

News

Schiff Hardin Launches New Litigation Claims Valuation Tool

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MagnitudeSM uses artificial intelligence to evaluate complex claims and help risk management teams avoid high-dollar mistakes

Schiff Hardin LLP today announced the launch of MagnitudeSM, a proprietary new artificial intelligence tool developed in-house to help clients accurately evaluate claims and manage exposure.

MagnitudeSM is a Monte Carlo simulation system created by Jonathan Judge, a Schiff Hardin partner and trial lawyer, that when combined with handling counsel's insight, produces meaningful estimates on average exposure, average verdict when the plaintiff prevails, and different percentile outcomes.

"Estimating litigation exposure isn't easy, because there can be an enormous number of potential answers to jury verdicts depending on the complexity of the case," said Judge. "MagnitudeSM blends lawyer insight with analytical simulations to achieve the best decision-making opportunity for clients to help them avoid making a million-dollar mistake."

As a trial lawyer and analyst, Judge has successfully applied statistical modeling to his work on challenging consumer product liability cases, particularly those involving children and serious or fatal injuries to others. Judge is highly visible in the online baseball community, where he creates advanced statistics and is a part-owner of Baseball Prospectus. His statistical models are used for Catcher Framing, Deserved Run Average, and Deserved Runs Created.

MagnitudeSM simulates millions of jury verdicts, with a lawyer reviewing the simulation code for legal accuracy, to estimate the average exposure of the case, the average verdict if the plaintiff wins, and most importantly, the average result (which typically is also a good settlement value). The simulation can be easily adjusted to factor in changing facts or court rulings, allowing risk management teams to strengthen or shift strategies as needed.

Here is a hypothetical example of how MagnitudeSM works:

Facts of the case

1. Injured Plaintiff A sues Company. Company denies liability and contends that Plaintiff A was equally at fault.
2. Plaintiff A missed a year of work valued at \$50,000 and will further blackboard \$200,000 of medical expenses. Counsel thinks there's a 50/50 chance jury finds half of those expenses are barred by the failure to mitigate damages.
3. Counsel estimates past non-economic awards of 1-3 times economic losses, with 2x being most likely and an equal amount expected for future losses. Counsel also estimates that 50 percent of the time, juries blame both sides equally. As for the other 50 percent, juries find for plaintiffs three times out of five.

Venue

Pure comparative fault state.

Value of the case

This example case has several possible outcomes. The correct answer considers the range of outcomes: victories, defeats, and compromise verdicts. Here, MagnitudeSM delivers these results:

- Complete defense verdict: 20% of the time
- Highest estimated verdict if Plaintiff A wins: \$1.45 million
- Average verdict if Plaintiff A wins: \$550,000
- Average exposure / settlement value: \$440,000

"While no one can predict the future, MagnitudeSM can help all parties better understand the risks in prosecuting a claim, defending a claim, insuring a claim, or financing a claim," Judge said. "MagnitudeSM offers a strategic edge to claims valuation for cutting-edge litigants."

To learn more about MagnitudeSM, visit www.schiffhardin.com/magnitude.

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