

2026 CARLTON FIELDS CLASS ACTION SURVEY

BEST PRACTICES IN REDUCING COST AND MANAGING RISK IN CLASS ACTION LITIGATION

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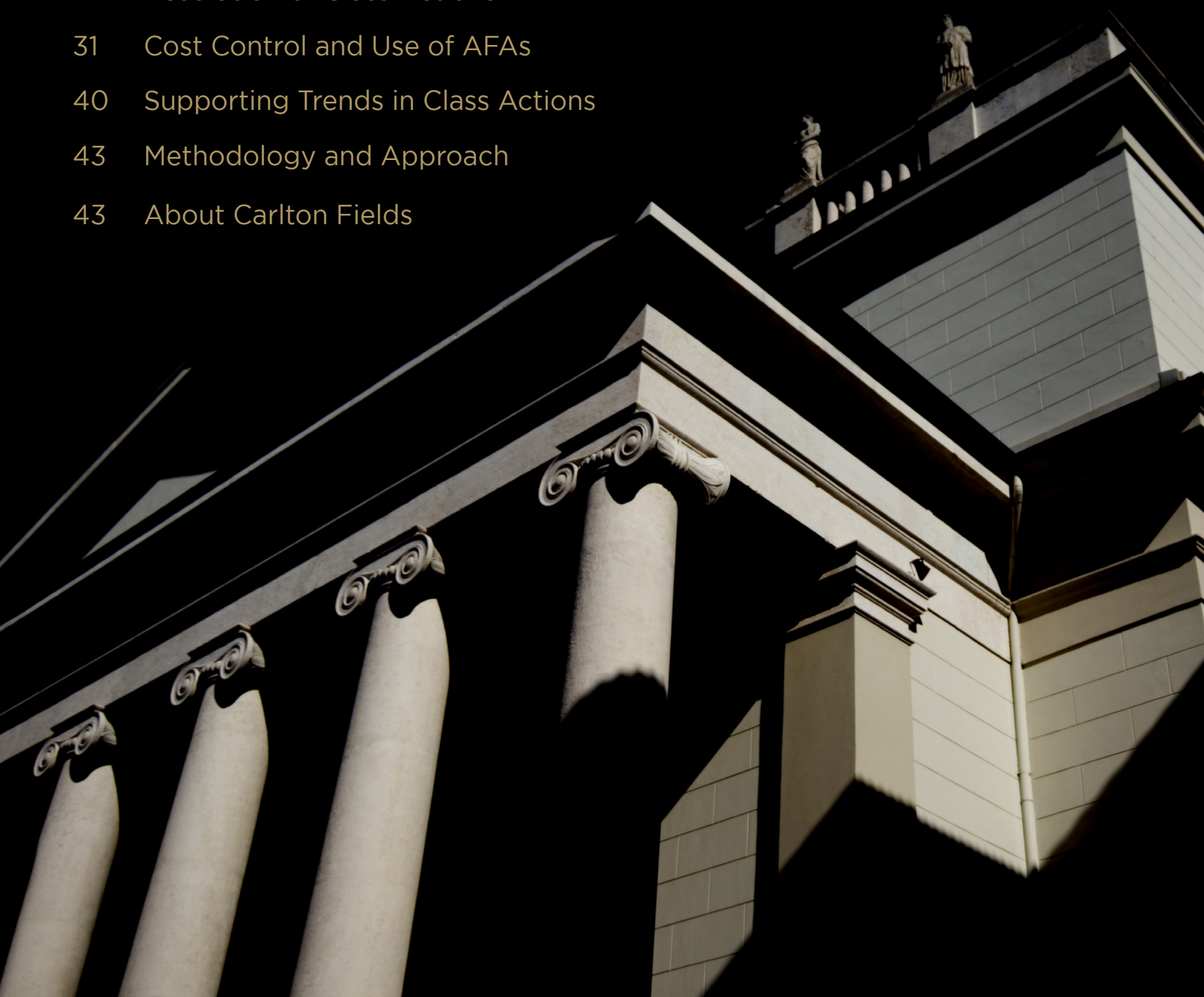
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INTRODUCTION

We are pleased to share this 15th anniversary edition of the *Carlton Fields Class Action Survey*, providing an overview of key trends, risks, and best practices in class action management. This annual publication reports on historical trends captured since the survey's inception and includes information on emerging issues in class action litigation.

Drawing on 15 years of the *Carlton Fields Class Action Survey*, this report provides a rare long-view lens on how class action litigation has expanded, evolved, and become embedded in corporate risk management. When the inaugural survey was published in 2012, companies averaged just 4–5 active class actions and allocated about 10% of their litigation budgets to these matters. Today, those numbers have increased significantly, and spending surpassed $4 billion for the first time in 2024.

Over the past 15 years, class action portfolios have grown in both volume and complexity, requiring the increasing integration of class action risk management into corporate legal strategy.

When we launched this survey, we set out to provide perspective and practical guidance to support clients in navigating class action litigation. What emerged was a first-of-its-kind resource, built on direct conversations with the legal decision-makers managing these matters. At that time, we observed that class action lawsuits were on the rise across nearly every industry and practice area. That trend is even more evident today. This year's survey shows that virtually every company to which we spoke faces class action claims regularly, highlighting the ongoing need for thoughtful strategy and informed decision-making.

Since its start, the survey has expanded in scope and sophistication, tracking how companies adapt to emerging risks, technologies, and litigation strategies. As we mark the 15th anniversary of the survey — and the 125th anniversary of our law firm — we continue to provide legal decision-makers with practical strategies for meeting the demands of today's class action landscape.

The *2026 Carlton Fields Class Action Survey* is based on interviews with general counsel or senior legal officers at more than 300 *Fortune* 1000 and other large companies across a variety of industries. They shared their thoughts about class action exposure and best practices for class action management. We thank you for taking the time to review our report. As always, we aspire to provide valuable information that will assist your company and its legal department in managing class litigation both effectively and efficiently.

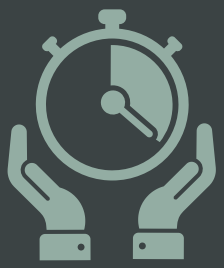
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KEY TRENDS IN CLASS ACTIONS



Companies Anticipate a Sharp Rise in New Class Action Filings



In-House Counsel Shift Time Away From Class Actions to Support Business Priorities



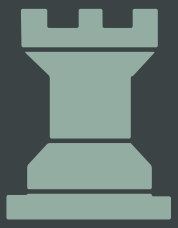
Generative AI Could Trigger a New Era of Class Actions



Labor & Employment and Data Privacy Predicted to Lead Next Wave of Class Actions



Plaintiffs' Counsel Are Increasing Filing Pace and Aggressiveness



Alternative Fee Arrangements Viewed as the Most Reliable Cost-Control Tool

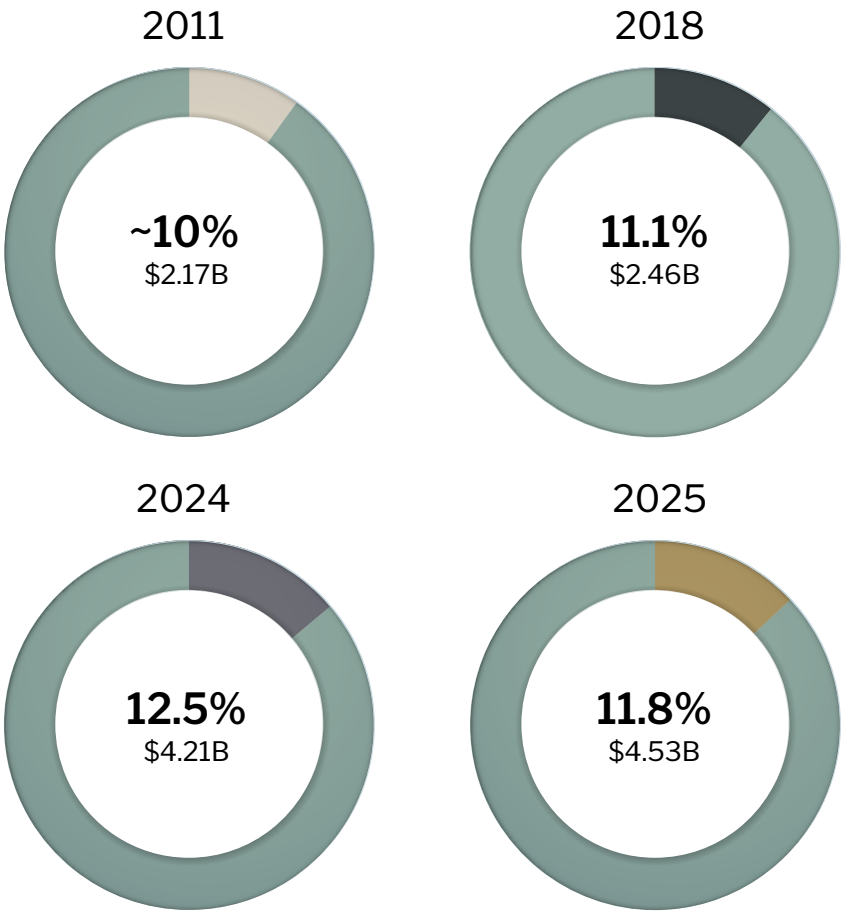
CLASS ACTION SPENDING AND BUDGETS

Class Action Defense Takes Large Share of Litigation Spending

- Spending on class actions accounts for 11.8% of corporate litigation budgets.
- Class action spending continues to increase, exceeding $4 billion for the second time.
- Class action defense remains one of the fastest-growing areas of corporate legal spending.
- See page 7 for spending history.

Defense of Class Actions as Share of Corporate Litigation Spend

U.S. COMPANIES WITH $1B+ IN REVENUE



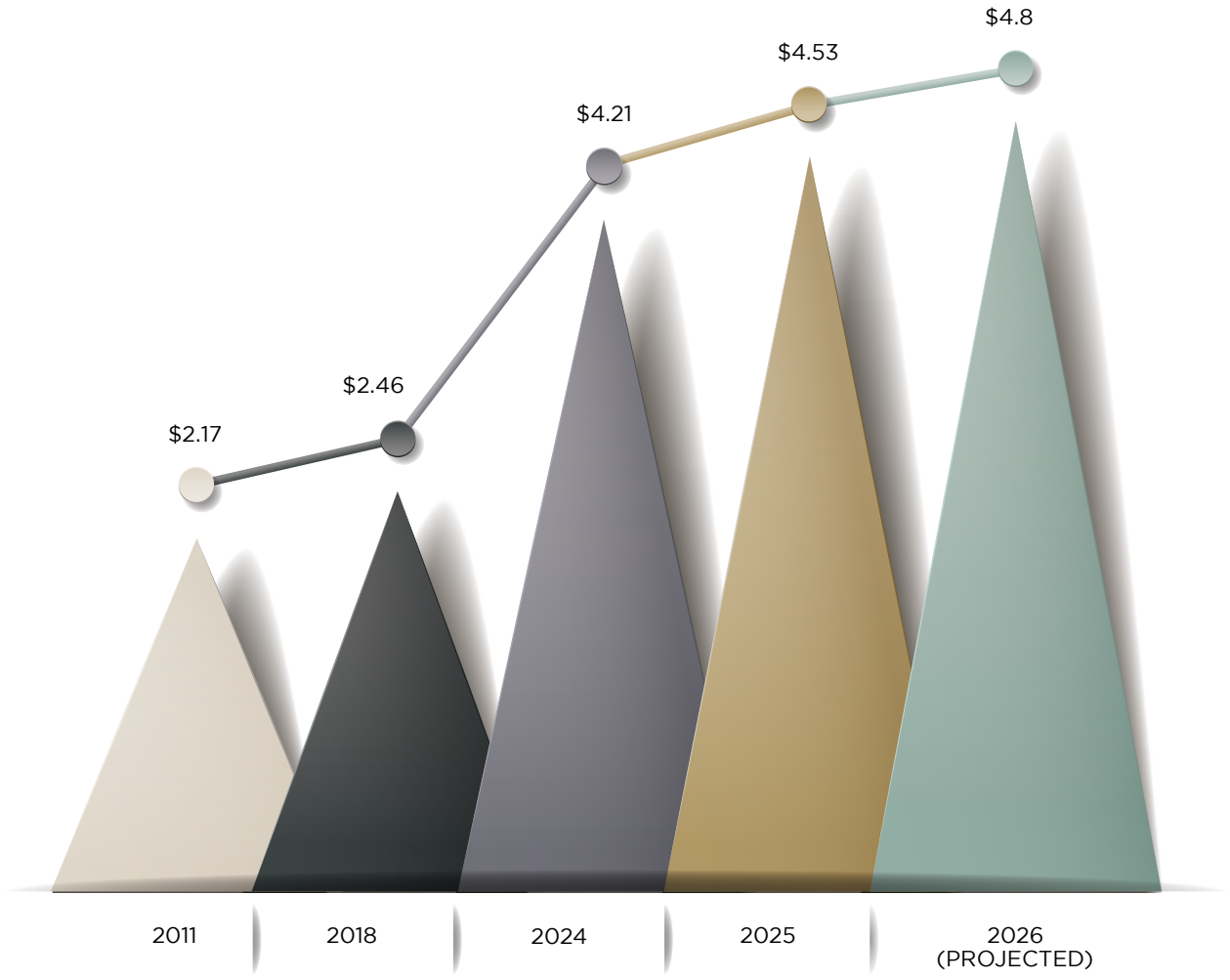
Historical Trend. The initial survey reported that, in 2011, class action defense costs accounted for just over 10% of litigation spend and totaled roughly $2 billion. Over the past 15 years, this line item has more than doubled, topping $4 billion by 2024 and remaining one of the fastest-growing components of corporate legal spending.

Corporate Defense Costs Soar to New Record

- Corporate legal spending on defending class actions is expected to grow 5.9%, marking the 11th consecutive record year.
- Four key drivers of increased spending:
  - More companies face multiple class actions
  - Larger claims require more resources
  - Increasing claim complexity
  - Higher volume of new claims

U.S. Corporate Legal Spending on Class Actions

$ BILLIONS

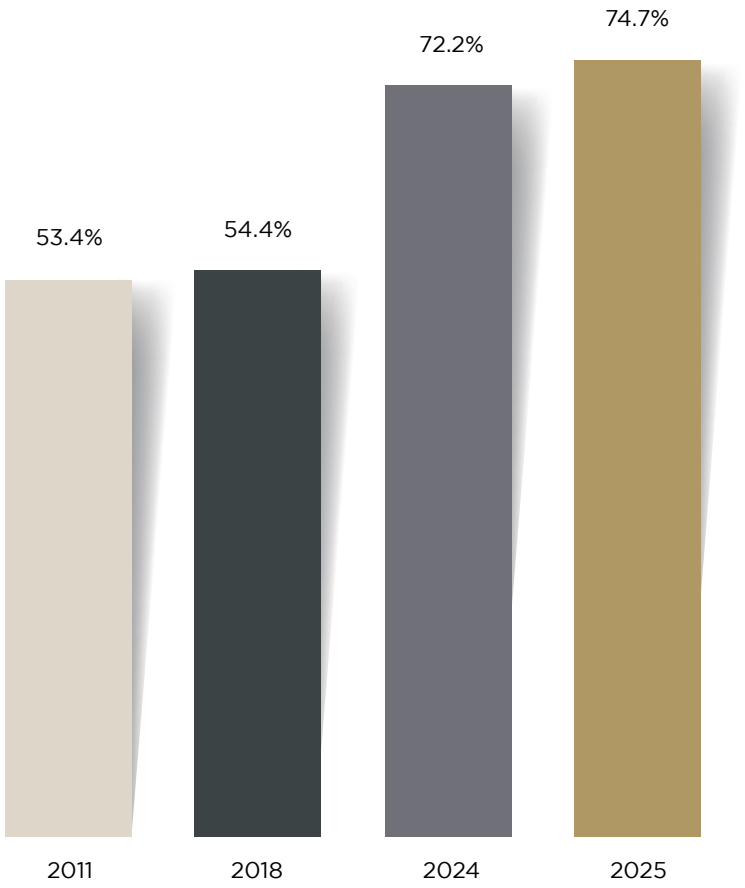


Class Action Exposure Rises Across Companies

- A record percentage of companies are now dealing with class actions — the highest level in 15 years.
- Plaintiffs' counsel are filing claims at an accelerating rate.
- Seven key drivers of increased filings include:
  - Geopolitical instability fostering a more litigious environment
  - Workforce volatility
  - Activist workforce
  - Data privacy incidents generating more class actions per event
  - Growth in organizations using and sharing personal information
  - New products and services with unexpected performance issues
  - Creative tactics by plaintiffs' counsel

Companies With Class Actions

PERCENT OF COMPANIES



Historical Trend. In the inaugural survey, just over half of companies reported actively managing class actions. Today, that share has risen to 74.7%, reflecting the growing role these cases play in large companies' litigation portfolios. More broadly, class actions are now nearly universal: 91.7% report facing them on a regular basis (see page 17).

Labor & Employment and Consumer Fraud Dominate Budgets

- Defending labor and employment and consumer fraud class actions together account for nearly half of class action spending.
- Labor and employment defense leads in both number of matters and budget share, driven by:
  - Large-scale layoffs
  - Workforce volatility
  - Conflicting regulatory requirements
  - Wage-and-hour disputes
  - Workforce activism
- Consumer fraud and privacy class actions collectively rank a close second.
  - Consumer fraud and privacy claims often overlap, with many privacy claims pleaded as consumer fraud.
  - Taken together, these matters rival labor and employment for the top share of class action budgets. These claims involve personal information, including those arising from generative AI products or from public statements about a company's policies and practices regarding customer data privacy.

Class Actions Breakdown by Type

PERCENT OF MATTERS AND SPENDING

MATTERS	TYPE	SPENDING
29.6%	LABOR & EMPLOYMENT	26%
22.4%	CONSUMER FRAUD	21.1%
11%	DATA PRIVACY & CYBERSECURITY	10.3%
8.4%	SECURITIES	10.6%
7.7%	INSURANCE	6.6%
5.1%	ANTITRUST	6%
2.8%	TECHNICAL STATUTORY VIOLATIONS	3.7%
1.8%	PRODUCT LIABILITY	3.1%
2.1%	GENERATIVE AI	3.7%

LABOR & EMPLOYMENT SPENDING	YEAR	CONSUMER FRAUD SPENDING
28.6%	2024	22%
38.9%	2023	18.9%
34.8%	2022	21%
23.5%	2021	19.4%
22.7%	2020	20.1%
26.4%	2019	15.6%
26.1%	2018	23.6%
21.6%	2017	18.9%
38.9%	2016	17.8%
22.6%	2015	25%
22.8%	2014	24.3%
25%	2013	28.6%
23.7%	2012	26.3%
27.6%	2011	23.5%

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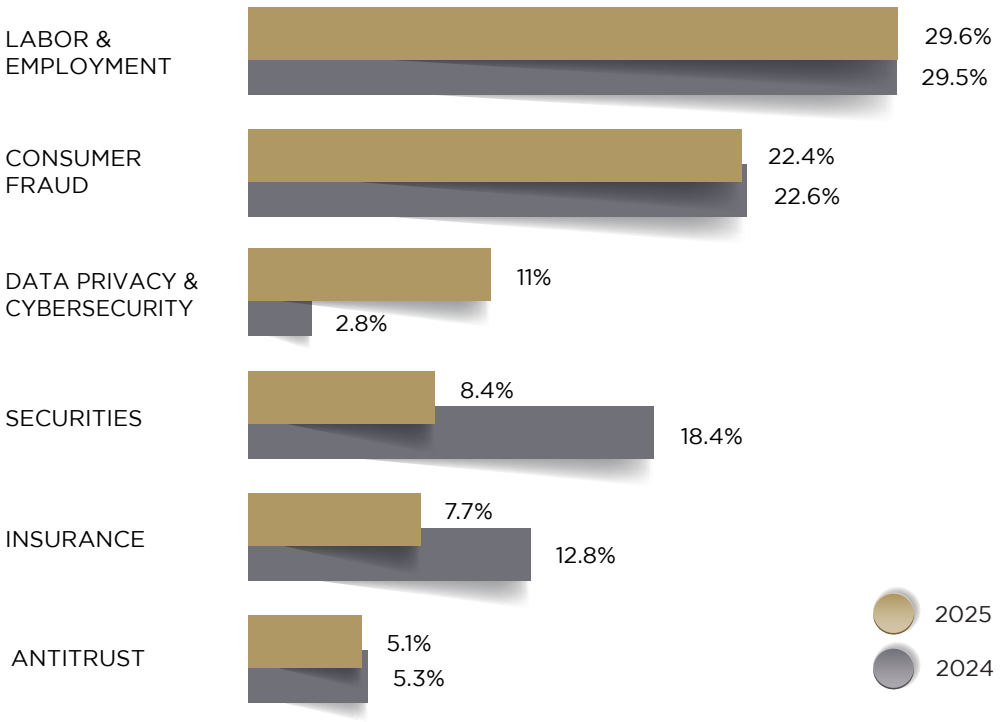
Historical Trend. Over 15 years, labor and employment and consumer fraud have consistently appeared at the top of the class action docket. Today, privacy and cybersecurity has grown rapidly to join the top three categories.

Data Privacy Gains Prominence in Class Action Portfolios

- Labor and employment class actions remain the largest category, essentially unchanged from last year.
- Consumer fraud claims remain the second-largest category, as regulatory scrutiny and new product issues continue to drive claims, particularly in technology sectors.
- Privacy and cybersecurity increased almost fourfold, with in-house attorneys noting more class actions per incident.
- Insurance class actions declined as fewer natural disaster coverage and loss issues arose this year compared to last year.

Class Actions Breakdown by Type

PERCENT OF MATTERS



Note: Chart does not add up to 100%. Excludes other responses under 5%.
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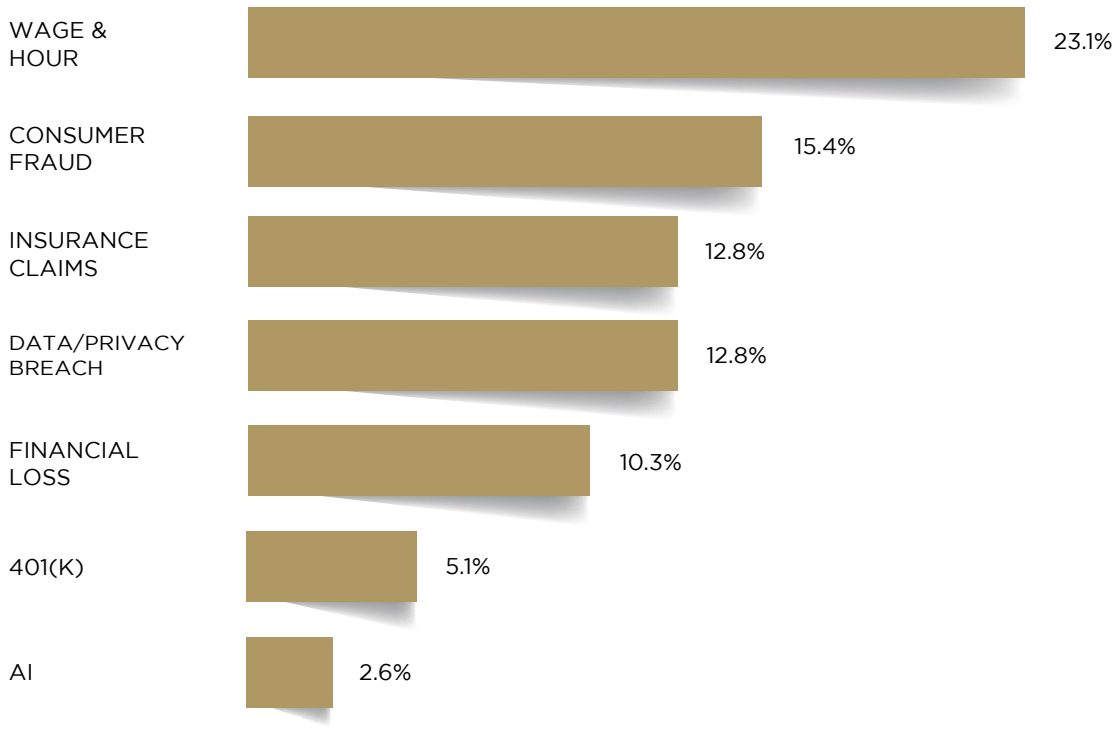
Historical Trend. Privacy claims were essentially nonexistent in our 2012 survey, making the rapid growth in these claims one of the most notable risks to emerge over the 15-year period.

Wage & Hour and Consumer Fraud Lead Class Action Caseloads

- Wage-and-hour employment cases are the most common class action, followed by consumer fraud.
- Class actions alleging a cybersecurity or privacy breach are roughly equal to insurance-claim class actions in volume.
- Actions for recovery of a financial loss from fiduciaries make up 10% of claims seen, an emerging issue that may have resulted from volatile market conditions in 2025. This is one to watch.
- 401(k)-related claims are small but may grow due to changing investment allocation rules.
- Emergence of class actions concerning artificial intelligence — while currently limited — is a trend to watch.

Class Actions Breakdown by Type

PERCENT OF MATTERS



Note: Chart does not add up to 100%. Excludes other responses under 5% except for AI to show any significance in tracking.

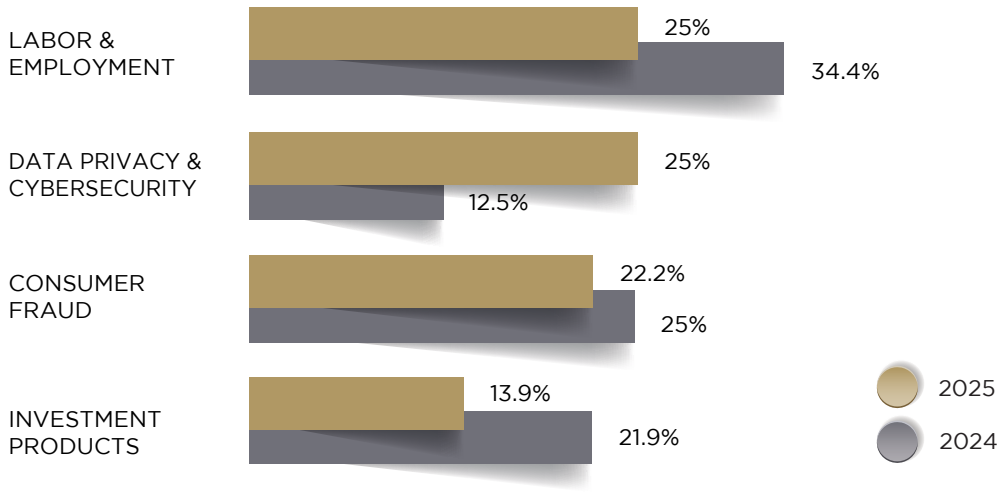
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Labor, Data Privacy, and Consumer Fraud Class Actions Poised to Drive Next Wave

- Companies expect the next wave of class actions to focus on labor and employment, privacy and cybersecurity, and consumer fraud.
- Labor and employment remains the largest category, though slightly down from 34.4% last year, driven by:
  - Wage-and-hour issues
  - Large-scale layoffs
  - Workforce restructuring
  - Workforce activism
  - Discrimination and reverse discrimination claims
- Privacy and cybersecurity expectations doubled, with plaintiffs expected to bring more claims per breach.
- Consumer fraud is projected to decline slightly.
- Investment product class actions dropped as the pace of new offerings slowed.

Next Wave of Class Actions

PERCENT OF COMPANIES



Note: Chart does not add up to 100%. Excludes other responses under 5%.
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Historical Trend. Many of the risks forecast in earlier editions — privacy incidents, data use challenges, consumer deception theories, and ERISA fiduciary issues — have since become central features of the class action landscape, underscoring the survey's long-term predictive accuracy.

IN THEIR OWN WORDS: CORPORATE COUNSEL ON THE NEXT WAVE OF CLASS ACTIONS

What do you see as the next wave of new class action lawsuits?

AI will be a driver for more claims in usage, not disclosing that it's being used, as well as AI not making good decisions. Cryptocurrency class actions will also continue as earnings wobble.

— Chief Claims Officer
Large Insurance Company

The growth of cyber-related cases related to the exposure of personal data and the harm that can come from that. The courts have been very sympathetic to the victims, making it easier to sue for large sums of money rather than settle.

— Executive Vice President, North American Claims Group
International Insurance Company

We expect to see more antitrust claims, especially if the market gets soft.

— Vice President, General Counsel and Secretary
Global Manufacturer

The plaintiffs' bar looks at the ERISA statute and comes up with ways that a company violates the statute or did not comply with the Department of Labor. They look for gaps in the statute to look for class actions.

— Chief Claims Officer
Leading Services Company

Wage-and-hour will continue. The plaintiffs' bar is incentivized to bring these cases against us because we are a global company and will always have some noncompliance issue that they will exploit.

— General Counsel, Labor and Employment
Global Transportation Company

More of the securities class actions, because when the markets and the economy start to drop, these suits become more prevalent.

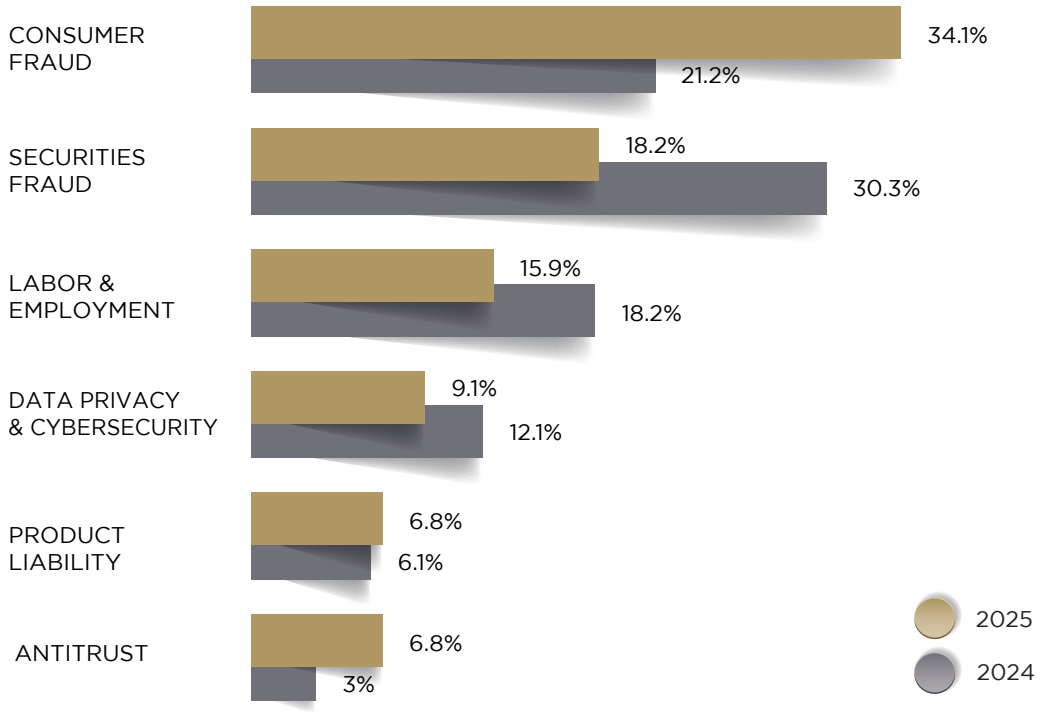
— Director of Financial Lines Claims
International Insurer

Consumer Fraud Rises as Top Class Action Risk

- Consumer fraud has surged as the top class action risk.
- The plaintiffs' bar is aggressively pursuing all interpretations of company statements and product performance for potential consumer fraud and product litigation.
- Securities fraud class actions, though, are seen as a lesser risk than last year:
  - Stock market volatility has peaked
  - Most targets have already been hit
- Other categories saw declines.

Class Actions Posing the Biggest Risk

PERCENT OF COMPANIES



Note: Chart does not add up to 100%. Excludes other responses under 5%.

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IN THEIR OWN WORDS: CORPORATE COUNSEL ON CLASS ACTIONS POSING THE BIGGEST RISK

In your mind, what kind of class actions pose the biggest risk to your organization?

Anything related to antitrust and securities because the damages are so high.

— Vice President and Chief Litigation Counsel
Leading Renewable Energy Company

The future of technology and the cases that Google and Meta are facing with their tracking technologies. It's so dangerous because the class is so big.

— Corporate Counsel
Large Energy Provider

Both AI and cryptocurrency class actions because they involve big settlements and can harm the reputation of a company.

— Chief Claims Officer
International Insurance Company

Consumer fraud because of social media — it hurts our reputation.

— Vice President, Claims Group
Leading Insurance Company

The Telephone Consumer Protection Act, because the law has become so broad and it covers so much technology and has a high statutory violation. It adds up to millions and millions of dollars because we, as similar companies, have millions of customers.

— Vice President, Senior Litigation Counsel
Fortune *100 Financial Company*

Any product liability that results in both financial and reputational harm.

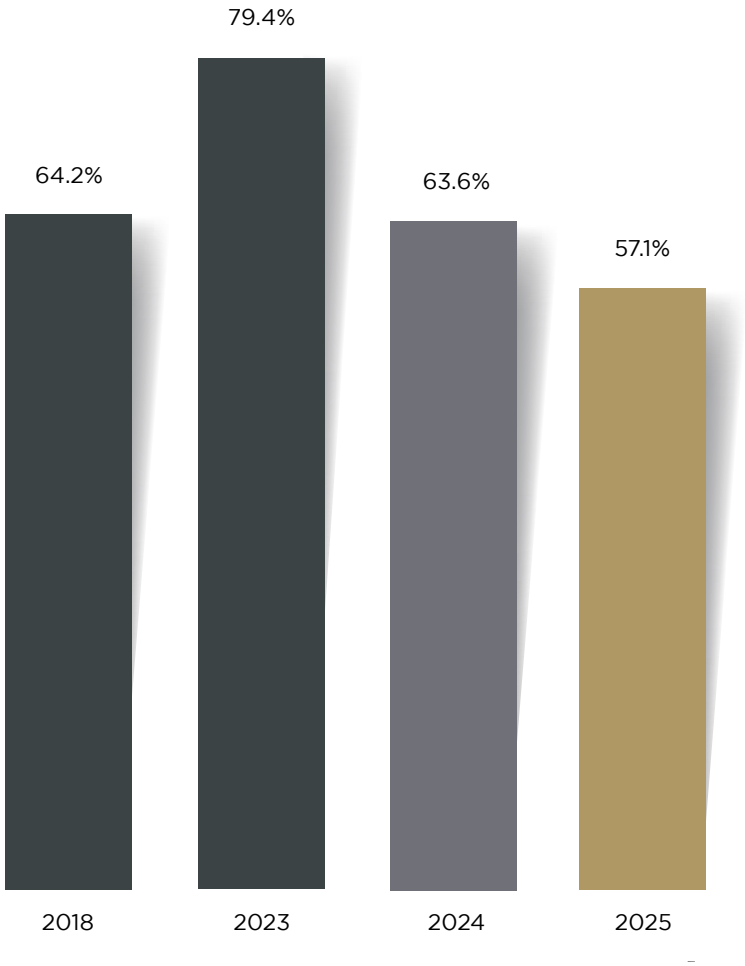
— Senior Vice President, Chief Litigation and Compliance Counsel
Global Industrial Conglomerate

Share of Companies Facing Labor & Employment Class Actions Declines Again

- About 57% of companies report facing a labor and employment class action in the past five years, down from 63.6% last year, marking a second consecutive annual decline, though still a majority.
- As discussed on page 10, labor and employment now accounts for 29.6% of the class action portfolio per company.
- This decline is attributed to companies resolving matters faster than they are filed.

Faced Labor and Employment Class Action in Last 5 Years

PERCENT OF COMPANIES



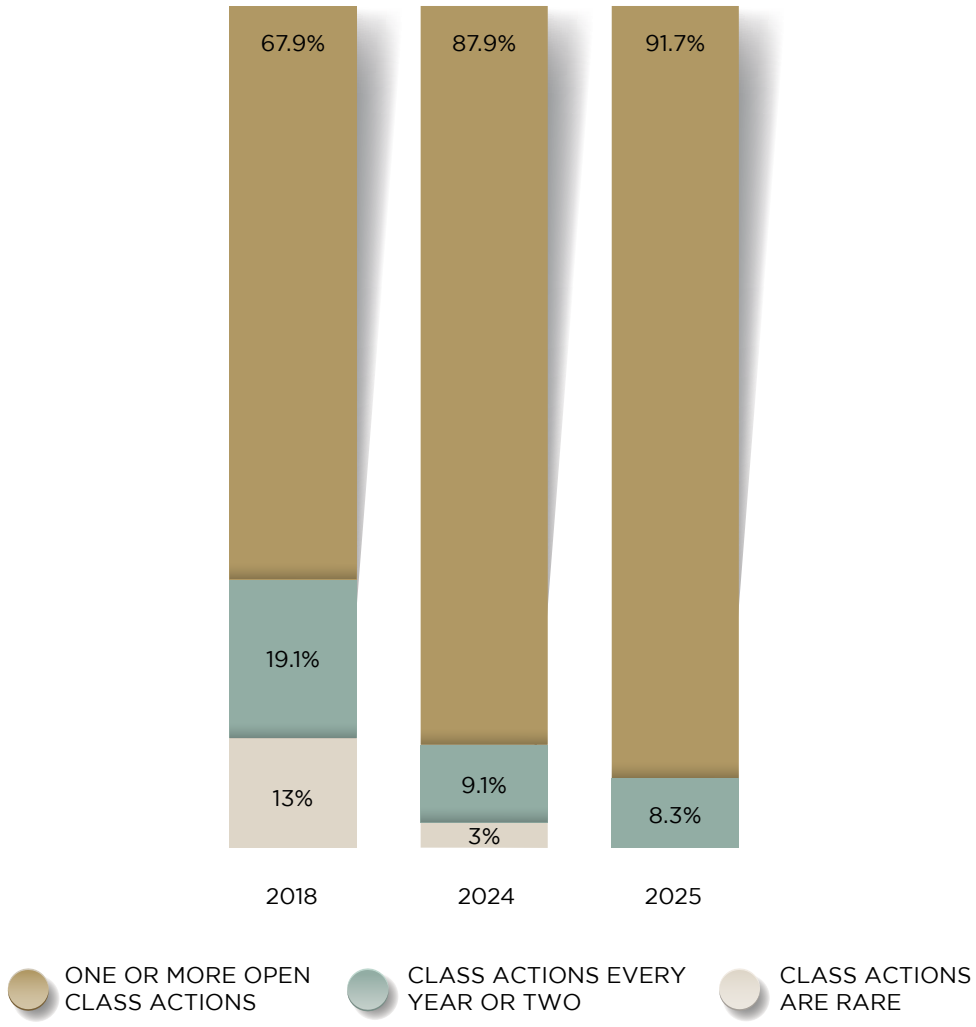
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Nearly All Companies Regularly Face Class Actions

- Virtually every company surveyed faces class actions on a regular basis.
- These companies are seeing more class actions over time.

Class Action Experience

PERCENT OF COMPANIES FACING CLASS ACTIONS



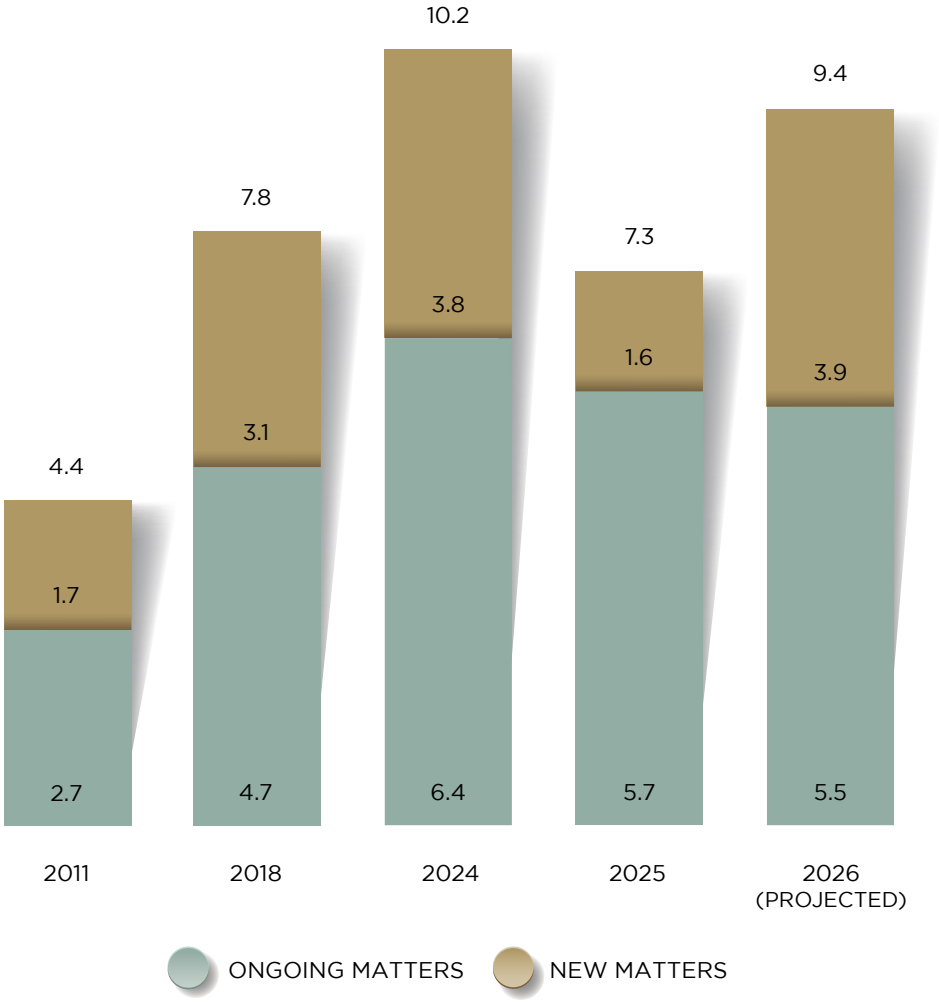
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Outlook: Rising Class Action Activity in 2026

- Companies anticipate a 28% increase in class actions in 2026, driven by:
  - Highly creative plaintiffs' bar
  - Hostile and litigious environment
  - Reduction in settlements
- While ongoing matters are expected to hold steady, corporate counsel project adding an average of two new class actions per company in 2026.
- Increased class action spending planned for 2026 supports this expectation.

Current Class Actions

AVERAGE NUMBER OF MATTERS PER COMPANY



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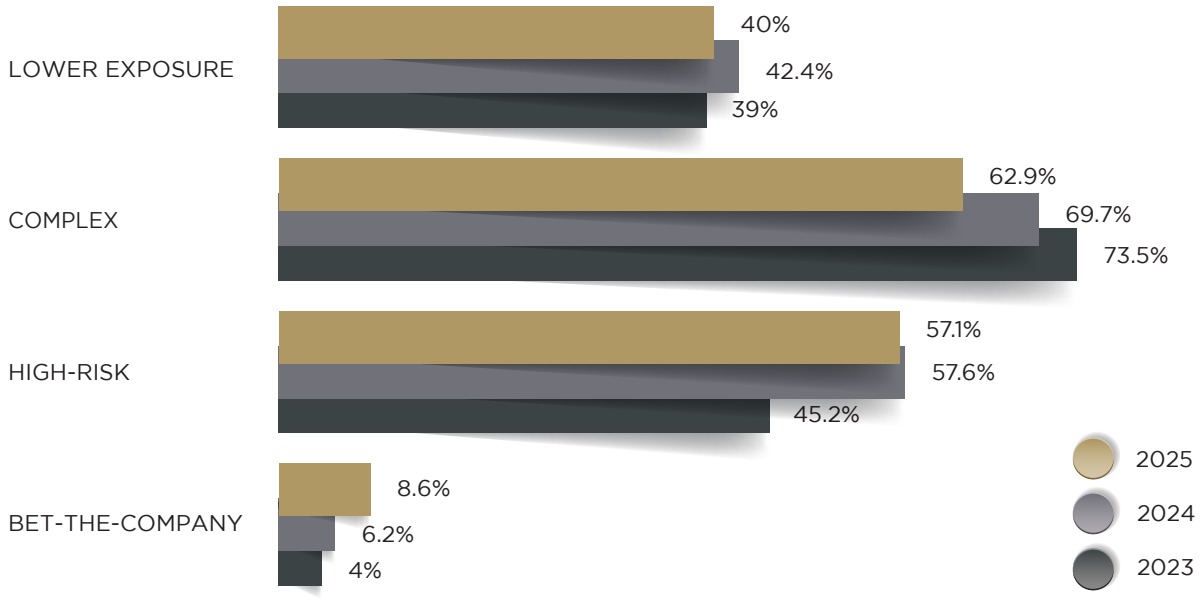
Historical Trend. Over the life of this survey, the average open class action matters per company has risen sharply. In 2011, companies managed just over four active matters on average. By 2024, that figure had moved into the double digits.

More Companies Facing Bet-the-Company Matters

- A pair of three-year trends has emerged: declining complex matters and rising bet-the-company matters.
- Bet-the-company matters increased again, driven by complexity and potential balance sheet or brand impact.
- Complex and low-exposure matters have declined, as claims become bigger and more high-risk.
- The percentage of companies facing high-risk matters is holding steady.
- The complexity and risk of cases are increasing, including:
  - Wide diversity in claimed classes or subclasses
  - Claims involving regulatory interpretation issues
  - Substantially larger damages demands
  - Reluctance to settle

Class Actions Breakdown by Risk Level

PERCENT OF COMPANIES MANAGING CLASS ACTIONS



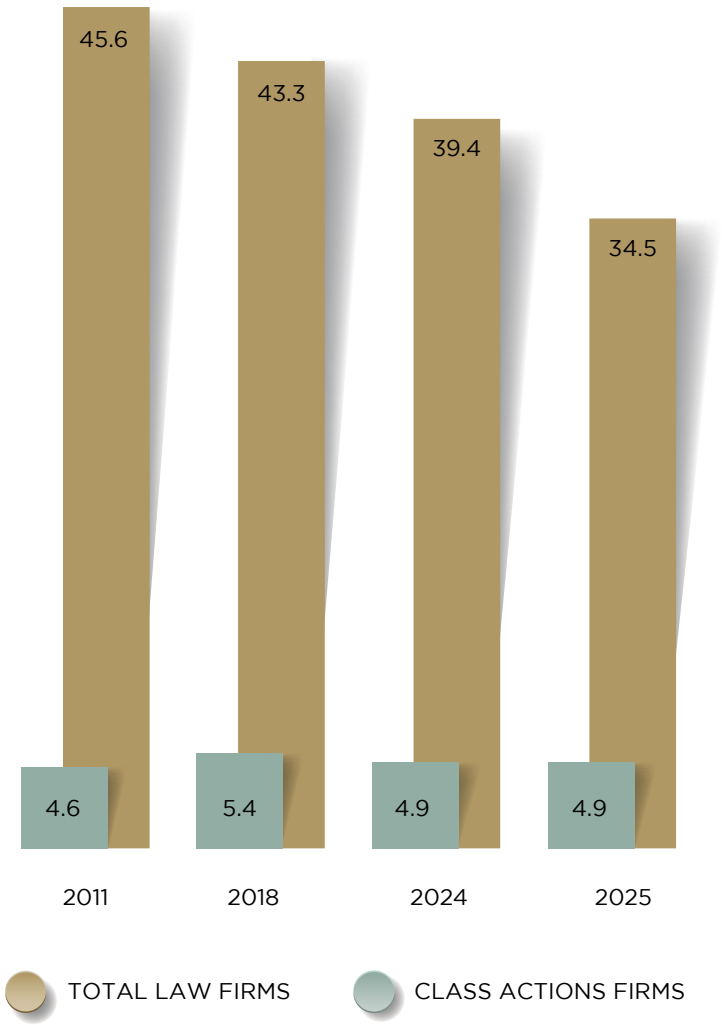
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Law Firm Panels Stable While Overall Panels Shrink

- Companies are holding their class action law firm panels steady at about five law firms, while reducing the number of law firms they work with for other matters for the third straight year.
- Companies are consolidating panels outside of class actions to centralize knowledge and reduce risk, but this consolidation in class actions generally has already occurred.

Law Firms Used Overall and for Class Actions

AVERAGE NUMBER OF FIRMS



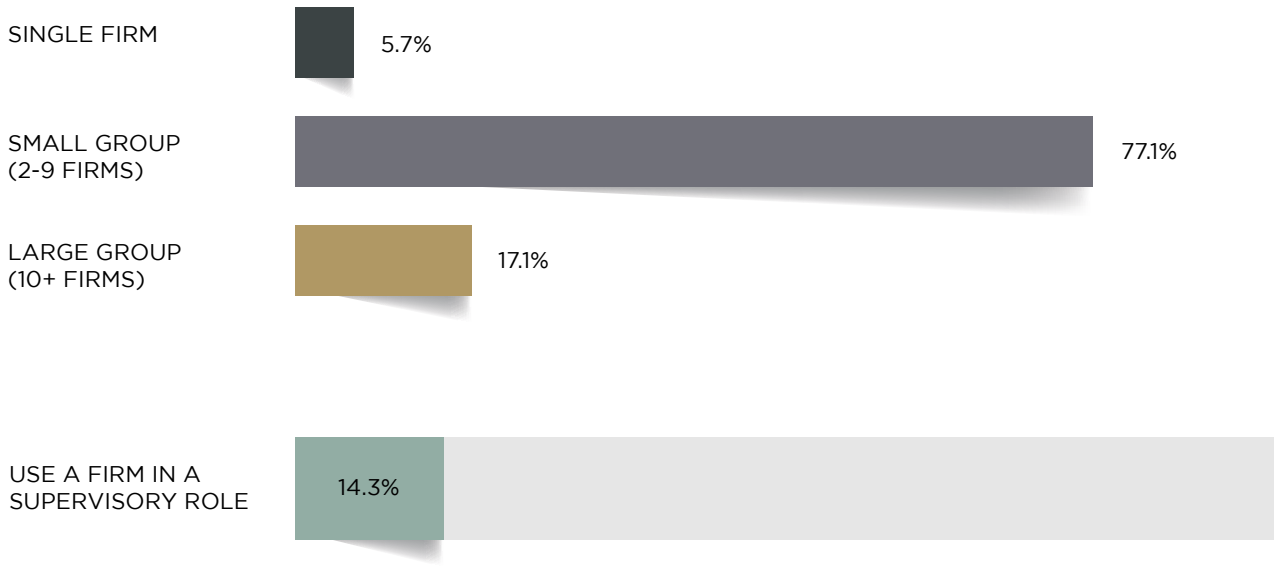
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Companies Deepen Reliance on Core Law Firms

- About 77% of corporate counsel rely on a small group of law firms for class action defense, up slightly from 74.2% last year. Benefits include:
  - Easier management of strategy across fewer firms
  - Firms show a focus on client objectives over time
  - Multiple cases with the same firm can lead to streamlined project management
- Only 14.3% of companies use a single law firm in a supervisory role, down from 30% last year, reflecting a more hands-on approach.
  - A supervisory role often makes sense when a company is facing several class actions on the same subject matter in different states and is also using local defense counsel for individual case management, such as for product liability or data security class actions.

Role of Firms in Class Action Work

PERCENT OF COMPANIES



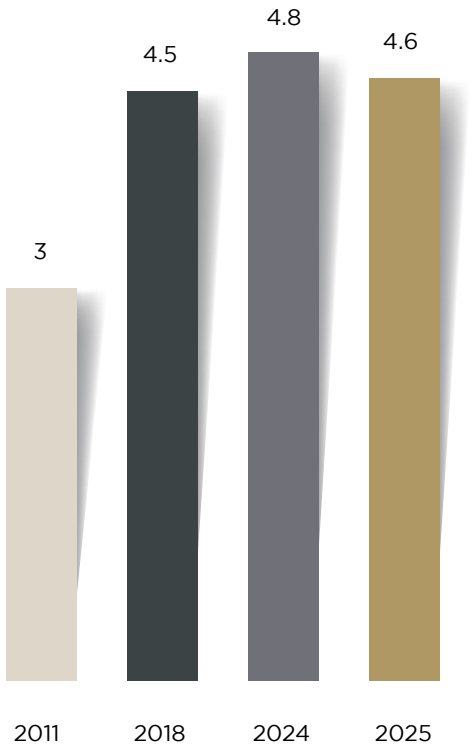
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In-House Capacity Stable, Workload Shifting

- Companies kept their in-house attorney headcount essentially flat after adding attorneys in 2023, even as caseloads grow.
- Time spent on class actions is down 24% this year, following a large increase last year.
- In-house attorneys are focusing more on legal issues that directly impact business operations.
- Corporate counsel are increasingly relying on outside counsel to manage class action matters.

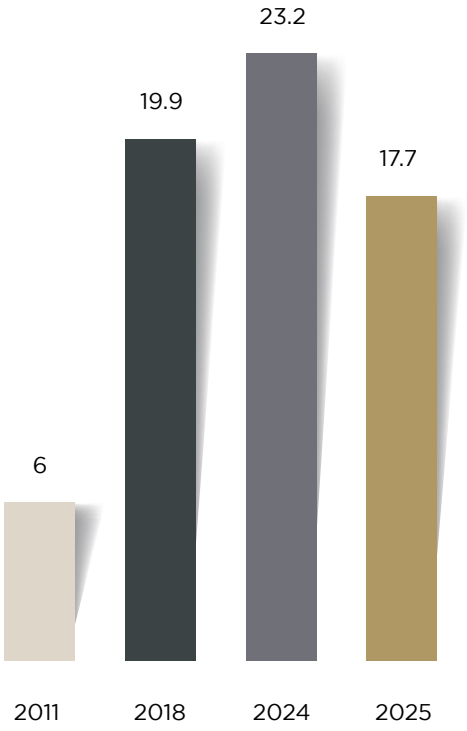
In-House Attorneys Dedicated to Class Actions

AVERAGE NUMBER OF LAWYERS



Aggregate In-House Attorney Time Spent on Class Actions

AVERAGE HOURS PER WEEK



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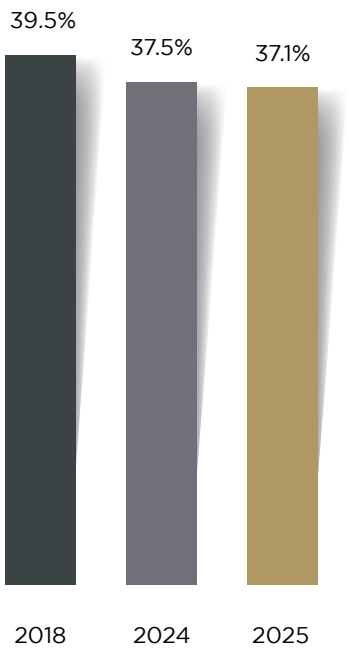
Historical Trend. Fifteen years ago in 2011, there were about three in-house attorneys working on class actions, and each spent under one day per week on them — about six hours on average. Today, between four and five attorneys on average spend roughly 18 hours per week on class actions, reflecting that class work now represents a much larger share of their overall responsibilities.

Insurance Coverage for Defense Costs Declines

- Companies with a portion of defense costs covered by insurance declined to 37%, down from nearly 53% in 2023.
- Those that had coverage for class actions this year saw only 17% of their costs covered.
- Given the variety of class actions and the challenges that companies may face in seeking coverage for those risks, companies should consult their insurance brokers to understand current options and risks for claims most likely to arise.

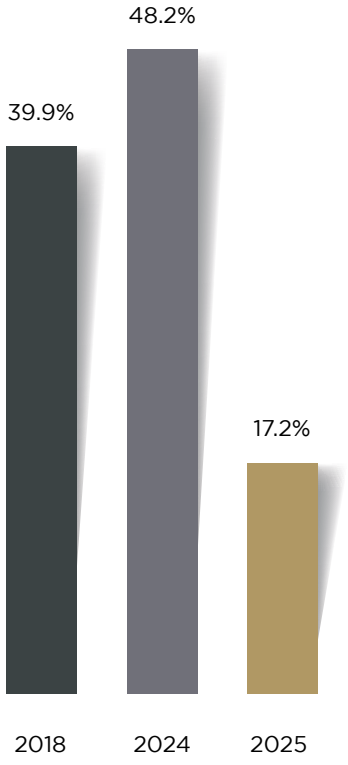
Companies With Defense Costs Covered by Insurance

PERCENT OF COMPANIES



Defense Costs Covered by Insurance

PERCENT OF CLASS ACTION DEFENSE COSTS



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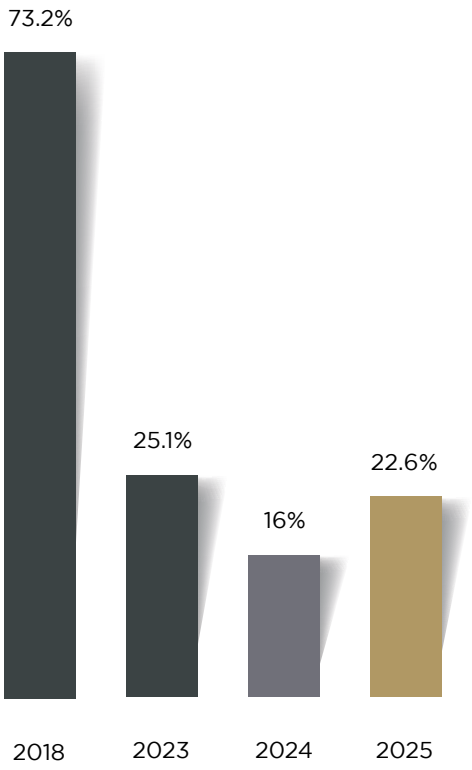
RESOLUTION OF CLASS ACTIONS

Settlements Rebound Slightly but Remain Low

- Class action settlements remain historically low, despite a slight increase this year.
- Few plaintiffs want to settle, reflecting a perceived confidence in the amounts they can recover.
- Individual settlements rebounded after volatility in 2023 and 2024, returning closer to historical levels.

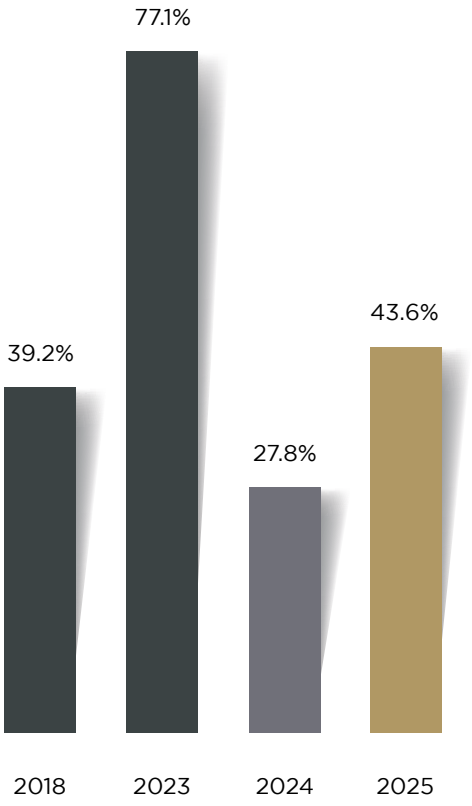
Class Actions Settled

AVERAGE PERCENT OF CLASS ACTIONS



Individual Settlements

PERCENT OF SETTLED CASES



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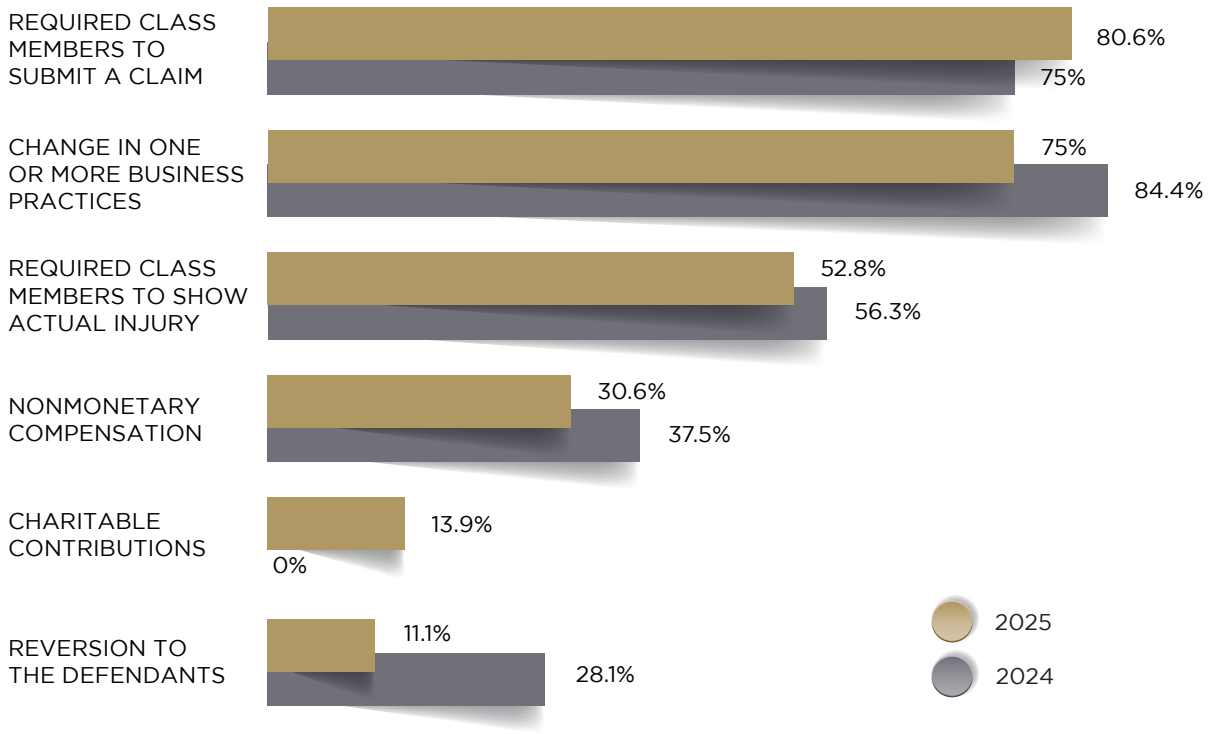
Historical Trend. Settlements have generally declined over the course of the survey, reflecting plaintiffs' counsel's increased confidence and litigation strategy and defendants' desire to litigate when they perceive groundless claims.

Required Claim Submission and Changing Business Practices Lead Settlement Terms

- Most settlements require class members to submit a claim.
- Changing a business practice remains the second-most common settlement term, maintaining the traction gained last year.
- All other settlement terms declined from last year, except charitable contributions (*cy pres*), which rose to prior levels after a sharp drop from the list in 2024.

Involved in a Settlement With the Following Conditions

PERCENT OF COMPANIES



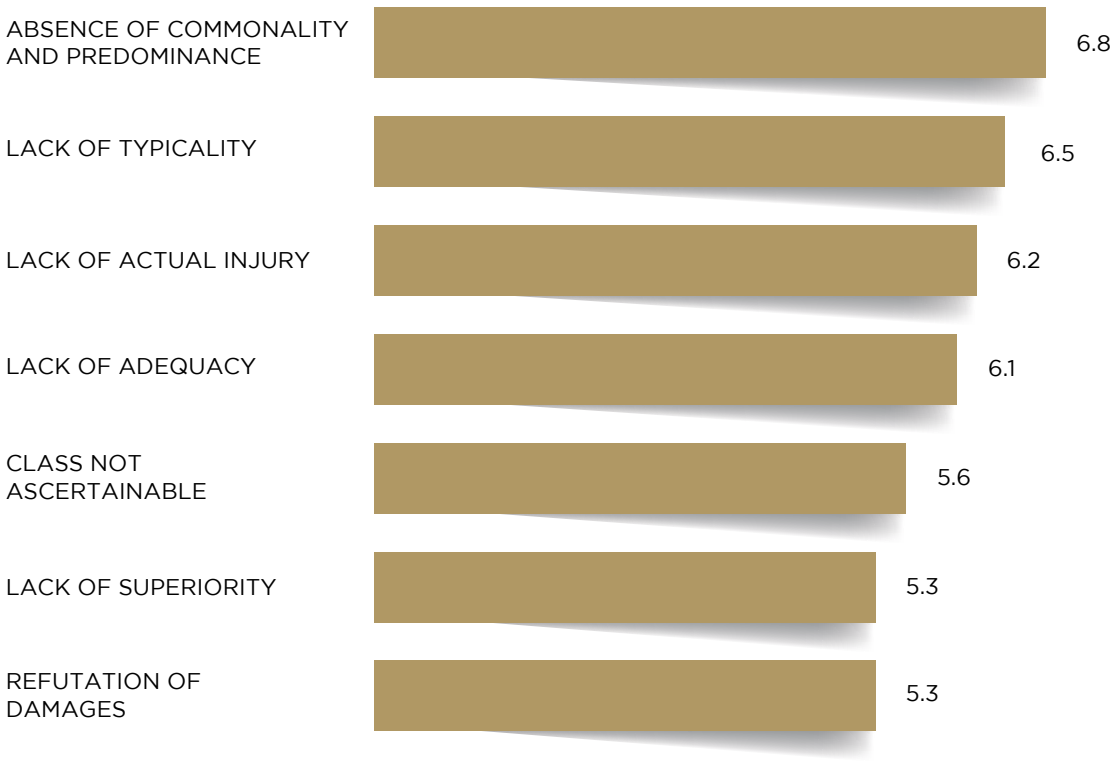
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Top Defenses Focus on Lack of Commonality, Typicality, and Injury

- The three most effective defenses identified by corporate counsel are:
  - Absence of commonality and predominance
  - Lack of typicality
  - Lack of actual injury
- Lack of adequacy is also a commonly cited defense.
- Less successful defenses include:
  - Non-ascertainable class claims
  - Individual actions being superior to a class action
  - Refutation of damages

Successful Class Action Defenses

LEVEL OF EFFECTIVENESS



On a scale of 1 to 10, with 1 being ineffective and 10 being highly effective.

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Mandatory Arbitration in Class Actions

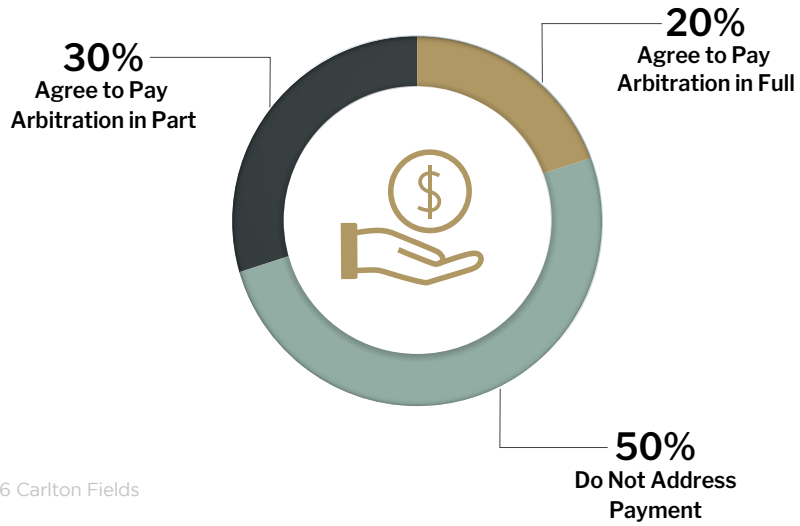
- Fewer companies are using mandatory arbitration provisions in their contracts. About 57% did not use them at all, compared to 35.5% in 2024.
- Use of mandatory arbitration in employment agreements is declining, from nearly half of companies (48.5%) in 2024 to about a third (34.3%) this year.
- Mass arbitration remains rare, affecting only a small fraction of companies in the past two years — 8.3%, a slight rise from last year's 6.5%.
- Companies handle arbitration costs in their agreements inconsistently: about half do not address costs, 30% cover partially, and 20% cover fully.
- The decline in companies' use of mandatory arbitration reflects shifting corporate strategies.



57.1%
Do Not Use Mandatory Arbitration Provisions

34.3%
Use Mandatory Arbitration Clauses in Employment Agreement

8.3%
Faced Mass Arbitrations in the Past 12 Months



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IN THEIR OWN WORDS:
CORPORATE COUNSEL ON MANDATORY ARBITRATION PROVISIONS

Do you use mandatory arbitration provisions in any of your company's contracts?

Generally, when it comes to B2B businesses, we prefer to litigate in a court of our choosing to get home field advantage. People believe arbitration is quicker and cheaper.

— Vice President, Senior Counsel, Compliance
Leading Retirement Services Provider

We prefer not to because they were not working for us. We prefer the courtroom.

— Assistant General Counsel, Director of Litigation
Multinational Utility

They are not effective for us and it's more harmful to our reputation.

— Vice President, Associate General Counsel
Fortune *500 Chemical Manufacturer*

Class Action Waivers and Activity

- Use of class action waivers is declining, from almost half of companies (48.4%) in 2024 to just under a third (31.4%) in 2025.
- Fewer companies are using class action waivers in employment agreements — down from 39.4% last year — as plaintiffs are increasingly finding ways to navigate around them.
- Among companies using arbitration provisions, fewer now preclude class actions, down from 54.8% to 31.4%.
- Class arbitration activity is steady but limited, with around 10% to 11% of companies having open cases.
- Corporate counsel cite high barriers and long timelines as reasons for limited class arbitration.



31.4%
Use Class Action Waivers



28.6%
Use Class Action Waivers in Employment Agreements



31.4%
Use Mandatory Arbitration Provisions That Preclude Class Arbitrations



11.4%
Have Open Cases With Class Arbitration

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IN THEIR OWN WORDS: CORPORATE COUNSEL ON CLASS ACTION WAIVERS

Do you use class action waivers in any of your company's contracts?

No. It's difficult to get class action waivers outside of class arbitration and it's not really enforceable. It's also a bad look for our company.

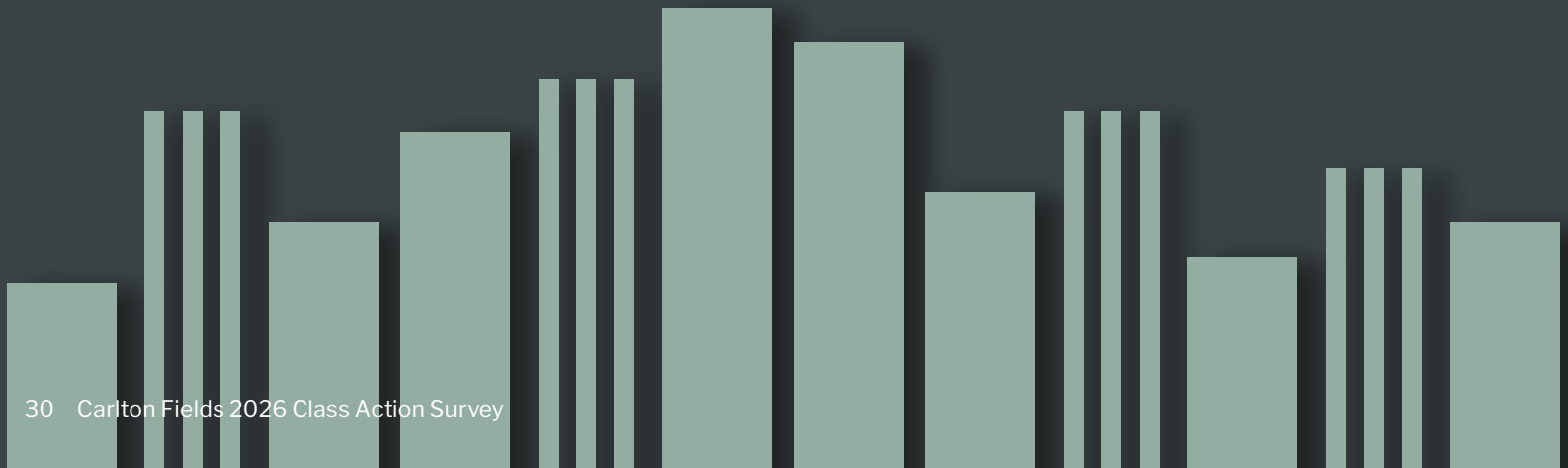
— Assistant General Counsel, Director of Litigation
Multinational Utility

Yes, to give us an argument that cannot be asserted as a class action.

— Chief Litigation Counsel
Fortune *500 Consumer Goods Company*

Yes, because it's hopefully effective in stopping future class actions from forming.

— Vice President, Assistant General Counsel, Managing Counsel
Global Insurance Company

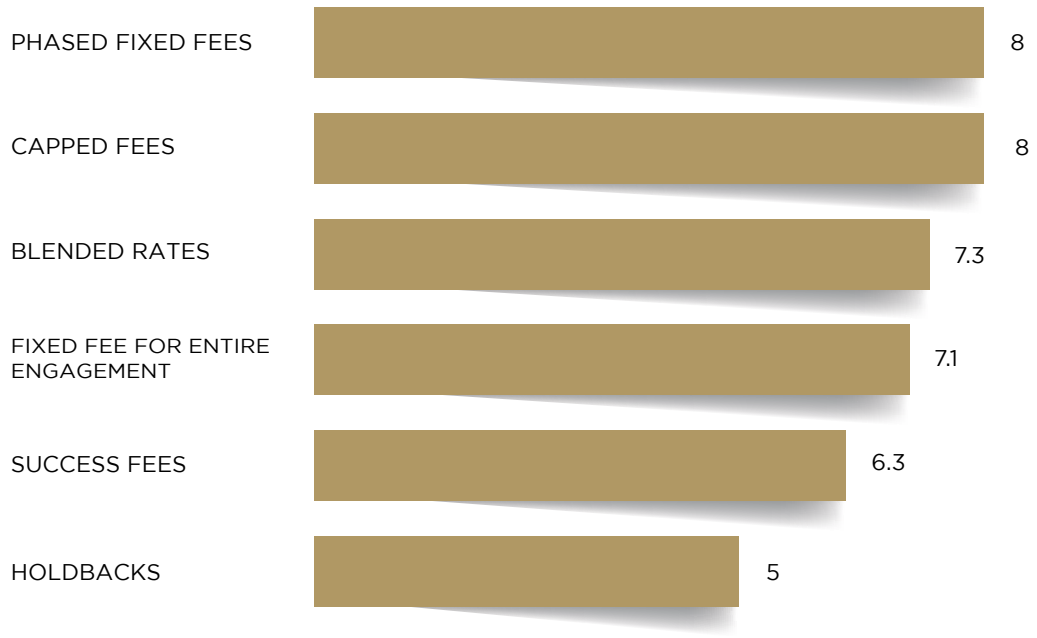


AFAs Remain Steady in Adoption; Phased Fixed Fees and Capped Fees Lead in Effectiveness

- 40% of companies use alternative fee arrangements. This is largely consistent with the past five years.
- Phased fixed fees and capped fees tie as the most successful arrangements for controlling costs.
  - Drivers include simplified administration, increased focus on goals, improved law firm performance, and minimal budget risk.
- Blended rates and fixed fees for the entire engagement are also effective in controlling costs.
- Success fees provide marginal cost control but are gaining traction, with 23.1% of companies using them compared to 15.4% in 2024.
  - Corporate counsel increasingly view success fees as a tool to manage rising complexity and risk.
- Holdbacks have little impact on controlling costs.

Success of Alternative Fee Arrangement Types in Class Actions

LEVEL OF EFFECTIVENESS



On a scale of 1 to 10, with 1 being ineffective and 10 being highly effective.

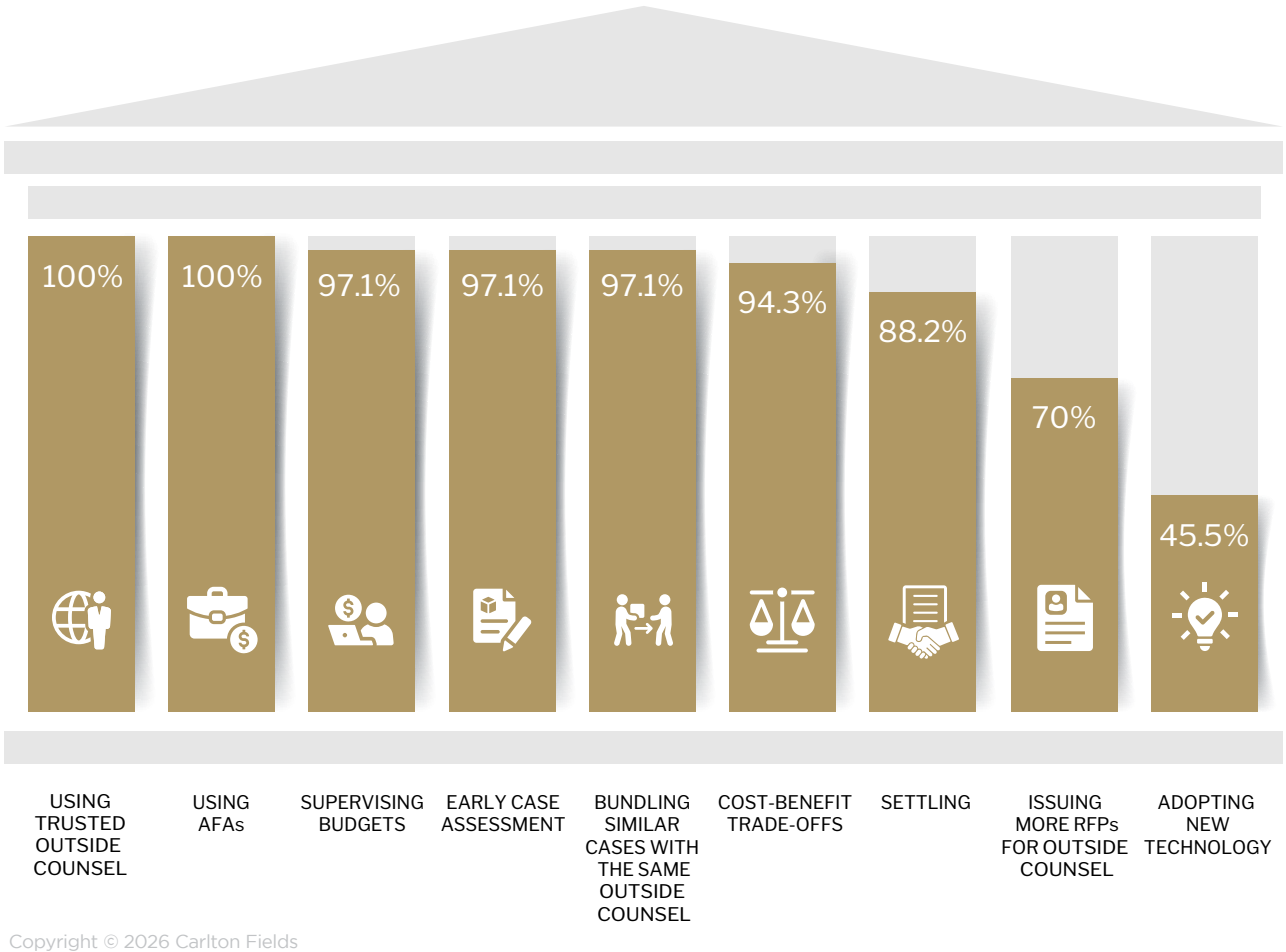
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Trusted Counsel and AFAs Ranked Most Effective Cost-Control Tools

- Using trusted counsel remains the single most effective tool for controlling costs and is universally cited as effective.
- Use of alternative fee arrangements doubled for the second consecutive year. This is now unanimously considered effective. Key drivers include:
  - Better risk management
  - Enhanced law firm focus on outcomes
  - Reduced internal workload
  - Reinforced use of trusted outside counsel
- Increased RFP use —up from 50% last year — signals that corporate counsel are actively seeking innovative approaches.
- Nearly all other approaches are also considered highly effective, except settlement strategy, which declined slightly from 96.9% in perceived effectiveness.

Cost Reduction Policies and Practices

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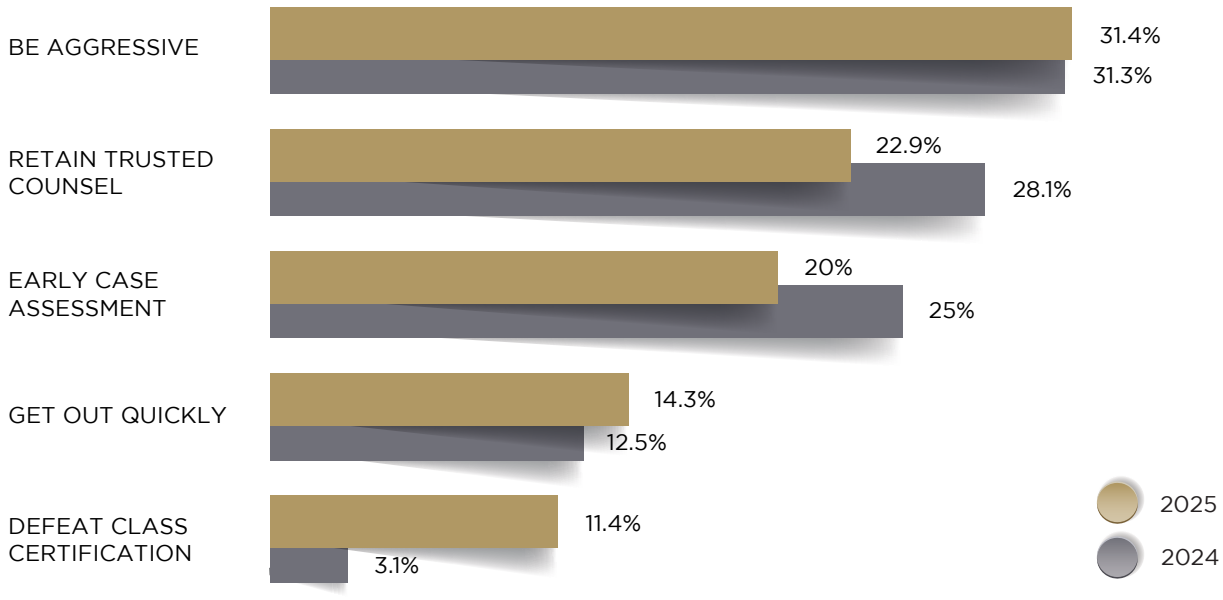
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Management Strategy Focuses on Aggressive, Trusted, Early Assessment

- Adopting an aggressive approach is the most common strategy in managing cases.
- Corporate counsel report that success in managing class actions depends on early, aggressive strategies paired with trusted advisers who help evaluate exposure, control risk, and drive resolution.

Approach to Managing Existing Class Actions

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IN THEIR OWN WORDS: CORPORATE COUNSEL ON MANAGING EXISTING CLASS ACTIONS

How would you describe your approach to managing your existing docket of class actions?

I am a very aggressive litigator. I see this as a big chess game, and you need to aggressively pursue discovery and set yourself up to settle for the right amount. I'm open to a reasonable settlement but I will defend the cases that are not reasonable.

— Vice President, Senior Litigation Counsel
Global Financial Services Company

We have a robust and aggressive early case assessment process and think creatively to negate classes from the start. We try to dismiss them quickly and also go for potential appeals down the road.

— Associate General Counsel
Leading Financial Services Company

Hire trusted counsel and conduct an early case assessment to understand the exposure, both monetary and reputational, and get a sense of what the plaintiff is seeking to accomplish. Is it principled or a financial play?

— Senior Vice President, Chief Litigation and Compliance Counsel
Global Industrial Conglomerate

It involves early evaluation and gathering as much information as possible. Also, understand the size of the class and what the potential damages picture looks like to determine what the right strategy and approach is for a resolution. Always think about the options.

— Executive Vice President, North American Claims Group
Global Insurance Company

We are aggressive in trying to find a quick off-ramp. We also file for motion to dismiss and try to settle as quickly as possible.

— Assistant General Counsel, Litigation
Fortune *500 Hospitality Company*

We take an aggressive approach to try to settle and ensure we have a deep understanding of the matter through early case assessment. I always try to avoid kicking these cases down the road where they can become more complex and costly.

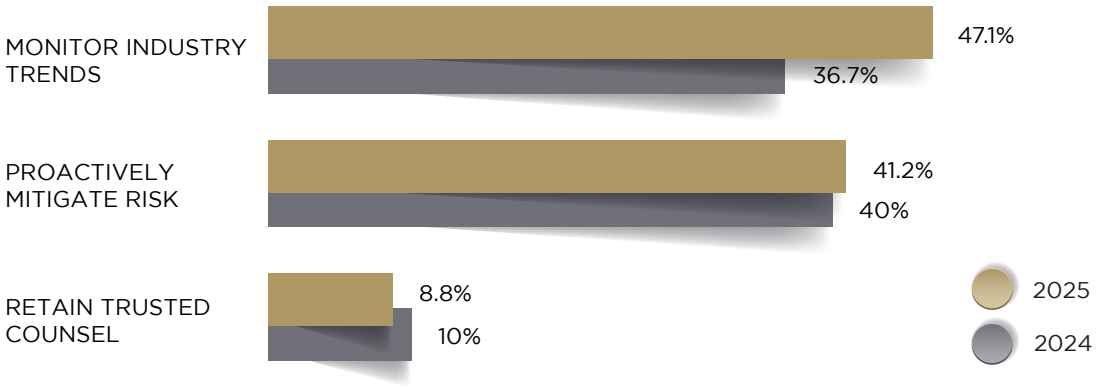
— General Counsel
Large Manufacturing Company

Tracking Industry Trends Helps Prevent Future Claims

- Monitoring industry trends is increasingly seen as providing early insight into emerging class action risks. About 47% of companies now report using it, up from nearly 37% last year.
- Proactive risk management is increasingly adopted to prevent future claims, which may partly explain the decrease in in-house attorney hours on class actions themselves if the in-house attorneys are working through operations changes to business practices.
- Arbitration agreements, reaching as high as 13.3% of companies as recently as 2024, are no longer widely viewed as preventative tools for new class actions.

Approach to Managing Upcoming Class Actions

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Note: Chart does not add up to 100%. Excludes other responses under 5%.

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IN THEIR OWN WORDS: CORPORATE COUNSEL ON MANAGING NEW CLASS ACTIONS

What are you doing to prepare for the anticipated "next wave" of class actions, before those actions are filed against your company?

If we see complaints come through that have commonality among them, we initiate an investigation and seek a resolution before the claim(s) are submitted.

— Second Vice President, Law
Fortune *500 Financial Services Company*

We closely monitor our peers and take action to negate issues we see in dangerous spaces. We start this process long before we see a class action. We always file an early motion to dismiss and look at what a settlement might look like.

— Associate General Counsel
Large Insurance Company

We have confidence in our law firms who keep us prepared. We feel we are in good shape.

— Chief Claims Officer
Leading Insurance Company

We work with business units when they roll out new processes and policy language and analyze and anticipate if any new class actions can arise from the changes.

— Associate General Counsel
Fortune *100 Insurance Company*

We work to stay compliant and conduct routine training for all of our employees. We also monitor our industry and competitors to see what they are facing and if it could apply to us.

— Vice President, Claims Group
Large Insurance Company

We do packaging reviews, claims assessments, monitor compliance, and [track] the class actions that are going on in our space.

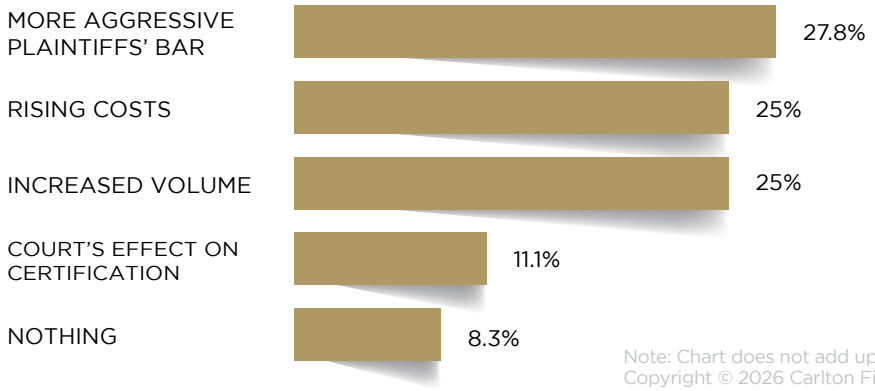
— Chief Litigation Counsel
Prominent Consumer Goods Company

Corporate Counsel Observe Greater Aggressiveness and Rising Costs

- In-house counsel report heightened aggressiveness from plaintiffs' counsel as the most significant change in class actions during their careers.
- Rising costs are the second-most cited change, reflecting both higher claim complexity and the more aggressive approach of plaintiffs' counsel.
- Only 8.3% of companies report no noticeable changes.

Most Significant Changes in Managing Class Actions

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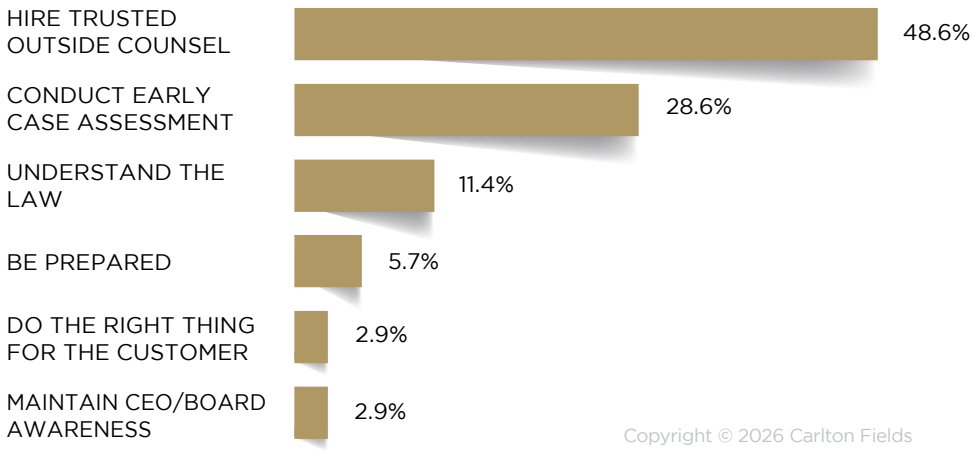
Note: Chart does not add up to 100%. Excludes other responses under 5%.
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Sage Advice for Newcomers: Hire Trusted Counsel and Assess Early

- Top advice from experienced in-house class action counsel:
  - Hire trusted outside counsel
  - Conduct early case assessments
- These two recommendations account for over three-quarters of advice offered.

Advice on Class Action Defense

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IN THEIR OWN WORDS:
ADVICE FOR NEW IN-HOUSE COUNSEL

What advice would you give to someone just starting to manage class action defense for their company?

I would say that on the high-risk cases, it's valuable to have outside counsel who understands your industry and markets. It's also valuable to have a partner who can help you navigate the ins and outs of the market niches and products and look at things from the outside.

— Vice President, Associate General Counsel
Fortune *500 Insurance Company*

To act immediately to assess the case risk level and the strength of your defense. It gets expensive fast, so don't delay. Determine the value and try to resolve as quickly as possible.

— Vice President, Associate General Counsel
Fortune *500 Consumer Goods Company*

Make sure your CEO and board are well aware that you are defending class actions in California. They can be very complex and costly.

— General Counsel
Prominent Manufacturing Company

You need to spend the time and energy at the outset of these cases. The days of letting them drag on are over. Spend the time and money in the beginning to get to know your case and build your defense and exit strategy as soon as possible.

— Associate General Counsel, Labor and Employment
International Transportation Company

Find trusted outside counsel and ask a lot of questions. Make sure you appreciate the business and reputational risk in addition to the legal ones.

— Senior Vice President, Chief Litigation and Compliance Counsel
Major Industrial Manufacturer

You must be diligent and stay involved in everything; no detail is too small. Work closely with someone who is experienced and results-oriented who you can trust.

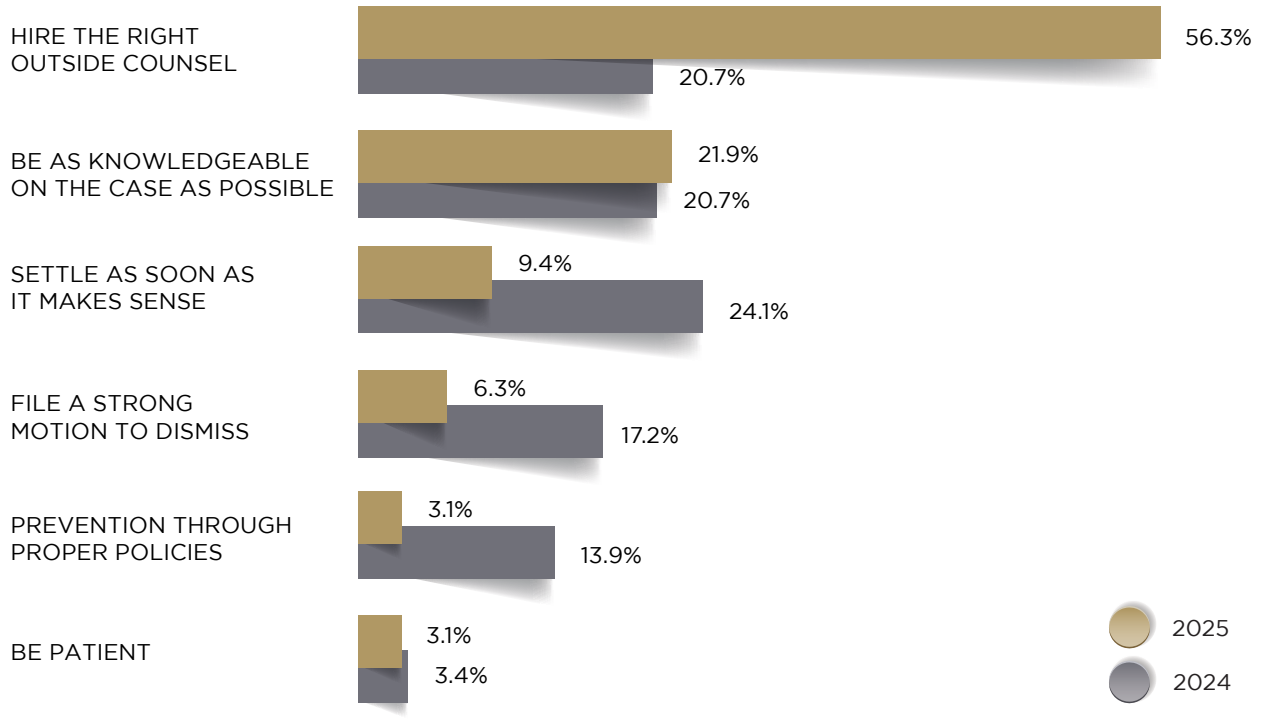
— Vice President, Claims Group
Leading Insurance Company

Keys to Beating Class Actions, According to Corporate Counsel

- Hiring the right outside counsel is the single most effective factor, outpacing all other strategies by a margin of more than 2-to-1.
- Knowledge of your own case is critical, cited by 21.9% of companies.
- Early settlement and filing a motion to dismiss both dropped by more than half from last year, reflecting that current class actions are more hard-fought than in recent years, with no easy exit ramps.
- Other insider tactics have become less effective over time.

Most Effective Strategies for Defeating Class Actions

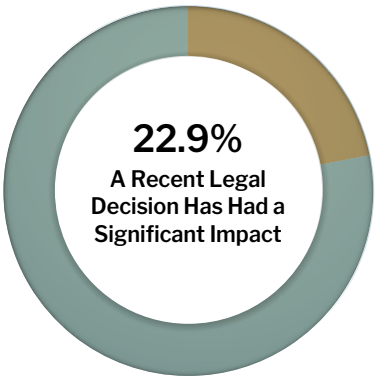
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Recent Legal Decisions Affecting Class Actions

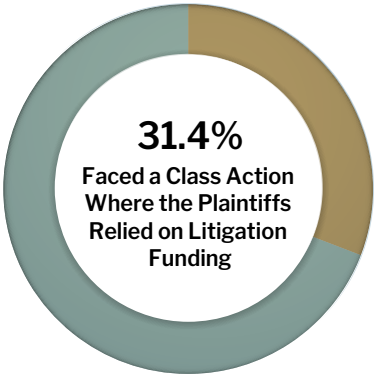
- Just under a quarter of corporate counsel indicate a recent court decision has influenced their success in defending class actions.
- Most frequently cited is the U.S. Supreme Court's landmark 2024 decision, *Loper Bright Enterprises v. Raimondo*, which overruled the long-standing *Chevron* doctrine of court deference to agency interpretations of statutes.

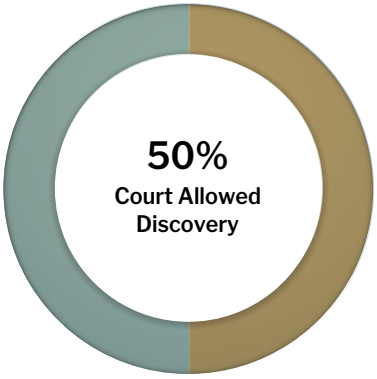


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Litigation Funding Increases Among Plaintiffs

- Almost a third of corporate counsel encountered a plaintiff who relied on third-party litigation funding.
- Corporate counsel perceive the key impacts of litigation funding as including:
  - Plaintiffs' reluctance to settle early
  - Extended litigation timelines
  - Increased complexity in case management
- Half of the companies facing litigation-funded plaintiffs report courts allowed discovery into the funding arrangements.





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IN THEIR OWN WORDS:

CORPORATE COUNSEL ON THE IMPACT OF RECENT LEGAL DECISIONS

Which, if any, recent legal decision has had the most significant impact on your success in defending class actions?

The *Loper Bright* decision. Obviously, Congress can't do everything. That is why you have these federal agencies, and you empower them to be able to make decisions. This has left a bit of chaos in the federal system.

— Vice President, Senior Counsel, Compliance
Large Insurance Company

The most interesting decision we will argue the most is the 'standing' issue. It will certainly be a viable defense, and it will also push more people into state court.

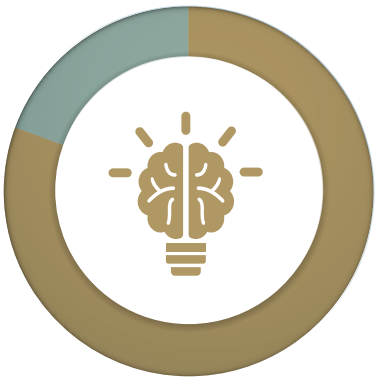
— Vice President, Senior Litigation Counsel
Fortune *500 Financial Services Company*

The recent overturning of the *Chevron* doctrine by the U.S. Supreme Court because it has taken power away from the agencies that regulate our industry.

— Senior Vice President, Senior Corporate Counsel, Litigation
Notable National Bank

Most Corporate Counsel Expect Class Actions Stemming From Generative AI

- About 80% of corporate counsel expect class actions from the use of generative AI, up from nearly 66% last year, including:
  - Intellectual property issues
  - Breach of contract
  - Privacy issues
  - Fraud
- Only 5.7% of corporate counsel report facing an actual class action based on generative AI.
- More than one-third of companies already have policies on outside counsel use of generative AI. In-house attorneys consider these policies highly confidential.



80.6%

Expect to See New Class Actions Arise From the Use of Generative AI



5.7%

Have Faced a Class Action From the Use of Generative AI



35.3%

Have a Policy Regarding the Use of Generative AI by Outside Counsel

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Historical Trend. At the survey's start 15 years ago, technology-related risks such as data privacy and AI were effectively nonexistent. Today, they are widely cited as core emerging drivers of class action exposure — highlighting rapid evolution in the risk landscape.

METHODOLOGY AND APPROACH

The *2026 Carlton Fields Class Action Survey* results were compiled from 344 interviews with general counsel, chief legal officers, and direct reports to general counsel. Consistent with the approach used in past years, to control for bias and assure objectivity, Carlton Fields retained an independent consulting firm to select the companies and conduct the interviews. The consulting firm provides only aggregate data to Carlton Fields. Individual responses and company names are kept confidential and excluded from the survey results.

Surveyed companies had an average annual revenue of $21.9 billion and a median annual revenue of $13.7 billion. They operate in more than 25 industries, including banking and financial services, consumer goods, energy, high tech, insurance, manufacturing, pharmaceuticals, professional services, and retail trade.

ABOUT CARLTON FIELDS

Carlton Fields has litigated and counseled clients in hundreds of class actions for more than 40 years in federal and state courts across the nation. These cases present unique challenges due to their different rules, enhanced scope, and higher stakes. The firm understands the potential impacts, costs, and risks associated with class actions and is a leader in developing legal approaches and strategies for managing class action litigation.

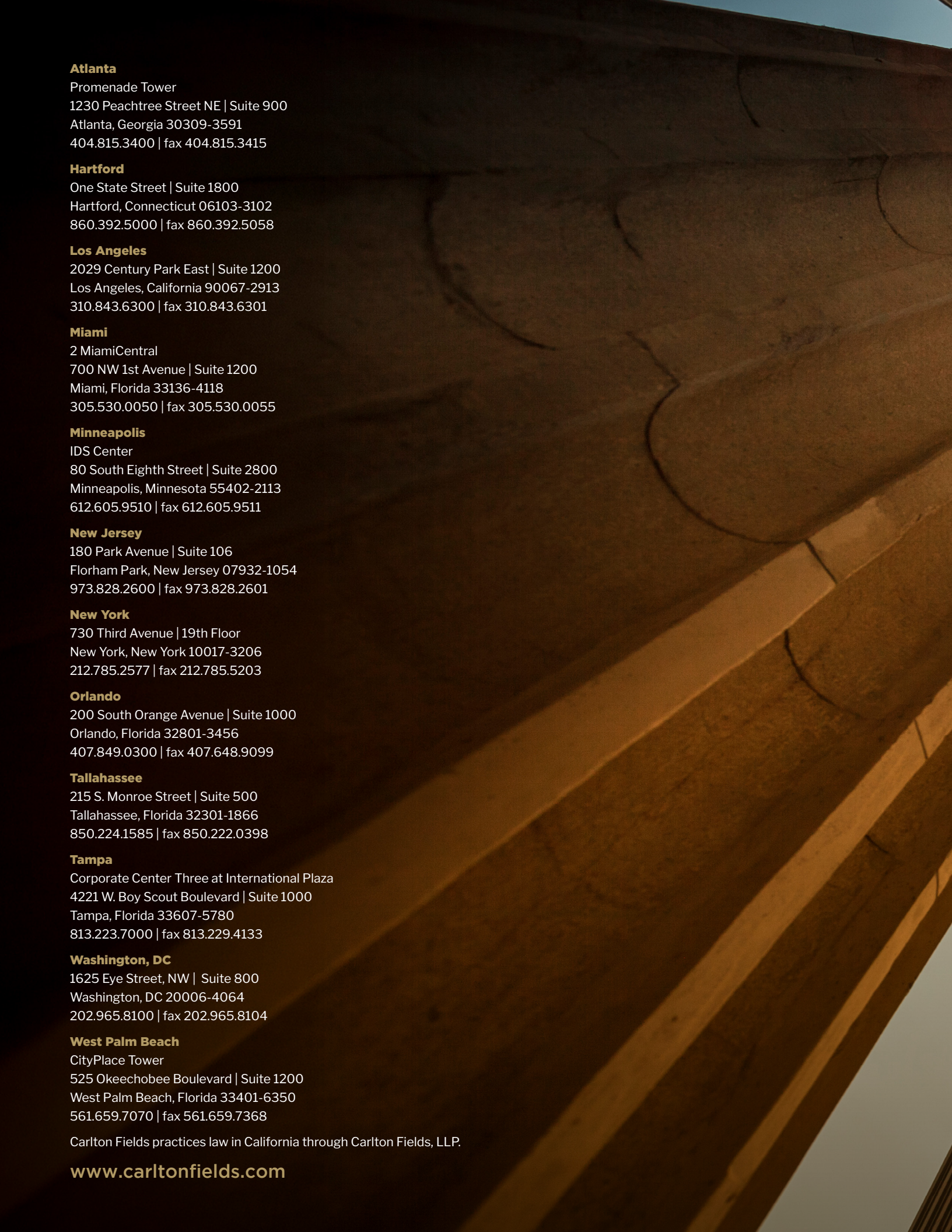
If you would like to learn about the survey and how these results may impact you, please contact **John E. Clabby** at 813.229.4229, jclabby@carltonfields.com, or **D. Matthew Allen** at 813.229.4304, mallen@carltonfields.com.

To obtain additional copies of this report, visit https://ClassActionSurvey.com.

Scan this QR code to view *Classified: The Class Action Blog*.

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