A Third Wave of Asbestos Claims Threatens Insurers According to Assured Research

Outdated actuarial models systematically underestimate exposures.

Madison, NJ (PRWEB) January 13, 2014 -- In forecasting serious asbestos-related claims, some of the country’s largest insurers and consultants appear to be ignoring relevant changes in medical knowledge, demographics and even social media. As a third wave of costly asbestos-related claims strikes the nation in the years ahead, many insurers will be swamped with “unexpected” reserve charges, according to “A Third Wave in Asbestos Liabilities Lies Ahead,” a new study by Assured Research, a New Jersey-based firm that analyzes the property/casualty insurance industry.

“In studying asbestos-related claims, we’re seeing evidence of outdated actuarial models,” explains Assured president William Wilt. “Since they’re based on 30-year-old epidemiological and demographic data, they can’t accurately forecast asbestos-related claims. Some insurers also seem to be ignoring advances in medical knowledge and diagnosis—and the changing behaviors of consumers and personal injury lawyers.”

The first wave of claims came from asbestos miners and millers; the second from people who handled asbestos regularly, such as plumbers, shipbuilders and carpenters. The third wave will be dominated by lung cancer claims which are ostensibly lower quality than those of mesothelioma because the cancer was predominantly caused by smoking rather than asbestos. Nevertheless, large numbers of even lower-quality claims could raise pressure on defendants anxious to settle and minimize nuisance suits. Moreover, recent literature illustrates researchers’ rising awareness of the malignant synergies between asbestos and smoking. Further, researchers are finding that short but intense exposures to asbestos can lead to asbestos illnesses.

“Medical evidence is mounting,” says Wilt, “that there is no ‘lower limit’ below which asbestos fibers cannot cause mesothelioma. Meanwhile, the people most likely to make asbestos claims are living longer—long enough, in some cases, to be diagnosed with asbestos-related disease.”

Asbestosis may be easier to diagnose today, thanks to high-resolution CT-scans, but Assured Research believes the third wave will be dominated by lung cancer claims. Personal injury lawyers are finding it easier than ever to prospect for new claimants, while a new recommendation from the U.S. Preventive Services Task Force recommends annual CT scans for all current and former smokers (heavy) smokers between the ages of 55 and 80 – some 10 million people.

“We believe this third wave will be aided by the growing prevalence of social media sites such as Google and YouTube which have lowered the cost of prospecting for claimants by lawyers,” says co-author and Managing Director Alan Zimmermann. “If you need convincing, type the name of any well-known asbestos law firm into a search engine and see how fast they come back to you with offers of direct conversations.”

“The confluence of outdated actuarial models, shifts in life expectancies, medical knowledge, social media, and now recommended screening,” Wilt says, “can’t be good news for insurers that are funding higher than expected claims on a pay-as-you-go basis.”
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