



# Leadership Forum

## Extracting Opportunities from Challenges

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at Marsh Mc Lennon

# Insurance: Main Challenges to the Private Security Industry - Focus on the USA

15:30 – 16:30

# Navigating the 'New' Risk Landscape

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# Précis: Insurance Challenges to the private security industry

The private security industry faces a mounting challenge at the intersection of litigation dynamics and insurance capacity. Even as demand for security services expands, the environment for insuring those services has become increasingly precarious. Jury verdicts in the United States have entered a new era of “social inflation,” with settlements and awards that were once extraordinary now becoming almost routine. The rise of third-party litigation funding has further altered the balance, enabling more plaintiffs to pursue expensive and protracted cases and encouraging them to hold out for “thermonuclear” verdicts rather than settle early. The result is that liability claim payouts in the U.S. now regularly exceed insured catastrophe losses from hurricanes or wildfires, and insurers have responded by cutting capacity, raising premiums, and adding exclusions.

At the same time, the wider social and political context is shaping liability exposure in ways the industry has never seen before. Research from the Edelman Trust Barometer highlights a profound erosion of trust in business and institutions. When people do not trust companies or leaders, they are more inclined to view incidents through a lens of grievance and to seek remedies through litigation. In parallel, surveys by Professor Robert Pape at the University of Chicago show that tolerance for political violence in the U.S. is at record levels, creating a baseline environment of civil unrest rather than isolated shocks. For private security firms, which stand on the front line of these dynamics, this means that incidents are more likely, claims more probable, and verdicts more severe.

The case of cash-in-transit (CIT) services illustrates these pressures in the most acute form. Armored car fleets are exposed simultaneously to commercial auto liability, violent crime, and reputational fallout when incidents occur. Insurers have begun to pull back from this class of business altogether in some markets, leaving critical cash supply chains under threat. The CIT market thus acts as a canary in the coal mine: if insurers cannot find a sustainable model here, other segments of the industry may soon follow.

Looking ahead, the industry must also contend with the frontier of “synthetic blame.” Generative AI and deepfakes now allow malicious actors to fabricate convincing videos or audio implicating security staff or clients in misconduct. Even if such content is debunked, reputational and legal damage may already be done.


Against this backdrop, contracting practices and governance structures take on heightened significance. Too often, security providers sign agreements with broad indemnities and ambiguous scopes of work that transfer uninsurable liabilities onto their balance sheets. Clarity and proportionality in contracts—without prescribing specific legal language on stage—are vital to maintaining insurability. Equally, security companies must operate with a mindset of “insurability as strategy.”

This panel brings together senior voices from across the industry to explore the practical levers available to industry leaders among this diverse risk and liability environment. Key issues addressed include, but are not limited to:

- Social inflation: Litigation realities and the U.S. and the contracting pitfalls that expose firms to liabilities they never intended to assume.
- Escalating risk factors: Defining risk factors that can turn a ‘routine’ incident into a seven-figure dispute.
- Contract alignment with customers: Risk sharing with customers to address pressures that exist on both sides of the contract.
- Settlement strategies: Viability of early settlement strategies and practices that reduce severity.
- Operating to insurability: Which KPIs and governance structures actually move the needle and how to prepare for emerging challenges.
- Differences in the international lens: Drawing from European practices in risk pooling and differences in litigation environments.
- Implications for the broader economics of the industry: How insurance availability and litigation volatility directly affect cost of capital, valuations, and investor appetite, and what boards should demand from management in response.
- Bending the risk curve: Through investment in risk, risk adjusted pricing, and new technologies.

The discussion will focus not only on diagnosis but also on solutions. Attendees will leave with a short list of immediate actions: strengthening contract posture around proportional fault, refreshing underwriting materials with the evidence insurers value most, building insurability KPIs into executive dashboards, and running tabletop exercises to prepare for deepfake or misinformation incidents.

The central message is clear: in today’s environment, insurability is not a back-office concern but a strategic KPI. The firms that thrive over the next three years will be those that proactively manage litigation and insurance friction as part of their core business strategy.



**Today we are ‘pricing’  
complexity under conditions  
of uncertainty as  
risk continues to accelerate**

# Are today's tools sufficient for tomorrow's risk?



Risks are becoming more complex  
and interconnected in nature...



...this includes widening of breadth  
and range of risks...



...with many emerging risks, AI, liability  
regimes...

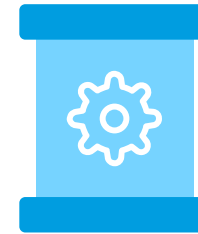


Requiring new risk management  
frameworks

# A perfect storm ...



Trust Erosion



Political Violence  
Normalization



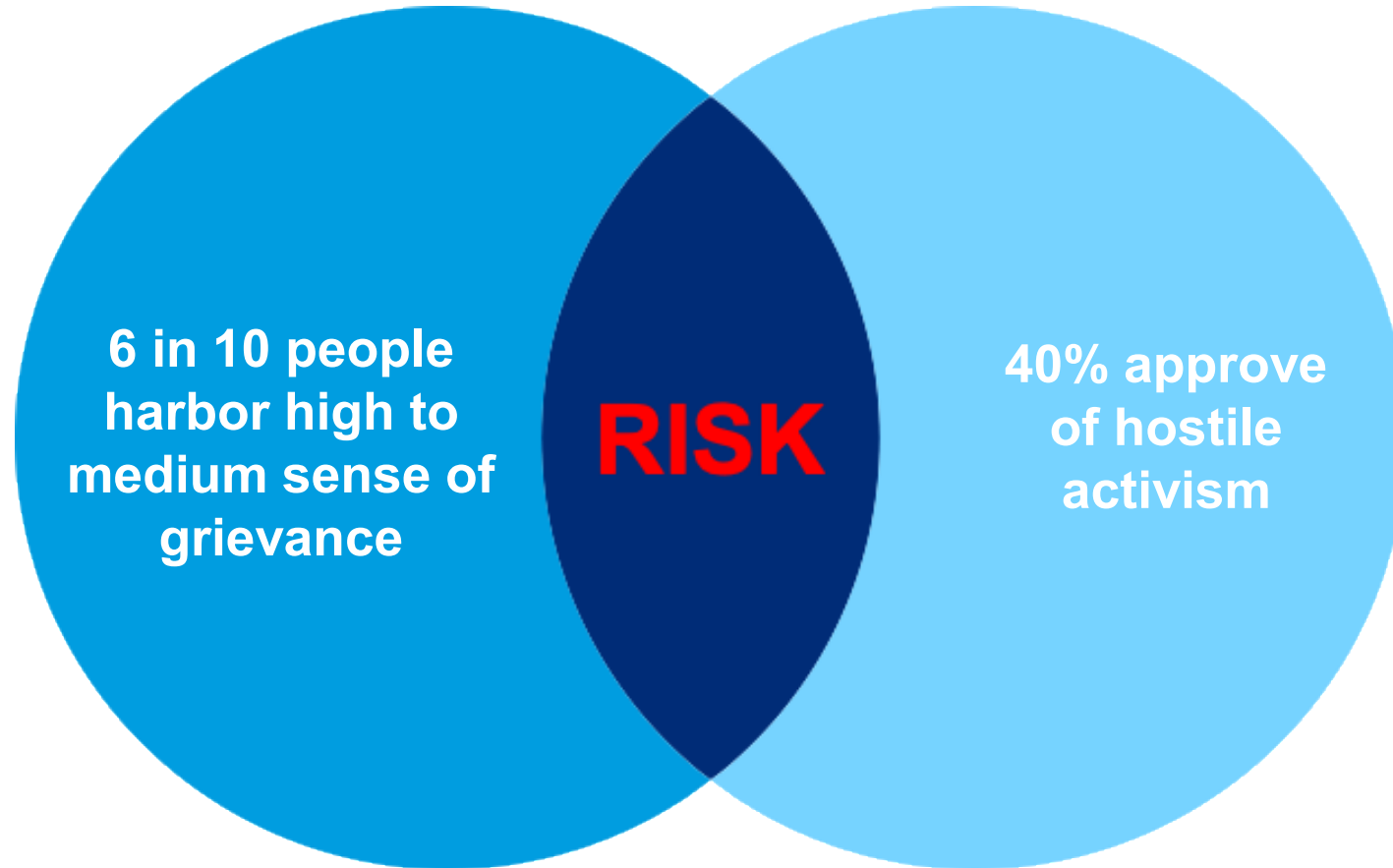
Social Inflation, Tort Reform, and  
Regulatory Crosswinds



Synthetic Blame

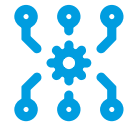
... the risk landscape is *multiplying*, not rotating

# Trust is eroding



... amplifying risk

# Normalization of political violence



Shifting from fringe



Acceptance of  
violent tactics



Civil unrest seen as  
primary business  
concern

# Geography matters

## Sentiment is a function of trust

Tort costs grown at annual rate of 8.7%, exceeding inflation and GDP<sup>1</sup>

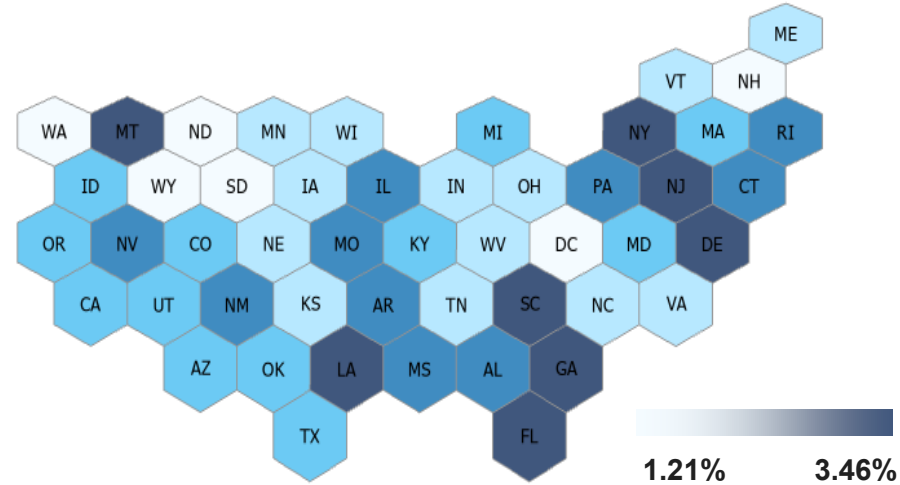
Commercial liability: \$367B (2022)

Nuclear verdicts (2022)<sup>2</sup>:

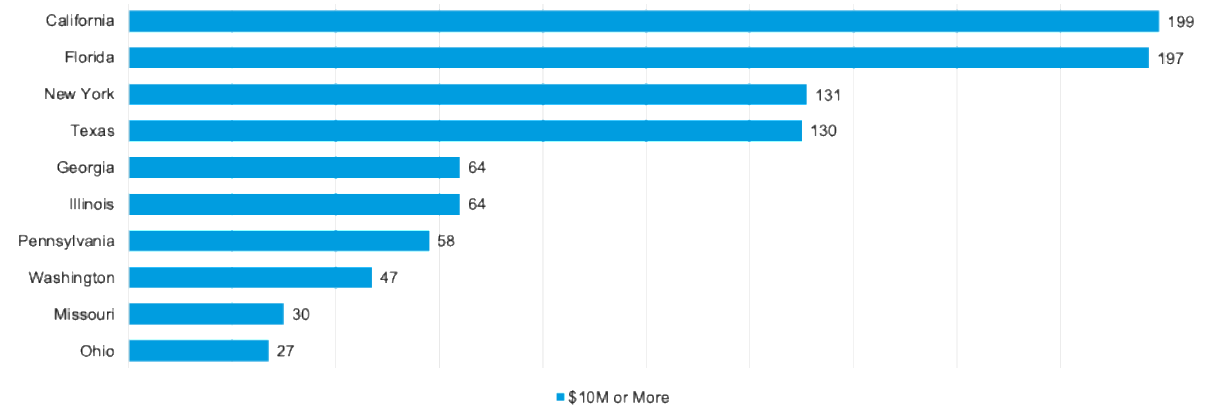
- Median: \$21mm
- Mean: \$89mm

27 \$100mm verdicts or greater in 2023

## Tort costs as a % of State GDP



## Top 10 states by cumulative nuclear verdicts, 2013 – 2022



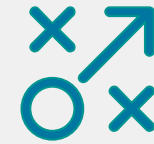
# Synthetic blame



**Risk  
Amplification**



**Cost Escalation**



**Other risks...  
D&O?**

# Operating to Insurability



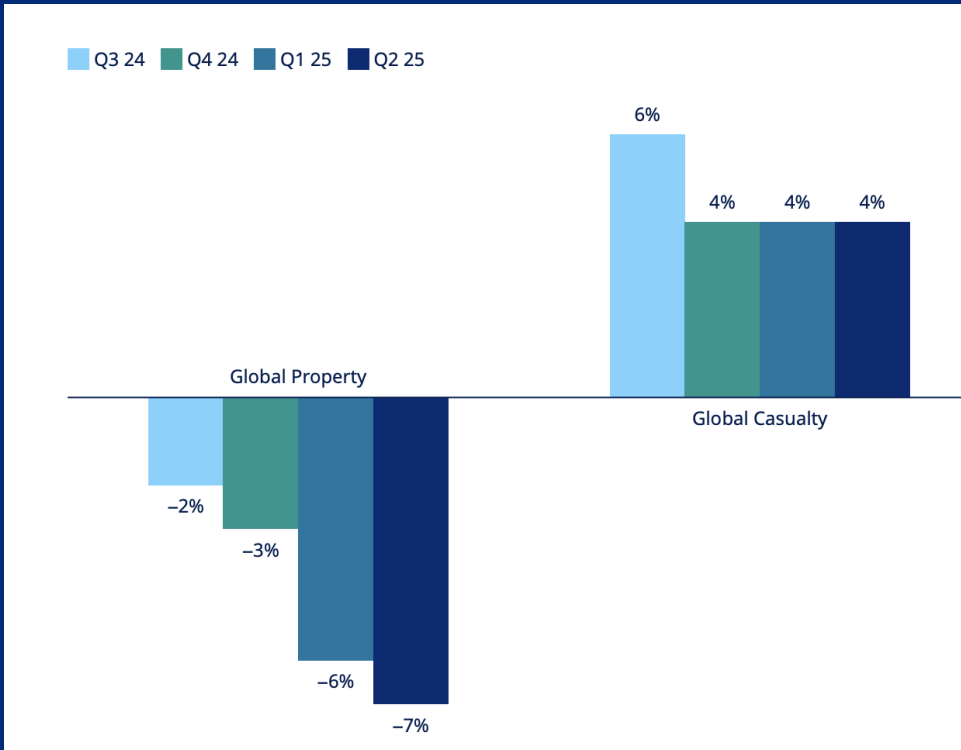
Casualty market increases continue



Risk and litigation environment complicates pricing



*“We struggle to understand how a liability issue could cascade across our organization beyond the obvious.”*



# Building a risk intelligent organization





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