prices would be particularly pronounced for the most vulnerable, lowest-income households. Lower CATC would decrease the amount of disposable income that households spend on food (their "food wallet") by reducing the cost of food. Combined with an increase in disposable income through expected increases in wage income driven by increased economic activity, lower CATC would most benefit low-income households. Across the U.S., we estimate that by 2034, lowering CATC would decrease the food wallet index by approximately 1.2% for the lowest-income households. These impacts vary across states, with food wallets for the lowest-income households in some states decreasing by as much as 2.3%.

"Tort Costs" in Our Research

This study builds on our prior research on the costs and compensation paid in the U.S. tort system.[8]

Figure 1: Change in Long-Term Food Prices Attributed to CATC



Consistent with our earlier studies, we refer to the costs of litigating and adjudicating claims, the costs of insuring against potential tort claims, and the compensation paid to injured parties together as "tort costs." In this report, our analysis focuses specifically on tort costs in the commercial automobile sector; therefore, all references to "tort costs" should be understood as referring to that sector unless otherwise noted.

Our estimates are based on state-level insurance data and estimated self-insured and uninsured costs. Consequently, the tort costs included in this study are only those that are insurable, which understates tort costs to some extent. These national and state-specific tort cost estimates provide a foundation for the analysis of the effect of legislative reforms on the cost and efficiency of the tort system, the variation in liability costs across states, and the economic impact of potential excesses in the tort system.

Introduction: Measuring Tort Costs in Commercial Automobile Transportation

Chapter

02

Our series of three studies since 2018 tracking the costs of litigation in the U.S. reveals that the pace of inflation in tort costs has greatly exceeded that of prices in the economy or of GDP since 2016.[9] It also highlights that tort costs underlying commercial automobile liability exposures rose the fastest. Other research on litigation trends has highlighted that the trucking industry in particular has become a focus of tort litigation activity.[10] In this study, we look at the economic impact of reductions in CATC on the wider economy, including the impact of reductions in both trucking and non-trucking commercial automobile tort costs.

A particular motivation for this study is a concern that CATC have become excessive.[11] Increasing tort costs can arise irrespective of any change in tortious conduct, from a rising public estimation of what constitutes a "normal" or "acceptable" verdict or settlement (also known as social inflation), changes in legal procedure and precedent, or from the economic incentives of the plaintiffs' bar to expand the business of litigation with the assistance of litigation funders and lawsuit advertisers.

In this study, we quantify direct economic impacts of CATC reductions and corresponding indirect effects captured by the BEYOND model of the U.S. economy. We simulate how activity in the economy would change if CATC as a percentage of sector revenues were to decline to the level observed in the least costly state.[12] In other words, we simulate a reduction in CATC nationally by removing the costs in excess of the level experienced in the least costly state. However, these cost reductions are also

"Increasing tort costs can arise irrespective of any change in tortious conduct, from a rising public estimation of what constitutes a 'normal' or 'acceptable' verdict or settlement (also known as social inflation), changes in legal procedure and precedent, or from the economic incentives of the plaintiffs' bar to expand the business of litigation with the assistance of litigation funders and lawsuit advertisers."

Our series of three studies since 2018 . . . highlights that tort costs underlying commercial automobile liability exposures rose the fastest [of any measured exposure category].

associated with reductions in the economic activity of lawyers and the benefits to claimants of receiving compensation. We account for these offsetting impacts on GDP, consumption, and employment.

Model Inputs

We use estimates of the cost of litigation to the trucking industry based on our 2024 study, *Tort Costs in America: An Empirical Analysis of Costs and Compensation of the U.S. Tort System,* Third Edition, and prior editions of that study released in 2022 and 2018.[13] In these studies, we define tort costs as the aggregate amount of judgments, settlements, and legal and administrative costs to adjudicate private claims and enforcement actions.[14] The costs of the tort system also include the portion of liability insurance premiums that goes to administrative expenses, overhead, and profit for insurers. The data used to estimate these costs by sector are from statutory reporting of liability insurance premiums in the United States, which provide a consistent and transparent measure of tort costs.[15]

Measures of the size of the trucking and non-trucking commercial automobile sector, as with other sectors of the economy, are embedded in the BEYOND model, which is calibrated to represent the U.S. economy using open-source government data as model inputs. The model represents 50 states plus Washington, D.C.; 11 aggregate economic sectors that account for 71 industries; and five households defined by income levels. BEYOND's input data is developed by the Wisconsin National Data Consortium (WiNDC), a research group that facilitates the creation and documentation of open source multisectoral economic datasets for U.S. states.[16] The data is used widely across U.S. economic impact models in government and academia, with the goal of increasing transparency in the underlying data and assumptions in economic impact modeling. More details on how macroeconomic data is used to construct the BEYOND model are provided in the Appendix.

National and State Impacts

Chapter

03

In this study, we model the potential impact of tort reform on CATC, using the least costly states as a benchmark. We reduce the CATC in each state (as a proportion of commercial automobile transportation revenues) so that it is equal to the minimum level observed in any state. For the trucking sector, the minimum cost per $1,000 of revenue is $25, the level observed in North Dakota.[17] For each state's commercial automobile liability expense outside of trucking, the minimum cost is approximately $1 per $1,000 of revenue, the level observed in Wisconsin.[18] We use the liability systems in these benchmark states to model the potential reduction in CATC that could be achieved through targeted tort reform.

Table 1: Costs and Compensation Paid in the Tort System in 2022 ($M) shows the division of tort costs between the trucking sector and commercial automobile liability expenses in all other sectors in 2022. We estimate that approximately 62% of liability costs are attributable to amounts paid in compensation to households in the form of verdict awards or settlements, while the remainder is divided between insurance and legal expenses.[19] If trucking-related tort costs in each state were capped at $25

Table 1: Costs and Compensation Paid in the Tort System in 2022 ($M)

	Elements of Tort Costs					
	2022 Tort Costs ($ billions) [A]	Household Awards ($ billions) [B]	Insurance ($ bilions) [C]	Legal Services ($ billions) [D]	Modeled Decrease ($ billions) [E]	Modeled Decrease (%) [F]
Trucking Sector Tort Costs*	$15	$9	$2	$3	$6	40%
Commercial Auto Liabilities in All Other Sectors	$51	$32	$8	$11	$23	46%

[A]: Total tort costs and commercial auto liability expenses modeled in the analysis.
[C]: Insurance expense associated with tort litigation. 16% of total tort costs and commercial auto liability expenses.
[D]: Legal expense associated with tort litigation. 21% of total tort costs and commercial auto liability expenses.
[E]: Modeled decrease due to tort reform.
[F]: [E]/[A]
*Trucking sector tort costs include commercial automobile tort costs and general and professional liability associated with trucking.

per $1,000 of revenue, total tort costs in this sector would decline by approximately $6 billion in 2022—a 40% reduction. Similarly, if non-trucking commercial automobile liability expenses were held to $1 per $1,000 of revenue in each state, total tort costs would fall by roughly $23 billion—a 46% reduction.

Over time, we find that reducing CATC to modeled levels across the U.S. relative to increases that would otherwise occur at prevailing rates of inflation would create positive U.S. GDP impacts of $523 billion and 5.72 million job opportunities, through avoided litigation costs and new economic activity between 2025-2034.

Over time, we find that reducing CATC . . . would create positive U.S. GDP impacts of $523 billion and 5.72 million job opportunities . . . between 2025-2034.

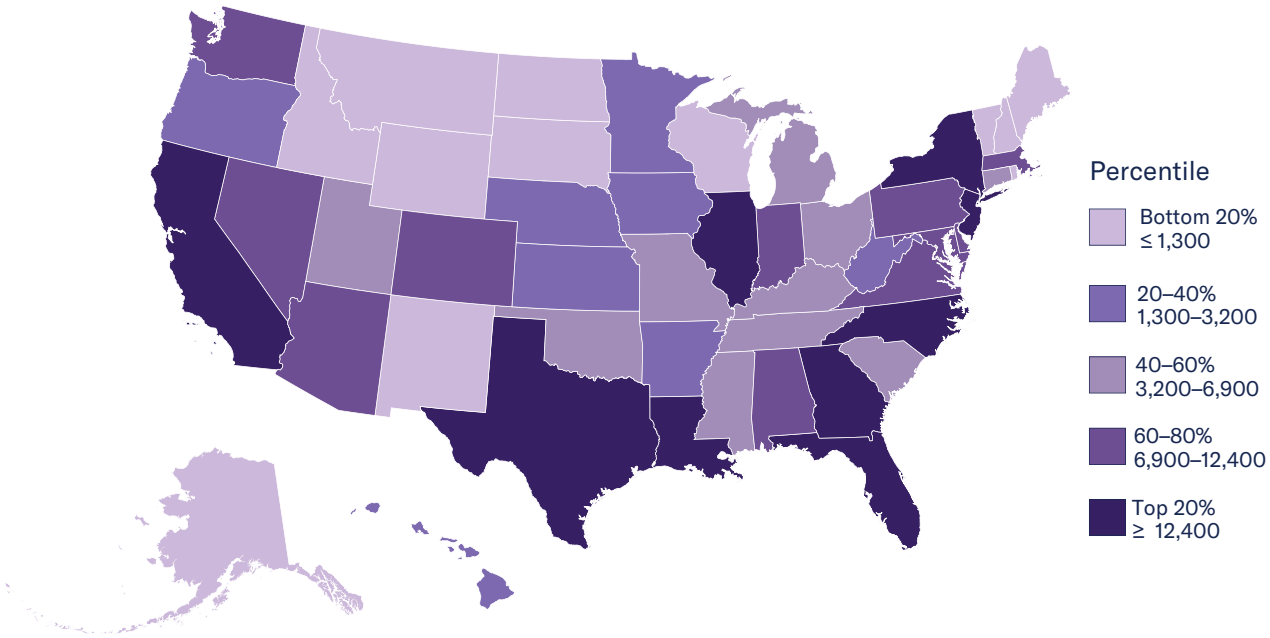
Table 2: 10-Year Impacts of Nationwide CATC Reduction (2025-2034)

	Total Impacts
GDP (2022 $ Billions)	$523
Employment (Millions)	5.72

Sources and Notes:
BEYOND Model Results.
Bureau of Economic Analysis, "Regional Data," accessed October 9, 2025, https://apps.bea.gov/itable/?ReqID=70. U.S. Energy Information Administration, "Annual Energy Outlook 2025," accessed October 9, 2025, https://www.eia.gov/outlooks/aeo/data/browser/#/?id=18-AEO2025.

States with the highest CATC per $1,000 in commercial automobile transportation revenue see the greatest impact from the modeled change. California sees the greatest reduction in cost, followed by Texas.

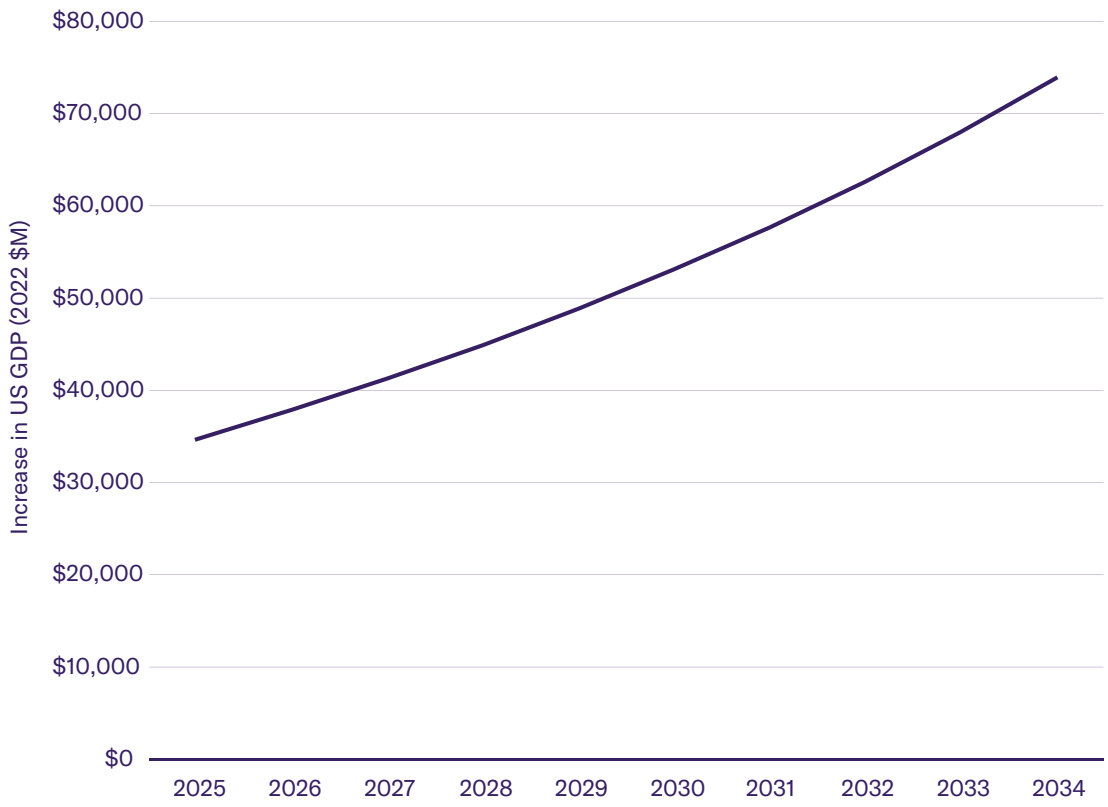
Figure 2: Distribution of 10-Year Cumulative GDP Impacts of Nationwide CATC Reduction (2022 $M)



Sources and Notes: BEYOND Model Results.

Additionally, given the high rate of historical increase of CATC we previously identified, the marginal gains from tort cost reductions are found to increase over time. We observed in *Tort Costs in America* that commercial automobile tort costs had grown at an average rate of 6.7%[20] per year in real terms between 2016 and 2022, and that this rate was increasing.[21] If we assume that this growth rate would continue in the 2025-2034 period, and if we recall the negative impacts on GDP caused by increases in CATC, as described in Chapter 1 and elsewhere in this chapter, we can show how U.S. GDP would increase in response to our modeled reduction in CATC. In other words, reducing CATC in our model creates GDP gains that grow in size every year.

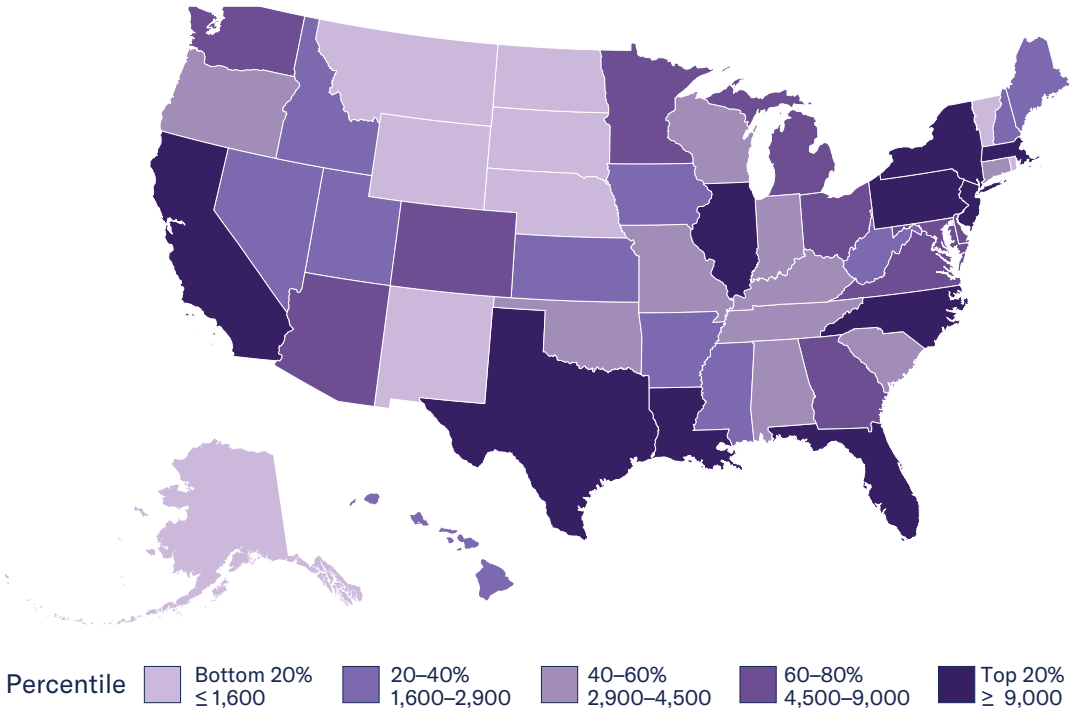
Figure 3: 10-Year Increase in U.S. GDP Due to CATC Reduction (2022 $M)



Sources and Notes:
BEYOND Model Results.

Consistent with the distribution of CATC, we find that the impact of tort cost reductions on personal consumption and employment is the largest in states with high CATC per $1,000 revenue. Figure 4 and Figure 5 illustrate the consumption and employment impacts, respectively. California, Florida, and Texas are the three states that would experience the largest increase in personal consumption and employment growth in response to CATC reduction.

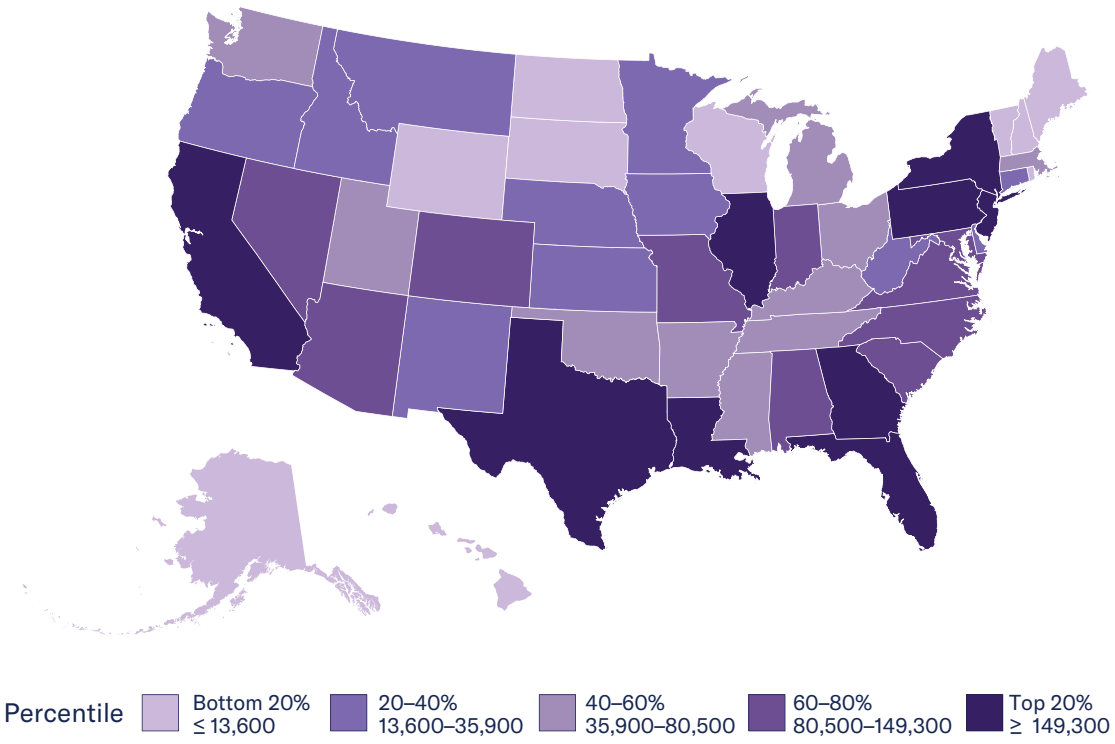
Figure 4: Distribution of 10-Year Cumulative Consumption Impacts of Nationwide CATC Reduction (2022 $M)



Sources and Notes:
BEYOND Model Results.

It should be noted that Florida[22] and Georgia[23] enacted wide-ranging tort reforms in 2023 and 2025, respectively. As this report relies on a data range of 2016 to 2022, reductions in CATC that have already occurred because of those reforms are not considered in our analysis. However, it is worth noting that Florida Gov. Ron DeSantis has estimated[24] that the state's 2023 reforms have played a significant role in the decline of Florida auto insurance rates in 2025.[25]

Figure 5: Distribution of 10-Year Cumulative Employment Impacts of Nationwide CATC Reduction

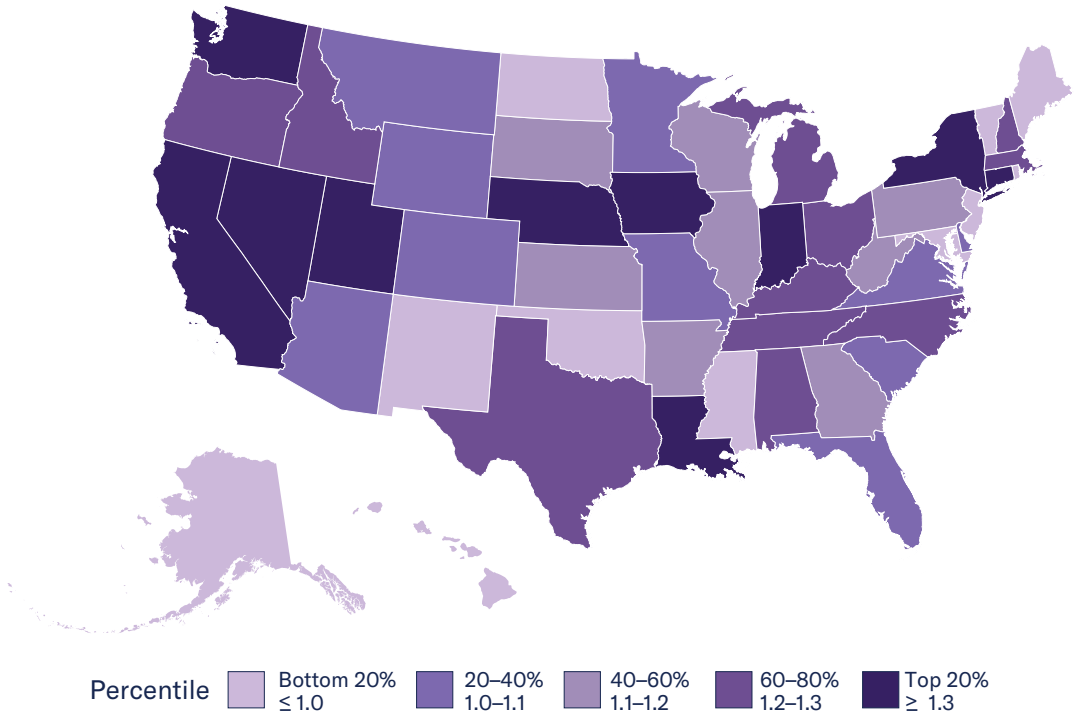


Sources and Notes:
BEYOND Model Results.

GDP Sensitivity to Commercial Automobile Tort Costs Across States

State economies can benefit from reducing CATC in different ways and at varying levels. Some states may have large and freight-intensive manufacturing sectors; some state economies may rely more heavily on domestic trade than others. Analyzing the GDP impact of a CATC reduction can provide insight into which states may benefit the most from targeted legal reforms. For each state and nationwide, we calculate a "GDP multiplier" for such reforms by dividing the GDP impacts of our modeled reduction in CATC (depicted in Figure 2 above) by the dollar value of that decrease.[26] On average across the U.S., the GDP multiplier is 2.0, indicating that for every $1 million decrease in CATC, national GDP increases by $2.0 million. Figure 6: Distribution of GDP Multipliers Across States in Response to CATC Reduction, shows the states that have the highest GDP multipliers in response to CATC reduction.

Figure 6: Distribution of GDP Multipliers Across States in Response to CATC Reduction



Sources and Notes:
BEYOND Model Results.

States With High Proportional Levels of Interstate Freight Trade

Regional economies in Nevada, Iowa, Louisiana, and Indiana are especially sensitive to trucking tort costs, due to their freight-dependent trade activity levels with neighboring states. Nevada for instance, is the highest state in the inbound to outbound shipment ratio, indicating a relatively high dependence on imports to sustain its economy.[27] Iowa's economy, in turn, depends heavily on freight-dependent industries relating to the agricultural sector.[28]

Louisiana ranks as one of the top states in intrastate shipments by value in the

Regional economies in Nevada, Iowa, Louisiana, and Indiana are especially sensitive to trucking tort costs, due to their freight-dependent trade activity levels with neighboring states.

U.S.[29] Coupled with the Pelican State's high tort costs per revenue in the trucking sector and in non-trucking commercial automobile transportation, its high reliance on freight transportation results in a relatively high GDP multiplier for the state.

Indiana's sensitivity to these costs is also not surprising, considering that the state functions as a major transportation hub. Indiana accommodates both high levels of outbound and inbound freight, ranking 9th in the nation in outbound freight value.[30] Tort reform in the Hoosier State could be even more impactful in the future due to projected growth in trucking, specifically; for instance, by 2045, the Indiana Department of Transportation forecasts that 86% of tonnage and 96% of freight value in Indiana will be transported by trucks.[31]

States With High Proportional Levels of Intrastate Commercial Automobile Transportation

Higher multipliers are also driven by the relative size of the trucking and non-trucking commercial automobile sectors in relation to the states' overall economies, which amplifies the impacts of reducing tort costs. Reducing CATC will not only increase economic activity and employment directly in the trucking and non-trucking commercial automobile transportation sectors, but also in sectors that support and rely on these transportation sectors, such as food businesses and insurance companies. Manufacturing industries in these regional economies also display high utilization levels of commercial automobile transportation given the supply of in-state trucking services.

Nebraska, Washington, and Utah fall into this group of states.[32] In all three states, the transportation sector is a relatively large employer.[33] Nebraska is also one of the top states in trucking consumption per industrial sector output value. Connecticut's high GDP multiplier is driven by the state's heavy reliance on in-state (as opposed to out-of-state) trucking services.[34] Connecticut's local freight trucking industry has been growing at 9.9% annually between 2020-2025, which is substantially higher than the nation-wide growth rate of local trucking of less than 4% for the same period.[35]

New York's GDP multiplier is driven largely by the state's high shipment value (including intra- and inter-state shipment) per dollar spent on commercial automobile transportation.[36] Trucking plays a crucial role in distributing the goods from New York's ports to businesses and residents in New York and the rest of the country.

Price Impacts and Food Expenditure Savings from Reducing Commercial Automobile Tort Costs

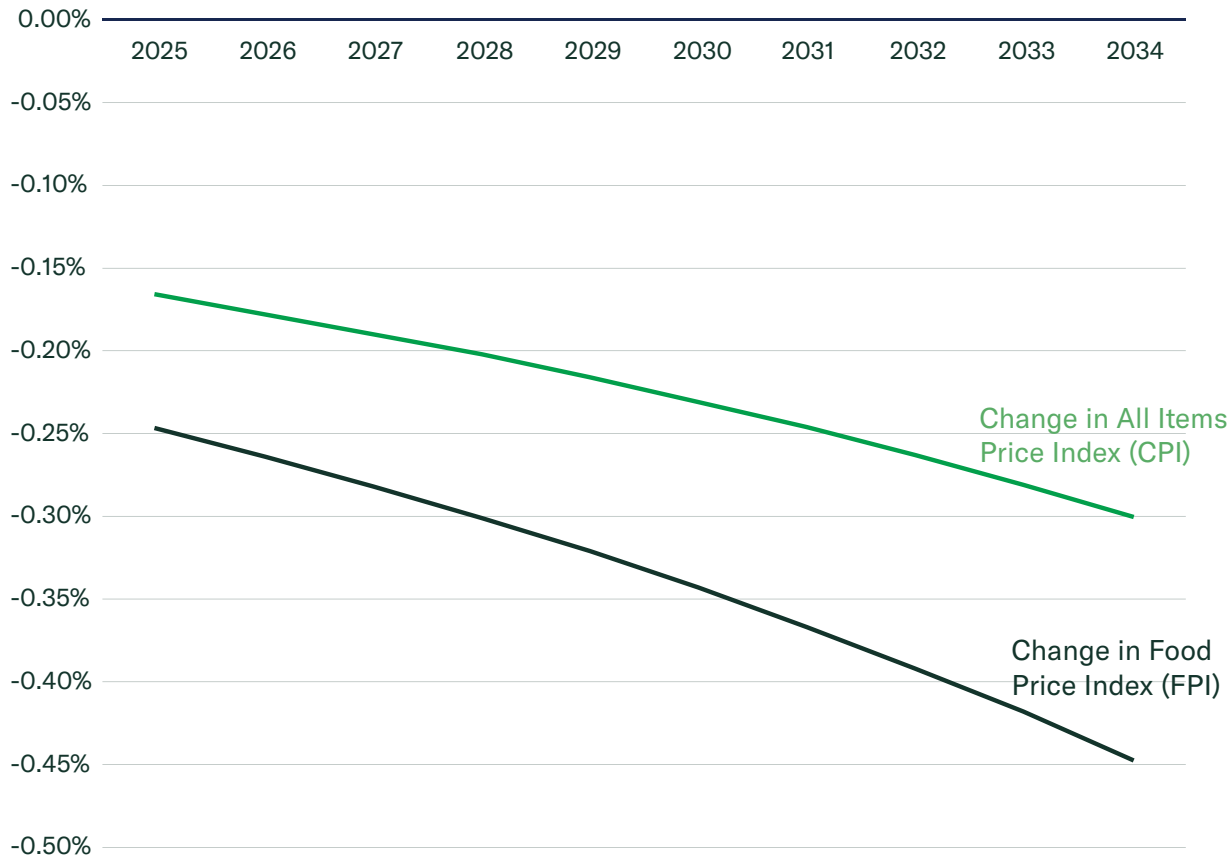
Chapter

04

Retailers, including food and beverage stores, are among the most ground-transport intensive industries in the U.S., using large amounts of trucking and non-trucking commercial automobile services to transport goods for both final and intermediate consumption.[37]

A reduction in CATC would decrease the operating costs for these sectors, and any pass-through of these cost savings to consumers would lower prices. We find that over the 10-year horizon, food prices (as measured by the Food Price Index, or FPI) would decrease at a faster rate than other goods (as measured by the Consumer Price Index, or CPI).

Figure 7: CPI and FPI Decrease Due to CATC Reduction



Sources and Notes:
BEYOND Model Results.

Our analysis shows the long-run impacts of reducing CATC as modeled.[38] We assume that, absent our modeled reduction, CATC would continue to rise at the rate measured in *Tort Costs in America*. Figure 7 shows that our modeled reduction results in decreases of CPI and FPI every year, reaching 0.3% and 0.45%, respectively, by 2034. The associated household food expense savings over the next 10 years would amount to over $16.5 billion.

Table 3: Change in Average Food Prices Due to CATC Reduction

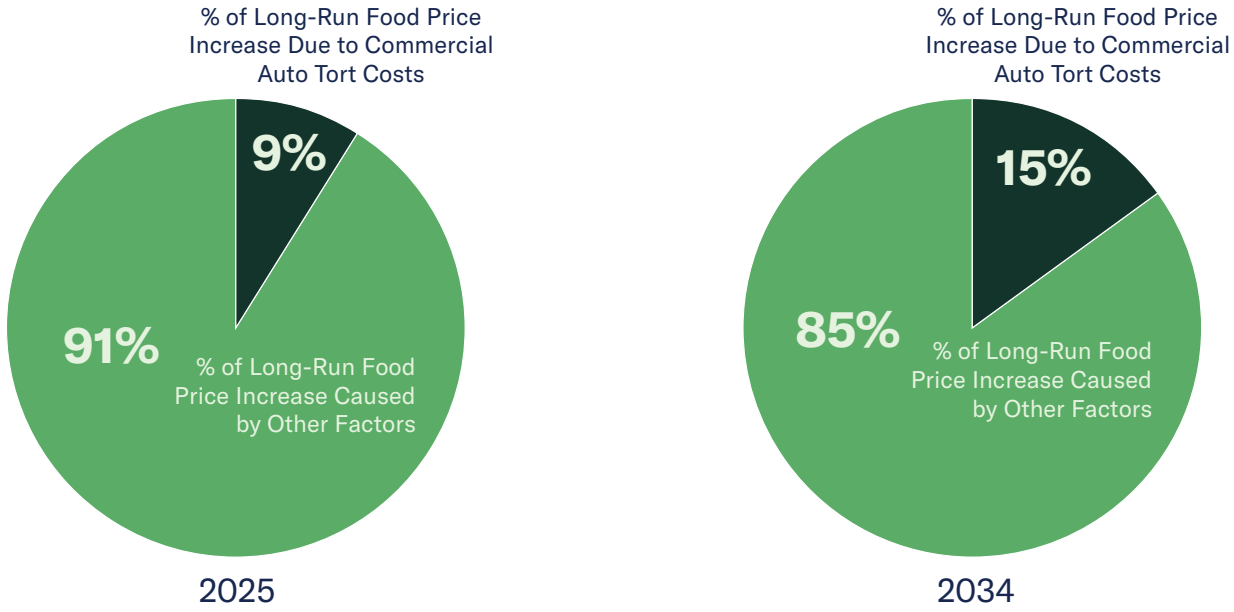
Year	Change in Food Price Index (FPI)
2025	-0.25%
2034	-0.45%

Sources and Notes:
BEYOND Model Results.

. . . [B]y 2034, a 0.45% change in the price of Food at Home attributed to CATC would represent 15% of the expected annual inflation in Food at Home prices.

These modeled impacts however are long-run average impacts that assume that the economy is given time to reorganize and redistribute resources to establish a new economic equilibrium (this is the case for all equilibrium models, including BEYOND). To put these results in a long-run price context, we compare the estimated food price impacts attributed to CATC reduction to the long-run annual growth rate of food prices, which is proxied by the historical average annual growth rate over the last 10 years (2016-2025).

Figure 10: Change in Long-Term Food Prices Attributed to CATC



According to BLS data, the 10-year annual average growth rate for the price of Food at Home from August 2005 to August 2025 was 2.9%.[39] A 0.25% change in the price of Food at Home due to tort costs thus corresponds to about 9% of the annual average increase in food prices that U.S. households have historically experienced. So, by 2034, a 0.45% change in the price of Food at Home attributed to CATC would represent 15% of the expected annual inflation in Food at Home prices.[40]

The Impact of Reducing Commercial Automobile Tort Costs for Different Household Income Segments

Chapter

05

The average impacts for the entire economy or even state-by-state subsume the greater variation in impacts across households of different income levels. The BEYOND model uses household income and earnings data from the Current Population Survey (CPS), provided by the Census Bureau, to provide comprehensive welfare impacts of regulation and policies across five different household income levels. We specifically examine the distributional impacts of our modeled reduction in CATC across household income levels to answer the question, which household income levels are impacted the most?

The households' "food wallet" (which we define above as their share of disposable income spent on food) provides insight into this issue as it accounts for both food prices and wage income impacts of changes in tort costs. As this study finds, commercial automobile transportation tort costs increase food prices while decreasing job opportunities and wages—in other words, increases in CATC create increases in the food wallet index. By the same token, a reduction in CATC creates a reduction in the food wallet index.

We find that CATC affect the food wallet of the lowest-income quintile households the most. Table 4 shows that, while reducing CATC could reduce the food wallet index by 0.28% for median income households in the U.S., it decreases the food wallet index by 1.23% for the lowest income households, a change 4.4 times larger than for median income households. This reveals that lower income households are most at risk from rising food prices due to rising commercial automobile transportation sector tort costs; i.e., an increase in CATC, which can increase both real food prices and lower wage earnings through reduced job opportunities, results in the most change in the food share of income for lower income households. Conversely, reducing CATC can positively impact the lowest income households the most by reducing exposure to such risks.

. . . [R]educing CATC can positively impact the lowest income households the most by reducing exposure to [the risk of litigation-driven food price increases].

The impacts on low-income households are even more disproportionate in the most affected states. The relative impacts in Georgia, Maryland, and Utah are more than five times the impacts on the median households in those states, as reported in Table 4.

Table 4: Change in Household Food Wallet (Food Spending Relative to Income)
Top 10 States with the Largest Impacts on Low-Income Households

	Income Level Quintile				
	Lowest 20%	20–40%	Median Household	60–80%	Highest 20%
Georgia	-2.32%	-0.57%	-0.46%	-0.13%	-0.10%
Nevada	-2.23%	-0.57%	-0.46%	-0.10%	-0.03%
Florida	-1.96%	-0.57%	-0.40%	-0.09%	-0.06%
New Jersey	-1.93%	-0.68%	-0.45%	-0.15%	-0.07%
Texas	-1.81%	-0.50%	-0.39%	-0.13%	-0.10%
Maryland	-1.73%	-0.45%	-0.30%	-0.07%	-0.03%
California	-1.68%	-0.54%	-0.40%	-0.15%	-0.10%
Illinois	-1.53%	-0.57%	-0.38%	-0.19%	-0.16%
Utah	-1.51%	-0.31%	-0.20%	-0.08%	-0.06%
Missouri	-1.11%	-0.35%	-0.27%	-0.12%	-0.11%
U.S. Average	-1.23%	-0.38%	-0.28%	-0.09%	-0.06%

Sources and Notes:
BEYOND Model Results.

Conclusion

Chapter

06

Our study finds that reducing CATC by achieving some combination of reforms would add $523 billion to U.S. GDP and increase job opportunities by 5.7 million over a 10-year horizon from 2025-2034, assuming prevailing rates of inflation would otherwise continue.

We also find that for every $1 million spent on tort costs, GDP decreases by $2 million on average across the U.S. For households, we find that over a 10-year horizon, successful reforms could result in over $16.5 billion in savings on food expenditure, because our modeled reduction in CATC would lower the long-term growth rate in Food at Home prices by as much as 15%, helping mitigate food insecurity.

While this report does not attempt to show which specific policies might result in our modeled reduction in tort costs, we hope that it will provide a helpful point of reference for policymakers considering reforms that affect this critical component of the American economy.

Appendix: Methodology and Data

This study uses estimates of tort costs from our prior 2024 study, *Tort Costs in America*, and prior editions of that study released in 2022 and 2018[41] as inputs to a CGE macroeconomic model of the U.S. economy. The model, methods, and data inputs are described below.

Economic Impact Modeling

This study uses a Computational General Equilibrium (CGE) model of the U.S. economy developed by The Brattle Group. We refer to this specific CGE model as the BEYOND model.

CGE models are a generally well-accepted tool for analysis of the economy-wide impact of various policies. In particular, they are helpful for assessing the outcome of policies where inter-sectoral dependencies play a key role.[42] CGE models recognize that there are many sectors and markets in any given economy and that they interact in complex ways. CGE models specify the complexity of these economic interrelationships (such as how outputs of one sector are inputs to another, the supply and demand relationships in markets, and trade between states) in mathematical terms and put them together in a form that allows the model to predict the change in variables such as output, tax revenues, and economic activity resulting from a change in economic policies. They do this by seeking prices and quantities at which supply equals demand in every market, among other conditions used to characterize an economic equilibrium.

In CGE modeling, the reference point against which the impact of the policy or economic shock is evaluated is defined by an economic equilibrium that represents a historical snapshot of the economy. Change in the economy due to the policy (*e.g.,* introduction of reforms that reduce tort costs) disrupts this equilibrium.

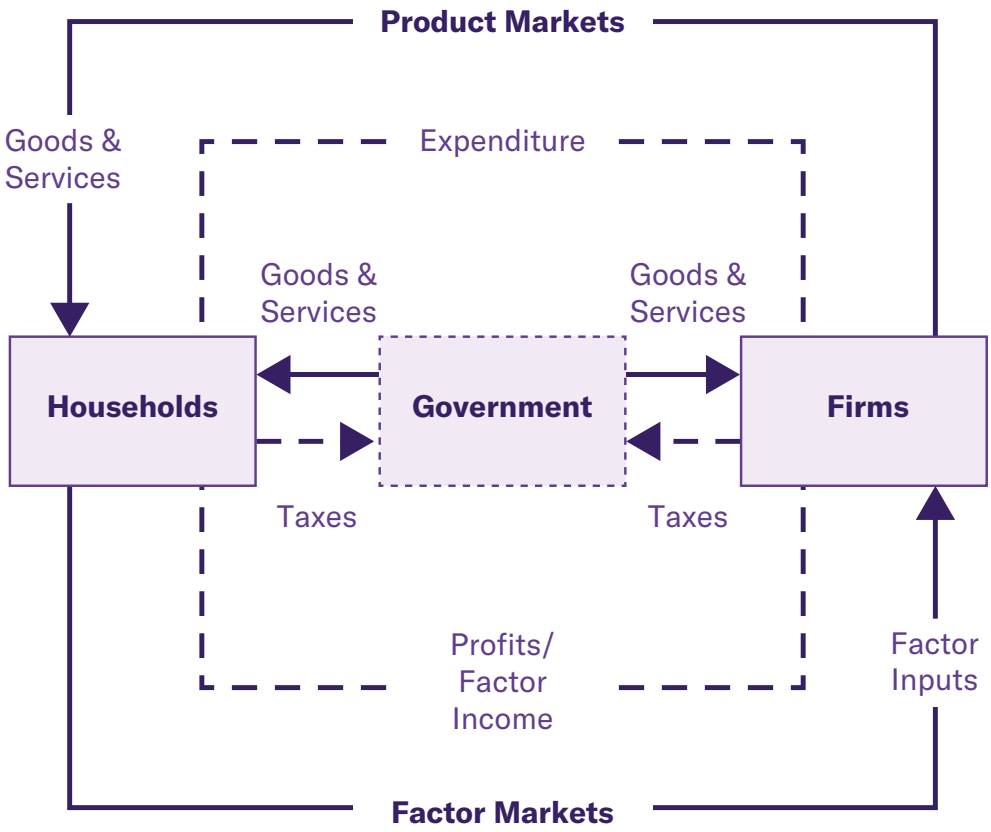
The CGE model then solves for the new equilibrium (new sets of prices and produced quantities) based on the four principles that make up an economic equilibrium in the long-term:

1. the supply of goods and services are equal to the demand of those goods and services (market clearance condition for goods and services);
2. the supply of labor and capital are equal to the demand of those factors (market clearance condition for factors);
3. household expenditures are equal to the income they earn (income balance condition); and
4. producer costs equal their revenue (zero-profit condition).

Standard key model outputs include output as measured by gross domestic product (GDP), household consumption, income from factor inputs (*e.g.*, employment) and factor prices (*e.g.*, wages), and sectoral output and prices.

The BEYOND model, like other CGE models, captures the interdependent nature of an economy. For example, demand for any one good depends on the prices of all other goods and on income. Income, in turn, depends on wages, profits, and rents, which depend on technology and production, and production, in turn, depends on demand. Prices depend on wages and profits and vice versa. In other words, CGE models are based on the circular and interconnected flow of economic activity: households consume goods and services using the income earned from providing labor and capital to firms; firms produce goods and services and pay wages and capital rent to households using the revenue earned; the government collects taxes from households and businesses to pay for government expenditures and provide subsidies and other public benefits to the economy. This circular flow is depicted in Figure 11 below.

Figure 11: Circular Flow of Economic Activity[43]



CGE models specify the complexity of these economic interrelationships in mathematical terms and put them together in a form that allows the model to predict the change in variables such as output, tax revenues, and economic activity resulting from a change in economic policies. They do this by seeking prices at which supply equals demand in every market.

How Is the BEYOND CGE Model Designed and Calibrated?

The BEYOND model represents 50 states plus Washington, D.C.; 11 aggregate economic sectors that account for 71 industries; and five representative households defined by income levels. The build-stream used to create BEYOND's input data is based on the build-stream developed by the Wisconsin National Data Consortium (WiNDC), a research group that facilitates the creation and documentation of open source multisectoral economic datasets for U.S. states.

The representation of regional economic sectors in the model, which is based on national level input-output data published by the Bureau of Economic Analysis (BEA), account for all commodity supply and use activities in the economy. National level input-output data are regionalized using data inputs such as the Commodity Flow Survey (CFS) from the Census Bureau. Economic behavior of households is modeled by income group using Statistics of Income (SOI) data from the Internal Revenue Service (IRS) and the Current Population Survey (CPS) Income tables from the Census Bureau. Lastly, the State Energy Data System (SEDS) published by the Energy Information Administration (EIA) is used to accurately represent supply and demand of energy resources by final demand and sectors. We use MarketStance® data to estimate state-level tort costs and calibrate the model to represent the U.S. economy in order to assess the impact of tort costs.

Table 5: Beyond Model Input Data Sources

BEYOND Input Data Description	Date Source
National Supply of Goods and Services	71 Industry Input-Output Data, Bureau of Economic Analysis
Use of Goods and Services by Firms, Government and Households	71 Industry Input-Output Data, Bureau of Economic Analysis
Gross State Product	Bureau of Economic Analysis
Personal Consumer Expenditures	Bureau of Economic Analysis
Interstate Trade Flow of Goods and Services	Commodity Flow Survey, Census Bureau
Government Expenditure	State Government Finance, Census Bureau
State Exports and Imports	Census Bureau
State Energy Consumption	State Energy Data System, Energy Information Administration

The dynamics of the model are determined by both exogenous and endogenous factors. Exogenous factors include reference scenario GDP growth, labor supply, and productivity growth. Savings and investment activities are determined endogenously. An equilibrium is found by equating supply of goods to demand (market clearance condition for goods); supply of labor and capital to demand (market clearance condition for factors); household expenditures to income (income balance condition); and producer costs to revenue (zero-profit condition). The economic sectors represented in BEYOND are as follows:

Table 6: Supply Sectors Modeled in Study Based on Bureau of Economic Analysis Industries

Production Sector	Description
Agriculture	Farms
Chemicals	Chemical products
Coal	Coal mining
Construction	Construction services
Crude	Crude oil extraction
Electrical Equipment	Electrical equipment, appliances, and components
Electricity	Electric power generation, transmission, and distribution
Fabricated Metals	Fabricated metal products
Food and Beverage	Food and beverage and tobacco products
Machinery	Machinery
Motor Vehicles	Motor vehicles, bodies and trailers, and parts manufacturing
Natural Gas	Natural gas extraction
Nonmetallic Minerals	Nonmetallic mineral products
Oil	Petroleum refineries
Other Manufacturing	Other Manufacturing industries
Other Mining	Other mining
Other Transportation	Non-Truck Transport sectors
Paper	Paper products
Plastics and Rubber	Plastics and rubber products
Primary Metals	Primary metals
Printing	Printing and related support activities
Securities	Securities, commodity contracts, and investments
Services	Commercial sectors
Textile	Textile mills and textile product mills
Truck Transportation	Truck Transport sectors
Utilities	Utilities
Wood Products	Wood products

Commercial Automobile Tort Cost Estimates

The tort costs experienced by the trucking and non-trucking commercial automobile sectors that are key inputs to the modelling we conduct are estimated from insurance data using the methodology developed in our 2024 tort costs study.[44] This methodology is described in detail in the Appendix of that study but not reproduced here. We worked with Verisk 's MarketStance® business, a leading provider of market intelligence to the insurance industry, to supplement the aggregate commercial automobile insurance cost data used in our 2024 tort costs study with the sectorial breakout we needed for the trucking sector. MarketStance estimates U.S. commercial liability exposures and premiums, including liability exposures for self-insured businesses from statutory insurance filings and attributes them to businesses across sectors of the economy using economic census data.[45]

We estimate amounts spent administering and defending claims or paid to transfer liability to insurers by applying loss ratios and loss adjustment expense ratios from the National Association of Insurance Commissioners (NAIC) to the estimated liability premiums. We estimate compensation paid to injured parties as a percentage of aggregate liabilities based on percentages reported by RAND.[46]

Metrics Tables

Table 7: State-Level Metrics

State	Trucking Sector Tort Costs in 2022 ($M)	Trucking Sector Tort Costs Per Thousand Dollars of Sector Revenue	Non-Trucking Commercial Auto Tort Costs in 2022 ($M)	Non-Trucking Commercial Auto Tort Costs Per Thousand Dollars of Sector Revenue
Alabama	$237.17	$42.49	$638.59	$1.10
Alaska	$14.47	$22.46	$74.22	$0.57
Arizona	$269.72	$44.40	$948.35	$1.18
Arkansas	$330.60	$41.04	$318.08	$0.91
California	$1,552.75	$47.97	$6,894.29	$1.10
Colorado	$155.39	$31.78	$848.50	$0.96
Connecticut	$55.52	$34.97	$546.72	$0.76
Delaware	$46.90	$45.79	$179.17	$0.99
District of Columbia	$0.50	$17.15	$84.20	$0.39
Florida	$711.76	$55.44	$5,153.30	$2.06
Georgia	$646.12	$54.31	$2,365.19	$1.74
Hawaii	$16.35	$21.01	$115.50	$0.68
Idaho	$88.04	$33.36	$200.92	$0.87
Illinois	$1,066.39	$56.84	$1,913.33	$0.91
Indiana	$599.75	$52.30	$680.87	$0.70
Iowa	$336.54	$43.17	$313.79	$0.54
Kansas	$155.08	$34.72	$321.22	$0.70
Kentucky	$166.22	$31.13	$486.83	$0.85
Louisiana	$169.57	$46.62	$1,101.31	$1.57
Maine	$36.43	$28.76	$137.35	$0.84
Maryland	$107.34	$27.82	$845.80	$1.16
Massachusetts	$108.83	$26.50	$979.93	$0.76
Michigan	$397.35	$34.58	$985.13	$0.69
Minnesota	$217.90	$34.58	$600.38	$0.55
Mississippi	$187.82	$57.89	$425.49	$1.39
Missouri	$414.17	$46.68	$743.76	$0.92
Montana	$51.26	$40.86	$146.78	$0.95
Nebraska	$139.94	$41.96	$221.31	$0.64
Nevada	$110.06	$37.71	$718.94	$1.95
New Hampshire	$24.02	$26.42	$143.64	$0.73
New Jersey	$429.89	$48.92	$2,132.29	$1.34
New Mexico	$70.87	$38.84	$256.95	$1.32
New York	$345.88	$40.49	$3,251.03	$0.98
North Carolina	$376.48	$37.97	$1,188.75	$0.86
North Dakota	$66.27	$24.83	$99.54	$0.58
Ohio	$492.78	$30.61	$1,242.59	$0.77
Oklahoma	$180.87	$28.69	$515.62	$1.05
Oregon	$148.34	$31.69	$486.01	$0.86
Pennsylvania	$618.91	$37.03	$1,718.17	$0.93
Rhode Island	$21.44	$26.80	$131.70	$0.94
South Carolina	$159.45	$32.79	$707.05	$1.23
South Dakota	$38.94	$37.47	$101.66	$0.66
Tennessee	$429.22	$32.44	$770.23	$0.86
Texas	$1,894.65	$48.09	$6,221.09	$1.32
Utah	$212.67	$38.22	$409.95	$0.90
Vermont	$13.39	$31.62	$63.36	$0.71
Virginia	$214.10	$27.47	$924.00	$0.84
Washington	$219.40	$33.20	$921.42	$0.75
West Virginia	$38.15	$31.48	$174.26	$0.99
Wisconsin	$473.60	$30.97	$474.00	$0.53
Wyoming	$30.89	$28.17	$79.41	$0.77
U.S. Total	$14,890.15	$41.33	$51,001.98	$1.05

State-Level Metrics (Cont.)

State	10 Year Total GDP Impact (2022 $M)	10 Year Total Consumption Impact (2022 $M)	10 Year Total Employment Impact	GDP Multipliers
Alabama	$7,002.44	$3,673.07	94,941	1.28
Alaska	$823.62	$1,246.65	5,404	0.00
Arizona	$12,036.72	$6,879.23	133,547	1.13
Arkansas	$2,420.11	$1,968.22	42,928	1.21
California	$79,638.06	$44,101.66	722,761	1.45
Colorado	$8,187.35	$6,900.67	88,283	1.14
Connecticut	$3,848.05	$5,017.33	31,728	1.38
Delaware	$1,872.87	$1,214.13	15,846	1.06
District of Columbia	$2,544.21	$1,548.61	10,832	0.00
Florida	$58,603.23	$29,060.09	845,239	1.08
Georgia	$30,131.85	$8,875.50	382,996	1.22
Hawaii	$1,512.73	$1,746.98	13,028	0.00
Idaho	$1,111.99	$1,766.08	18,632	1.22
Illinois	$22,478.22	$10,854.64	233,227	1.19
Indiana	$10,144.03	$4,617.85	114,181	1.44
Iowa	$2,318.01	$1,843.04	26,091	1.38
Kansas	$2,036.59	$2,212.96	25,988	1.15
Kentucky	$4,142.54	$3,591.34	60,217	1.28
Louisiana	$13,883.76	$4,257.07	161,283	2.41
Maine	$771.45	$1,865.25	9,465	1.13
Maryland	$9,456.97	$5,886.16	99,967	1.01
Massachusetts	$7,701.89	$9,052.77	59,016	1.24
Michigan	$6,170.97	$7,610.29	75,890	1.33
Minnesota	$3,336.14	$4,858.06	31,760	1.07
Mississippi	$5,175.12	$1,838.48	81,751	0.88
Missouri	$6,959.33	$4,368.49	99,029	1.12
Montana	$1,238.19	$1,574.14	19,066	1.06
Nebraska	$1,538.69	$1,130.54	17,881	1.41
Nevada	$12,269.80	$3,145.48	116,936	2.99
New Hampshire	$911.69	$2,087.80	7,930	1.33
New Jersey	$17,989.25	$11,072.56	220,365	1.00
New Mexico	$3,081.21	$1,624.99	40,481	0.92
New York	$31,479.15	$21,997.82	264,478	1.38
North Carolina	$14,066.02	$9,142.28	153,266	1.26
North Dakota	$574.08	$591.90	8,115	0.00
Ohio	$6,366.74	$7,282.46	78,689	1.25
Oklahoma	$3,632.64	$3,181.93	65,508	1.01
Oregon	$3,147.94	$3,518.33	32,924	1.18
Pennsylvania	$12,431.37	$10,629.52	155,418	1.16
Rhode Island	$903.92	$1,559.68	10,724	1.02
South Carolina	$6,864.74	$4,060.30	96,592	1.11
South Dakota	$589.11	$996.10	7,310	1.16
Tennessee	$5,100.04	$3,488.61	44,392	1.29
Texas	$71,808.82	$28,867.68	826,432	1.24
Utah	$3,867.72	$2,668.92	44,585	1.36
Vermont	$374.98	$1,346.72	4,767	0.99
Virginia	$10,899.42	$8,993.61	114,000	1.11
Washington	$11,525.00	$8,691.78	78,041	1.57
West Virginia	$1,800.15	$1,718.68	23,653	1.24
Wisconsin	$215.56	$3,357.52	1,908	1.22
Wyoming	$747.29	$1,118.53	5,776	1.11
U.S. Total	$522,771.05	$320,037.68	5,723,906	1.25 (avg.)

Endnotes

[1] Our most recent study of tort costs revealed that costs and compensation in the U.S. tort system reached nearly $530 billion by 2022, averaging over $4,200 per household. While households do not receive a tort "bill" stating these costs, they filter into the prices of goods and services throughout the economy. David McKnight and Paul Hinton, *Tort Costs in America: An Empirical Analysis of Costs and Compensation of the U.S. Tort System,* Third Edition, at 2 (U.S. Chamber Institute for Legal Reform, Nov. 2024) *(Tort Costs in America)*.

[2] American Trucking Associations, "Economics and Industry Data," (2024), https://www.trucking.org/.

[3] *Tort Costs in America.*

[4] In this study, to avoid confusion, we refer collectively to trucking tort costs and non-trucking commercial automobile tort costs as "commercial automobile tort costs," or the abbreviation "CATC."

[5] For the trucking sector, the minimum cost per $1,000 revenue is approximately $25, the level observed in North Dakota. For non-trucking commercial auto, the minimum cost is approximately $1 per $1,000 of revenue, the level observed in Wisconsin.

[6] As measured by the Bureau of Labor Statistics' (BLS) "Food-at-Home" metric. BLS defines Food at Home as the total expenditures for food at grocery stores (or other food stores) and food prepared by the consumer unit on trips. It excludes the purchase of nonfood items." Bureau of Labor Statistics, "Consumer Expenditure Surveys: Glossary."

[7] Nothing in this analysis should be construed as an assertion that any given litigation is "abusive" or unnecessary, or that it does not serve a valuable social purpose in its own right that may eclipse the dollar value of its modeled impact on U.S. GDP.

[8] Paul Hinton and David McKnight are Principals and Wonjun Chang is Managing Energy Associate at The Brattle Group. Wonjun Chang directed the BEYOND model analysis with research assistance from Natasha Abrol and Julie Yoon. This study was developed for and published by the U.S. Chamber Institute for Legal Reform (ILR).

[9] *Tort Costs in America*, Table 3, at 19.

[10] This research "documents the dramatic increase in trucking accident litigation awards across the board, including an analysis of recent verdicts and settlements to document the continuing trend. A review of 154 trucking litigation verdicts and settlements from June 2020 – April 2023 reveals a mean plaintiffs' award of $27,507,334 and a median award of $759,875. For settlements, the mean award was $10,608,219, and the median award was $210,000. Although the means are driven up by a handful of extreme verdicts and settlements, trucking companies and insurers alike must account for these significant risks." Prasad Sharma, *Roadblock: The Trucking Litigation Problem and How to Fix It* (U.S. Chamber Institute for Legal Reform, July 2023).

[11] *See e.g.,* Roadblock, The Trucking Litigation Problem and How to Fix It," July 2023, U.S. Chamber of Commerce, Institute for Legal Reform.

[12] Regional and sectoral market revenues are estimated using the Bureau of Economic Analysis' National Accounts data. *See,* Bureau of Economic Analysis, "National Economic Accounts," https://www.bea.gov/ (accessed October 9, 2025).

[13] David McKnight and Paul Hinton, *Tort Costs in America: An Empirical Analysis of Costs and Compensation of the U.S. Tort System* (U.S. Chamber Institute for Legal Reform, Nov. 2022); and Paul Hinton, David McKnight, and Lawrence Powell, *Costs and Compensation of the U.S. Tort System* (U.S. Chamber Institute for Legal Reform, Oct. 2018).

[14] An advantage of relying on insurance data is that our estimates incorporate the impact of private settlements on tort costs, which are missing from studies that rely only on public records of adjudicated cases.

[15] We include in our estimate of tort costs the liabilities of businesses that are self-insured, including businesses with explicit arrangements and risk management programs, as well as those that assume risk passively by choosing to be uninsured. Self-insured and uninsured costs include insurance deductibles or retentions, exposures in excess of insured limits, and exposures that are uninsured. However, these liabilities consist only of those that are insurable, which will understate tort costs to the extent that certain tort claims are uninsurable. Awards, whether compensatory or punitive, arising from a finding of intentional wrongdoing are generally excluded from liability coverage.

[16] Wisconsin National Data Consortium, "About WiNDC," https://old.windc.wisc.edu/ (accessed October 9, 2025).

[17] Washington D.C., Hawaii, and Alaska have lower tort costs per $1,000 revenue than North Dakota. However, we choose North Dakota as our benchmark as Washington D.C. is not a state and has an exceptionally small trucking industry which makes it too anomalous to base its per-revenue tort costs as the study benchmark; imports and exports to and from Hawaii are necessarily brought by air or ocean transport; and trucking within Alaska is unusual because 82% of the state's communities are inaccessible by road (Alaska Department of Transportation, "Statewide Aviation.") Therefore, we leave Washington D.C., Hawaii, and Alaska's tort costs unchanged in this model.

[18] This is the commercial automobile liability expense per $1,000 revenue in Wisconsin, the state with the lowest automobile liability expense per $1,000 revenue. Washington D.C. has lower commercial automobile liability expenses per $1,000 revenue; however, we do not use Washington D.C. for the reasons described in note 17.

[19] Based on our 2024 study, we apply NAIC loss and expense ratios to MarketStance liability premiums to estimate tort cost components, calibrated to the share of legal expenses for plaintiff law firms reported by RAND. We find that, in 2022, 62% of tort costs consisted of plaintiffs' compensation.

[20] 6.7% is the observed rate of 10.1% net of the 3.4% annual growth in the consumer price index for that period.

[21] *Tort Costs in America,* at 19.

[22] Christine Jordan Sexton, "Gov. DeSantis signs sweeping legal reforms passed by Legislature," Florida Politics, March 24, 2023.

[23] Charlotte Kramon, "Georgia Gov. Brian Kemp signs off on sweeping new limits on lawsuits," Associated Press, April 21, 2025.

[24] Lurah Lowery, "Florida Gov. DeSantis Speaks on Market Changes Following Insurance Reform," Repairer Driven News, October 16, 2025.

[25] This paper does not attempt to empirically assess the causes of those rate decreases, but as a general principle, we would expect a reduction in litigation-related costs to reduce automobile liability premiums.

[26] The multiplier is calculated assuming tort reform affects the trucking sector's tort costs only. Limiting the analysis to trucking-sector tort costs (thereby excluding the impact of commercial automobile liability reform) allows for a more precise comparison of the reform's impacts across states. For example, tort reform is expected to add $1.6 billion to California's GDP in 2022. Dividing this by the $1.1 billion reduction in California's trucking sector tort costs due to reform results in a GDP multiplier of approximately 1.45.

[27] U.S. Department of Transportation, Bureau of Transportation Statistics, "Moving Goods in the United States," https://data.bts.gov/ (accessed October 9, 2025).

[28] Iowa Department of Transportation, "State Freight Plan," Aug. 2022, https://iowadot.gov/.

[29] U.S. Department of Transportation, *supra* note 27.

[30] *Ibid.*

[31] Indiana Department of Transportation, "Indiana Multimodal Freight and Mobility Plan," May 2023, https://www.in.gov/.

[32] Wisconsin National Data Consortium, "About WiNDC," https://old.windc.wisc.edu/ (accessed October 9, 2025).

[33] U.S. Bureau of Labor Statistics, "Economy at a Glance: Nebraska," https://www.bls.gov/ (accessed October 9, 2025); U.S. Bureau of Labor Statistics, "Mountain-Plains Information Office: Utah," https://www.bls.gov/ (accessed October 9, 2025); U.S. Bureau of Labor Statistics, "Western Information Office: Washington," https://www.bls.gov/ (accessed October 9, 2025).

[34] Wisconsin National Data Consortium, *supra* note 32.

[35] IBISWorld, "Local Freight Trucking in Connecticut," Aug. 2025, https://www.ibisworld.com/; IBISWorld, "Local Freight Trucking in the US - Market Research Report (2015-2030)," Oct. 2025, https://www.ibisworld.com/.

[36] Wisconsin National Data Consortium, *supra* note 32.

[37] U.S. Bureau of Economic Analysis, "Input-Output Accounts Data," https://www.bea.gov/ (accessed October 9, 2025).

[38] When we model a reduction in CATC to the level in the least costly state we hold these tort costs as a percent of revenue constant in real terms relative to the prevailing rate of increases that are assumed otherwise. These prevailing rates are estimated for the US at 6.7% as of 2022 *(see Tort Costs in America).*

[39] U.S. Bureau of Labor Statistics, "12-month percentage change, Consumer Price Index, selected categories," https://www.bls.gov/ (accessed October 10, 2025).

[40] Furthermore, the BLS data indicate that each single year-to-year change, whether increase or decrease, within a 10-year span may be much greater than the average of year-to-year changes across that span. BLS data show that the short-term growth rates (i.e., the growth rate experienced from one year to the next) in Food at Home prices deviated significantly above and below the 10-year average. The minimum growth rate for the August 2005 through August 2025 period was around -2.3%, and the maximum, 13.5%, suggesting that the short-run increase in the price of Food at Home measured monthly for annual inflation versus the prior year may be upward of 4.6 times the long-run average. Short-run increases in food prices are particularly important because they impact food insecurity, with the greatest impact naturally falling on the low-income households. Low-income households with limited financial resources may lack the ability to absorb sudden price hikes, meaning that even small short-term price increases can push them into food insecurity. Households whose budgets are already stretched thin are forced to make difficult choices, such as reducing overall food consumption, making dietary changes to consume cheaper and less nutritious foods, and cutting back on other essential expenses such as healthcare and education. Price spikes can also derail coping mechanisms such as saving for future needs, exacerbating food insecurity and amplifying income inequalities in the future.

[41] Paul Hinton, David McKnight, and Lawrence Powell, *Costs and Compensation of the U.S. Tort System* (U.S. Chamber Institute for Legal Reform, Oct. 2018); and David McKnight and Paul Hinton, *Tort Costs in America: An Empirical Analysis of Costs and Compensation of the U.S. Tort System* (U.S. Chamber Institute for Legal Reform, Nov. 2022).

[42] Adam Rose, Input-Output Economics and Computable General Equilibrium Models, 6 Structural Change and Economic Dynamics, 295–304, issue no. 3 (1995).

[43] Ian Sue Wing, Computable General Equilibrium Models for the Analysis of Energy and Climate Policies, International Handbook on the Economics of Energy, 332-366 (2009).

[44] 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, Nov. 2024).

[45] MarketStance estimates liability premiums and exposure for the following lines of insurance: Businessowners, Commercial Automobile, Premises and Operations, Products, D&O, E&O, Employment Practices, Fiduciary, Umbrella, Excess, Medical Professional, Cyber, Motor Truck Cargo, and Warehouse.

[46] *See,* James S. Kakalik and Nicholas Michael Pace, *Costs and Compensation Paid in Tort Litigation, Institute for Civil Justice*, RAND Corporation (1986).

202.463.5724 main
1615 H Street, NW
Washington, DC 20062
instituteforlegalreform.com

U.S. Chamber of Commerce
Institute for Legal Reform