CARLTON FIELDS

2025 CARLTON FIELDS CLASS ACTION SURVEY

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

TABLE OF CONTENTS

INTRODUCTION

Carlton Fields is pleased to share its 14th annual Class Action Survey, which provides an overview of important issues and practices related to class action matters and management. This annual publication reports on historical trends captured since the inception of the survey and includes information related to emerging issues in class action litigation.

Class action spending has increased for 10 consecutive years and it is expected to remain one of the fastest-growing areas of legal spending in 2025. Companies with class actions are seeing increases in the number of class actions they face at a given time, with more companies facing class actions than ever before. This trend is placing additional pressure on in-house counsel, who are now spending an extra day per week managing these matters.

The *2025 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 action litigation both effectively and efficiently.

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KEY TRENDS IN CLASS ACTIONS

Defense Spending and Expected Number of Class Actions Hits New Record — 10th Straight Year of Growth

In-House Counsel Add One More Dedicated Day to Manage Class Actions

Two-Thirds of Corporate Counsel Expect New Class Actions to Arise From Use of Generative AI

Labor & Employment and Consumer Fraud Expected to Lead Next Wave of Class Actions

More Companies Facing Class Actions Next Year Than Ever Before

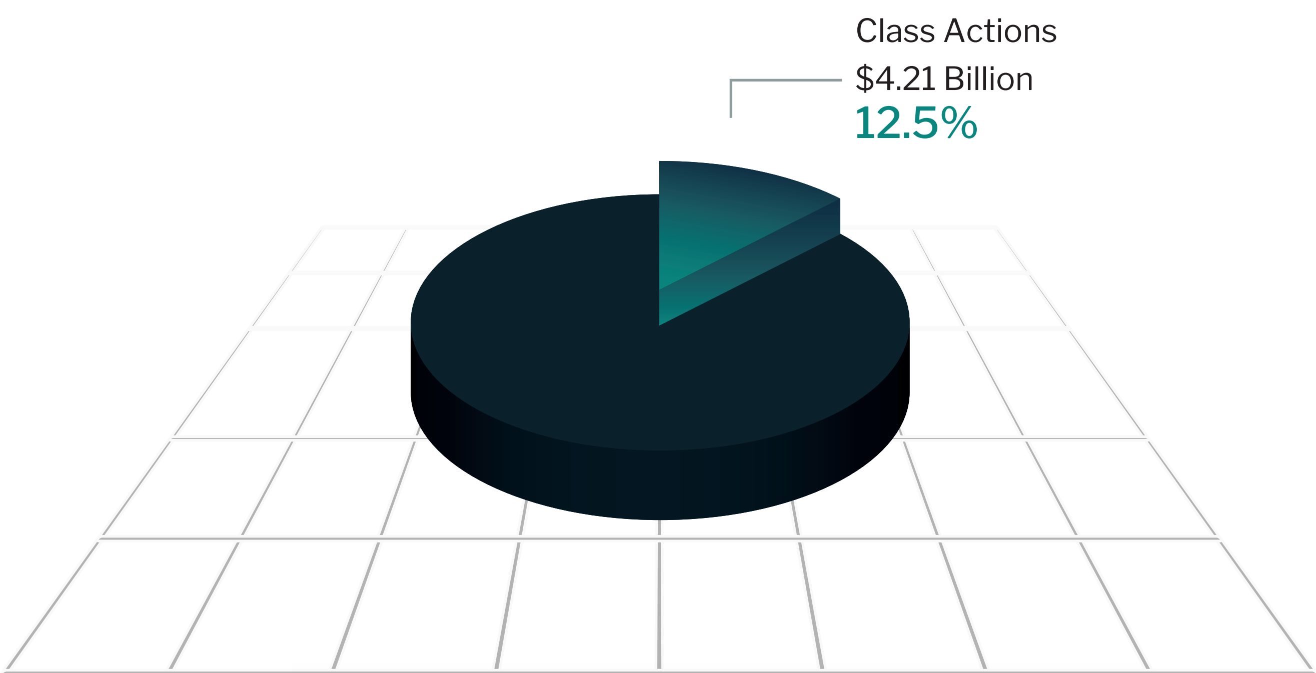
Complexity Growing in New Class Action Claims

CLASS ACTION SPENDING AND BUDGETS

Class Action Defense Spending Surpasses $4 Billion for the First Time

Spending on class actions now accounts for 12.5% of corporate litigation budgets, up from 12.3% last year. For the first time, spending on class actions has surpassed $4 billion — an increase of $300 million compared to the previous year. Class action defense remains one of the fastest-growing areas of legal spending.

$4.21 Billion Spending on Defense of Class Actions by U.S.-Based Companies
WITH MORE THAN $1 BILLION IN REVENUE

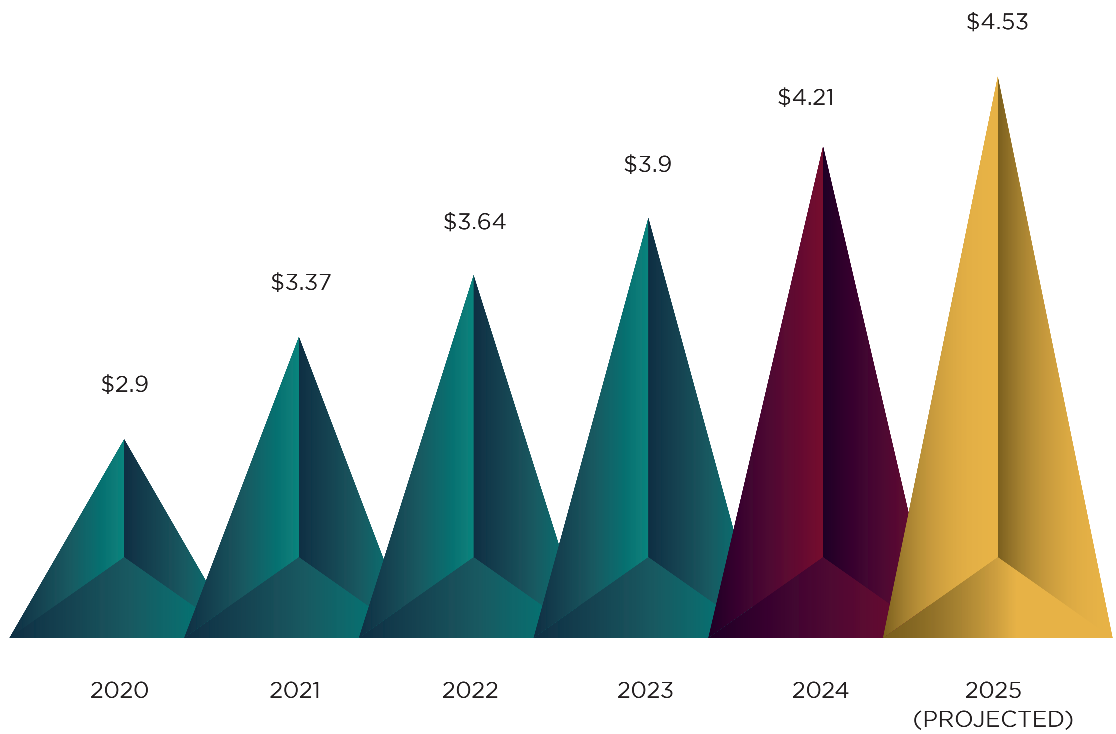


Note: Actual corporate legal spending was larger than projected for 2024 at the time of publishing the 2024 Class Action Survey. As a result, the percentage of spending on class actions for 2024 is slightly lower than published in the 2024 Class Action Survey.

Class Action Defense Spending Projected to Reach $4.53 Billion

Corporate legal spending on defending class actions is projected to grow at 7.6% — one of the highest growth rates in legal spending. This increase is driven by four major factors: more companies are facing class actions, the growing complexity of claims, the emergence of new claims, and the increasing size of claims.

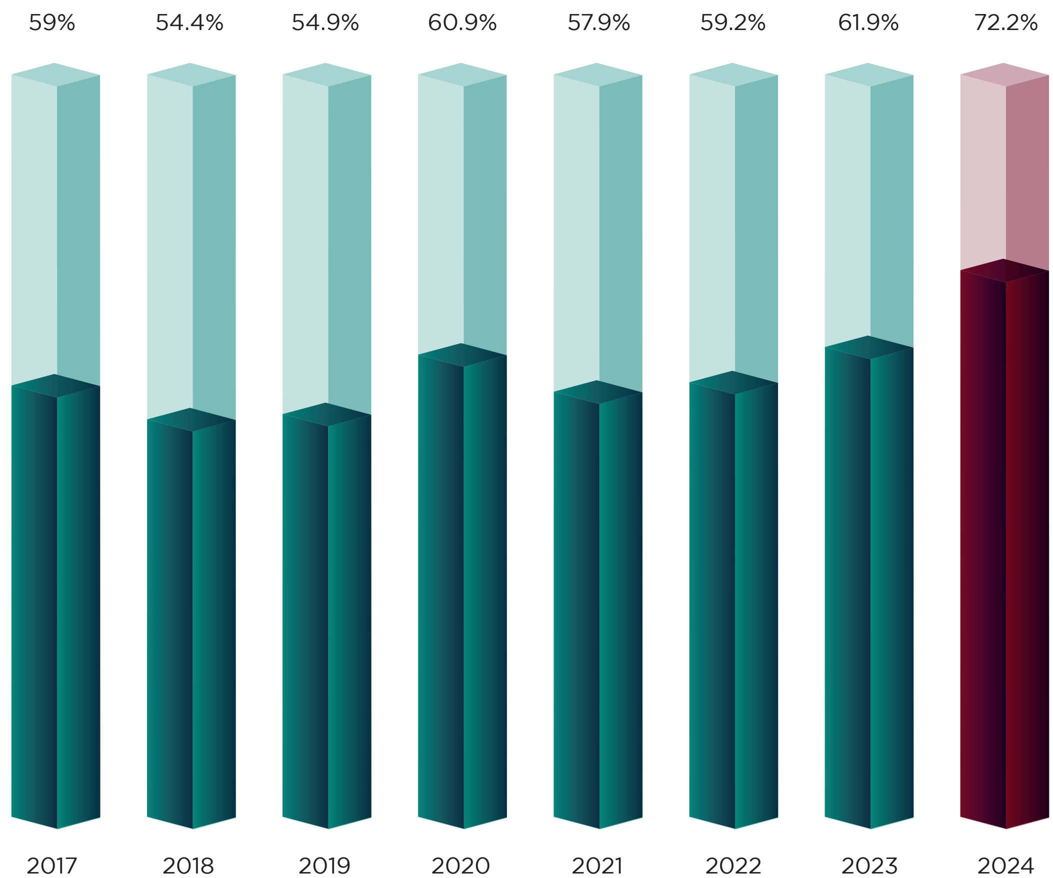
U.S. Corporate Legal Spending on Class Actions
$ BILLIONS



Companies Facing Class Actions Reach Record High

The percentage of companies facing class actions has reached its highest level in 14 years. This is driven by a more aggressive litigation environment, an activist workforce, data privacy concerns, growth in new financial products, the introduction of new products and services, and increasing creativity among plaintiffs and plaintiffs' counsel.

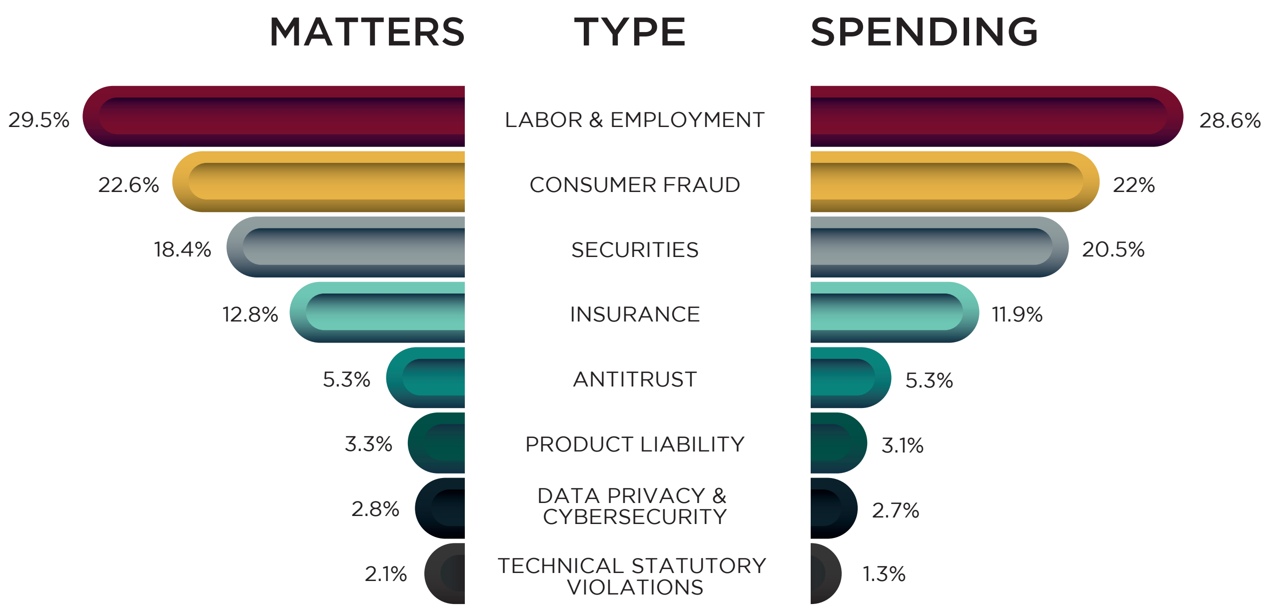
Companies With Class Actions
PERCENT OF COMPANIES



Labor & Employment Dominates Budget and Matters, Consumer Fraud Ranks Second

Labor and employment remains the leading area for both class action matters and spending, driven by ongoing layoffs, increased employee access to resources to join class actions, new regulations, wage and hour claims, and a more aggressive workforce. Consumer fraud ranks second in both matters and budgets, fueled by rising actions related to the use of personal information, heightened regulatory scrutiny, and conflicts between new products and services and evolving consumer attitudes and interests.

Class Actions and Annual Spending Breakdown by Type
PERCENT OF MATTERS AND SPENDING



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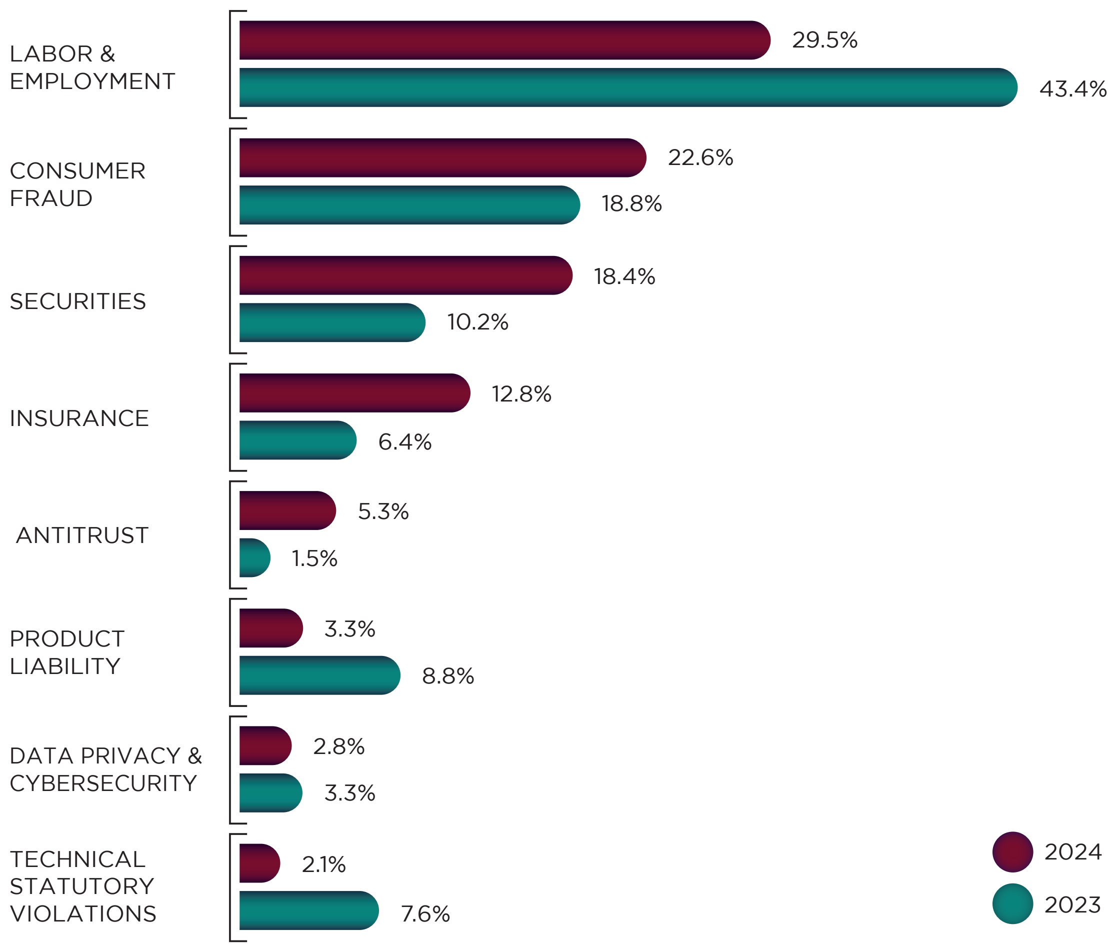
Labor & Employment Shrinks as a Share of Portfolio but Remains No. 1

Labor and employment class actions have declined as a percentage of matters, while class actions in other areas are on the rise. Consumer fraud class actions have increased due to heightened regulatory scrutiny and new products — particularly technology-related products and services — attracting claims. Securities class actions are growing, driven by stock market volatility, an increase in activist investor activity, and regulatory pressure. Insurance class actions are also on the rise, fueled by coverage disputes and loss issues related to natural disasters. While product liability and technical statutory violations shrunk as a percentage of open class actions, antitrust class actions more than tripled as a share of open matters with new lawsuits against technology and pharmaceutical companies, and suits alleging anti-competitive, algorithmic pricing.

Class Actions Breakdown by Type

PERCENT OF MATTERS



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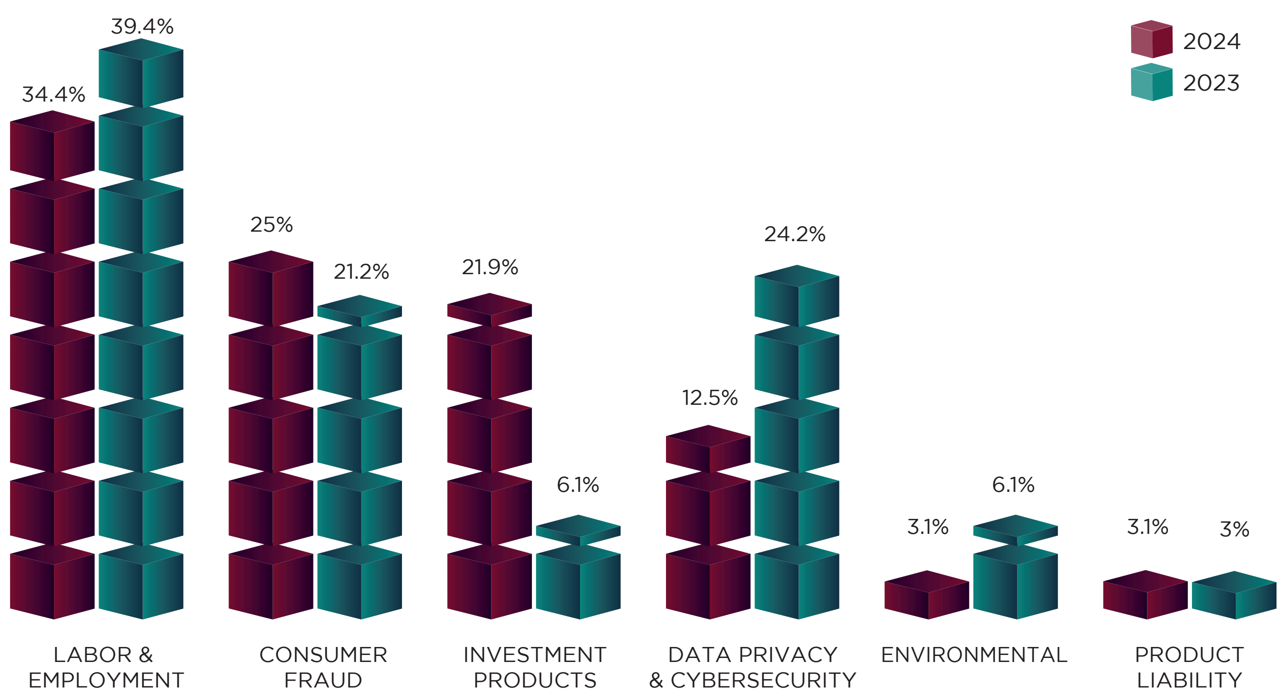
Labor & Employment and Consumer Fraud Poised to Lead Next Wave of Class Actions

Labor and employment class actions remain the largest anticipated next wave, though to a lesser extent than last year. Key drivers include workforce activism, discrimination claims, "backdoor layoffs," and unionization attempts, which remain at historically high levels. Consumer fraud class actions have risen to the No. 2 spot, driven by claims related to the use of personal information, the introduction of complex new products and services, and company statements on social media. Investment product class actions have surged, fueled by the growing number of new offerings featuring high-risk and volatile investments, including derivatives and real estate.

Next Wave of Class Actions
PERCENT OF COMPANIES



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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?

There will be more class actions related to increased and inflated fees for the management of companies' 401(k) plans that may have limited earnings.

– Chief Claims Officer
Large Insurance Company

The proliferation of litigation funders will make our securities, consumer fraud, and employment cases last longer and become more complex to resolve and get rid of.

– Senior Vice President, Global Claims Officer
International Insurance Company

Cases related to PFAS ('forever chemicals') are coming because they are in everything.

– Senior Assistant, General Counsel
Global 500 Insurance Company

A move in California to use the California Invasion of Privacy Act (CIPA) as a vehicle to assert causes of action for commercial websites and the software on websites that capture consumer information.

– Vice President, General Counsel, Litigation
Leading Services Company

Generative AI, data breaches, and privacy are the new frontier.

– President & CEO
Large Technology Company

Most of what I see coming is in the technology space. Plaintiffs' attorneys are applying old statutes to new technology and trying to make cases develop.

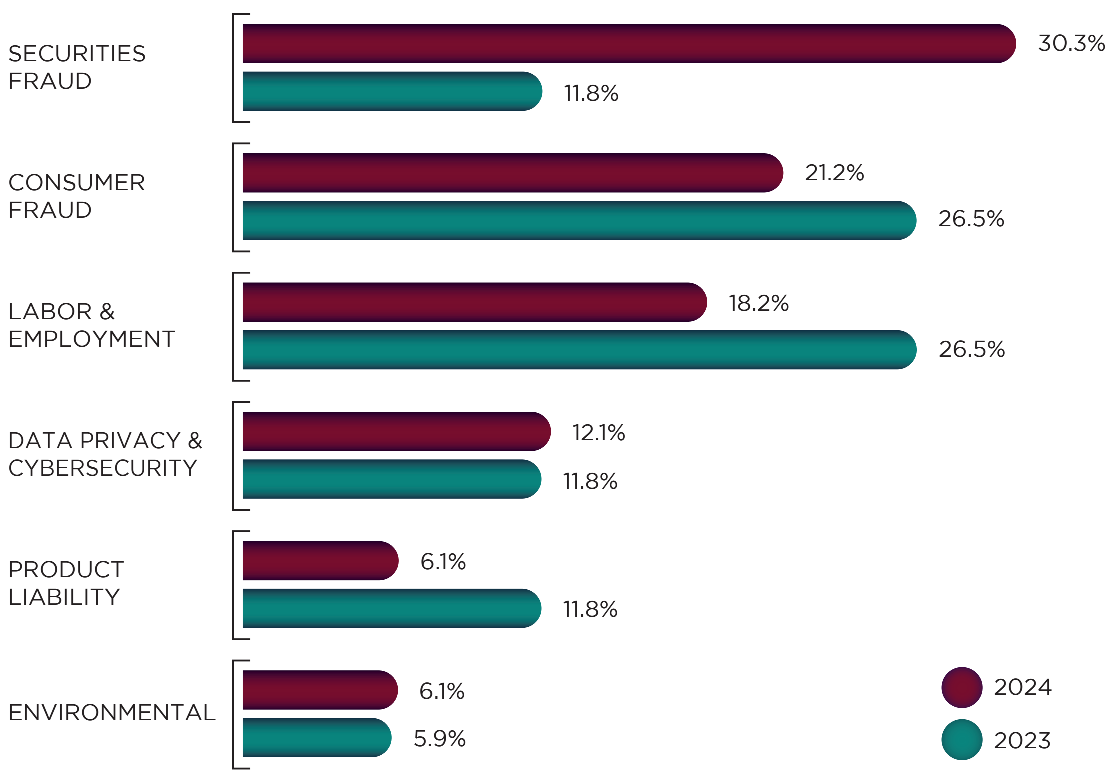
– General Counsel, Global Litigation
Fortune 500 Manufacturer

Securities Fraud Becomes the Top Class Action Risk

Securities fraud is the largest risk for 2024, presenting more than 2.5 times the risk seen last year. Key drivers include volatile stock performance leading to alleged investor losses, sharp market reactions to missed earnings expectations and forward guidance, increased investor activity spotlighting perceived stock underperformance, and heightened regulatory scrutiny of filings and securities-related activities. While corporate counsel have gained a better understanding of most other risks compared to prior years, these are now overshadowed by the growing threat of securities fraud allegations.

Class Actions Posing the Biggest Risk

PERCENT OF COMPANIES



Note: Chart does not add up to 100%. Excludes other responses under 4%.

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

What kind of class action poses the biggest risk to your organization?

Securities class actions because damages are typically very significant. Also, cyber and privacy-related class actions, which can also have significant levels of exposure and damage.

– Executive Vice President, Claims
Global Professional Services Company

Securities, due to exposure and privacy, which destroys reputations.

– Head of Financial Claims
Fortune 500 Insurance Company

A shareholder derivative and related class action is always the most damaging for our company.

– Associate General Counsel
Fortune 500 Transportation Company

Any consumer-related class actions that go against our reputation as well as any data privacy cases.

– Vice President, Associate General Counsel
Fortune 500 Retail Company

Because we are a financial services company, there are consumer protection statutes that pose the biggest risks to us. They tend to be very difficult to get rid of because they never have causation.

– Vice President, Senior Litigation Counsel
Fortune 500 Financial Services Company

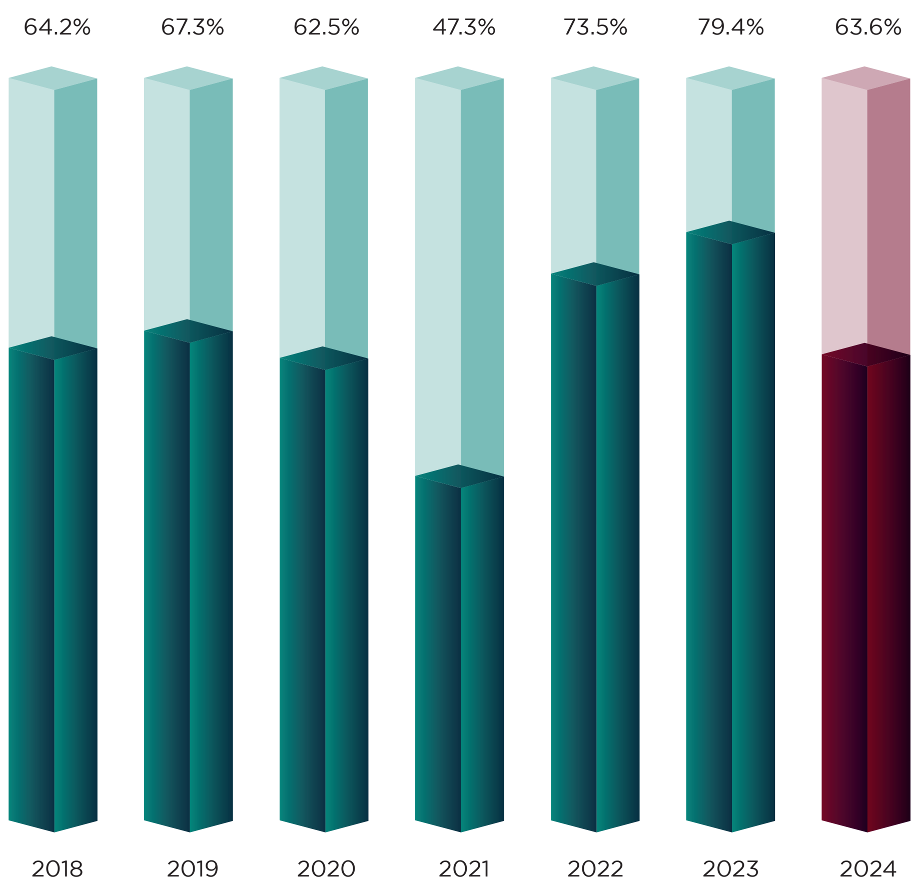
Class actions related to our websites and the claims that we are falsely collecting consumer data.

– Vice President, General Counsel, Litigation
Large Professional Services Company

Fewer Companies Face Labor & Employment Class Actions as Resolutions Accelerate

Nearly 64% of companies report having faced a labor and employment class action (including collective actions) in the last five years. The decline from last year is largely due to companies resolving these matters faster than new cases are being filed. As discussed on page 9, labor and employment litigation still accounts for about 30% of the class action portfolio at individual companies.

Faced Labor & Employment Class Action in Last 5 Years
PERCENT OF COMPANIES



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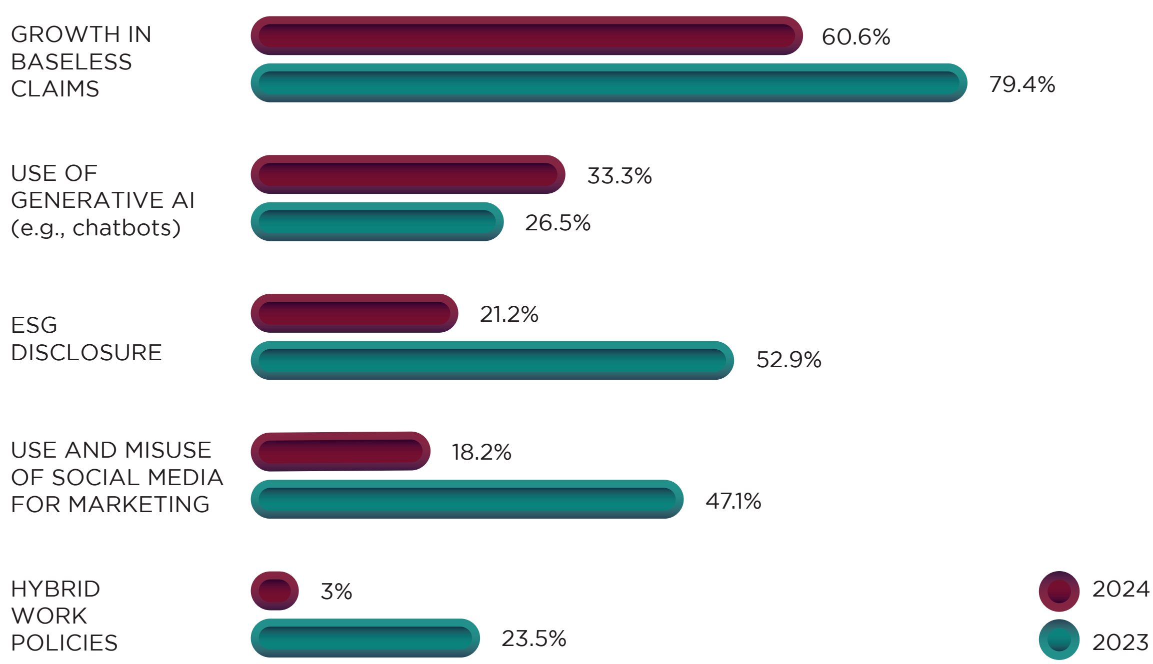
Growth in Baseless Claims Tops Concerns; Employee Use of Generative AI Becomes the Second-Largest Risk

Six in 10 companies report that baseless claims remain the largest class action risk — down from last year but still the dominant concern. Respondents note that these actions, which they believe have no merit, continue to gain volume as courts remain reluctant to dismiss them or to slow new filings. Generative AI has emerged as a significant new risk, as corporate counsel navigate expected claims and impacts — particularly around data privacy and the uncertainty surrounding AI use.

All other risks have declined as corporate counsel focus on addressing baseless claims and assessing emerging challenges posed by generative AI. The risk from environmental, social, and governance (ESG) disclosure is down, although one in five companies still report it as a risk. The use and misuse of social media is also down from last year, but still a noteworthy risk. As they do with ESG statements by public companies, critics and plaintiffs continue to attempt to link social media activity to securities fraud.

Class Action Subjects Posing the Biggest Risk
PERCENT OF COMPANIES



Note: Chart does not add up to 100%. Each subject was rated independently

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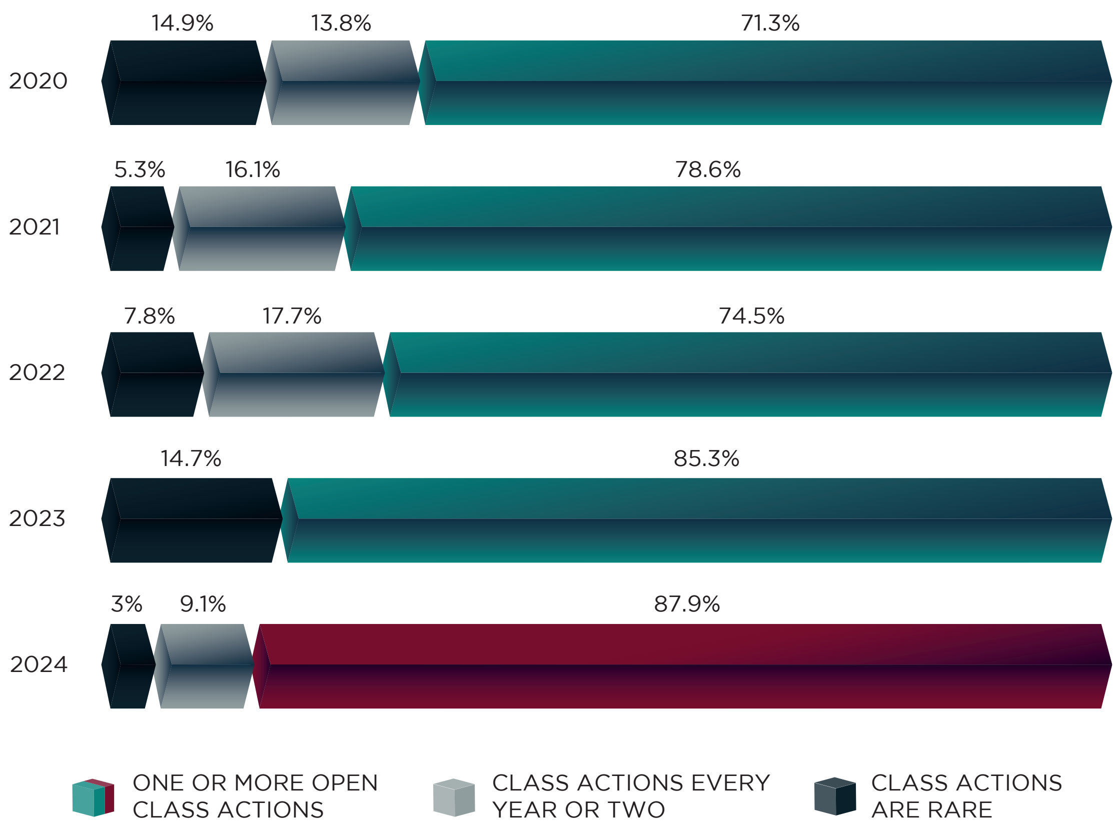
Few Newcomers to Class Action Claims in 2024 as Frequency Increases

Nearly every company included in this research faces claims on a regular basis. Among companies involved in class actions, the frequency of these cases has been increasing over time (see the next page for more detail).

Class Action Experience

PERCENT OF COMPANIES FACING CLASS ACTIONS



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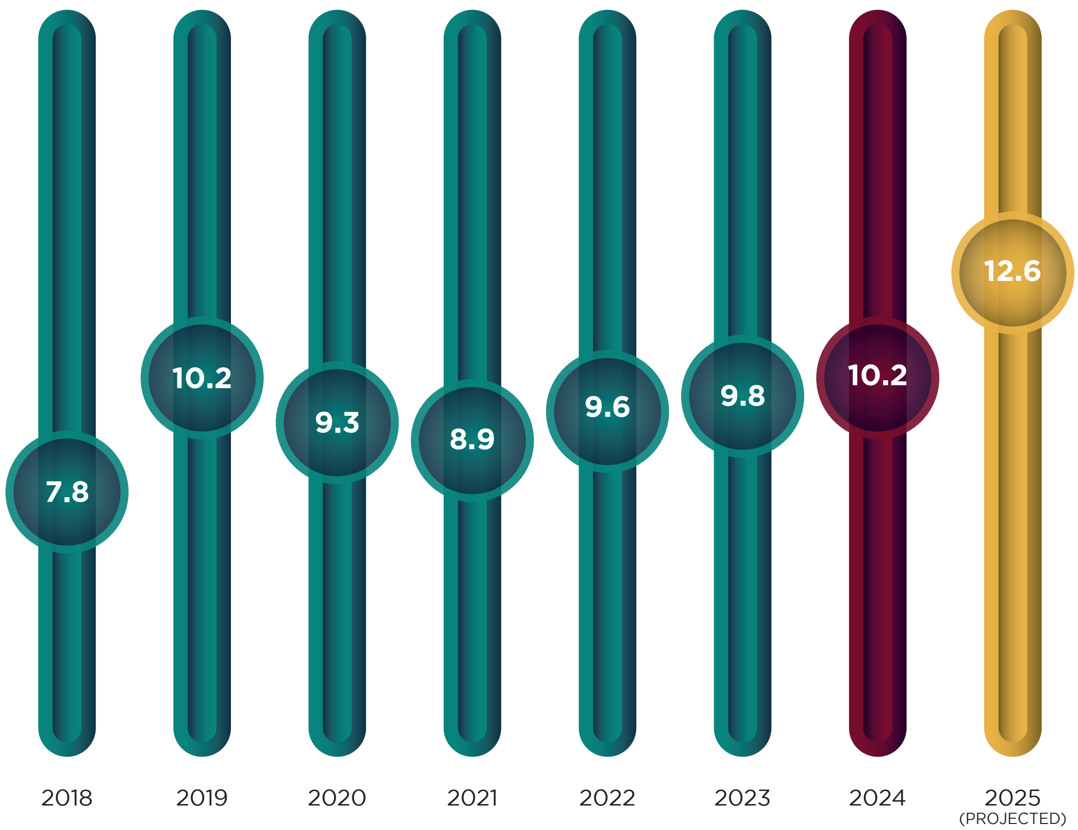
Number of Class Actions at Companies to Surge by 20% in 2025

Companies expect a 20% increase in the number of class actions they face, adding an average of 2.5 additional claims in 2025. They attribute this increased caseload to a hostile and litigious environment, coupled with plaintiffs' growing reluctance to settle.

Current Class Actions

AVERAGE NUMBER OF MATTERS PER COMPANY



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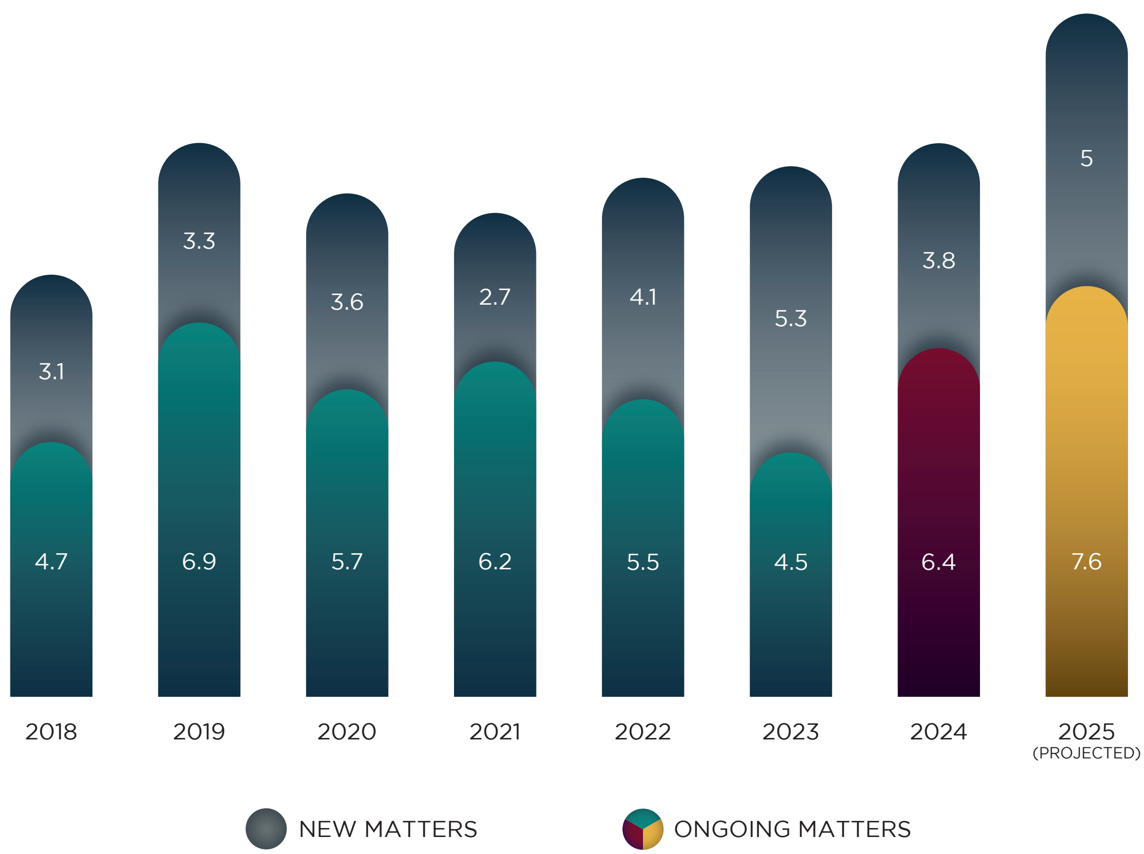
2025 Set to Reach Record High in Class Actions Per Company

Corporate counsel anticipate adding a record number of new class actions to their portfolios in the coming year. This expectation is further supported by the increased class action spending planned for 2025 (see page 7) and the additional time in-house counsel are dedicating to these matters each week (see page 23).

Current Class Actions

AVERAGE NUMBER OF MATTERS PER COMPANY



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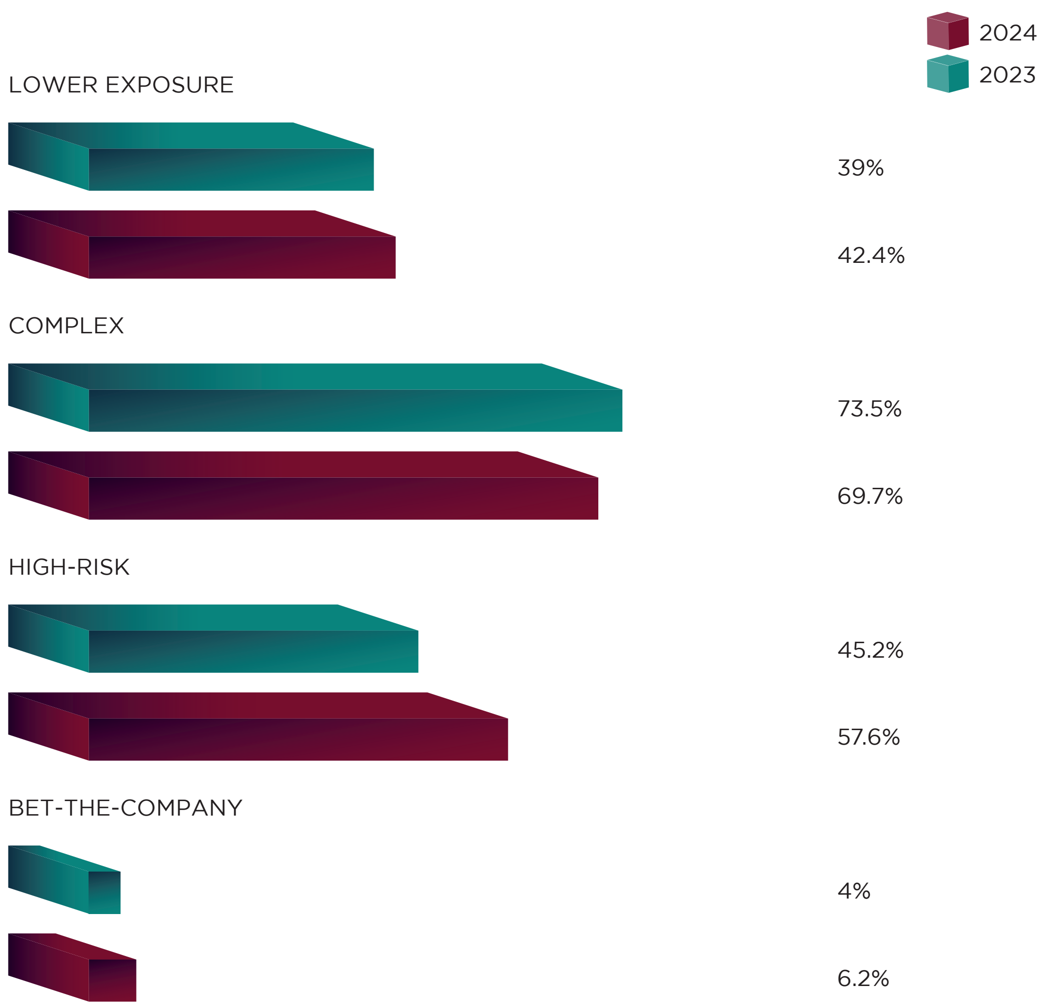
Companies Facing High-Risk Matters See Significant Increase in Size and Complexity

The percentage of companies facing high-risk and bet-the-company matters has jumped substantially. Corporate counsel report an increase in both the size and complexity of claims. This complexity includes more diversity within the claimed class and subclasses, greater variability in claims, and an increase in cases involving regulatory interpretations of statutes that could have industrywide consequences. Lower-exposure matters have also increased from last year, as plaintiffs' counsel at the other end of the complexity spectrum continue to file smaller claims, often alleging technical statutory violations, and with a more concrete risk and damages profile.

Class Actions Breakdown by Risk Level

PERCENT OF COMPANIES MANAGING CLASS ACTIONS



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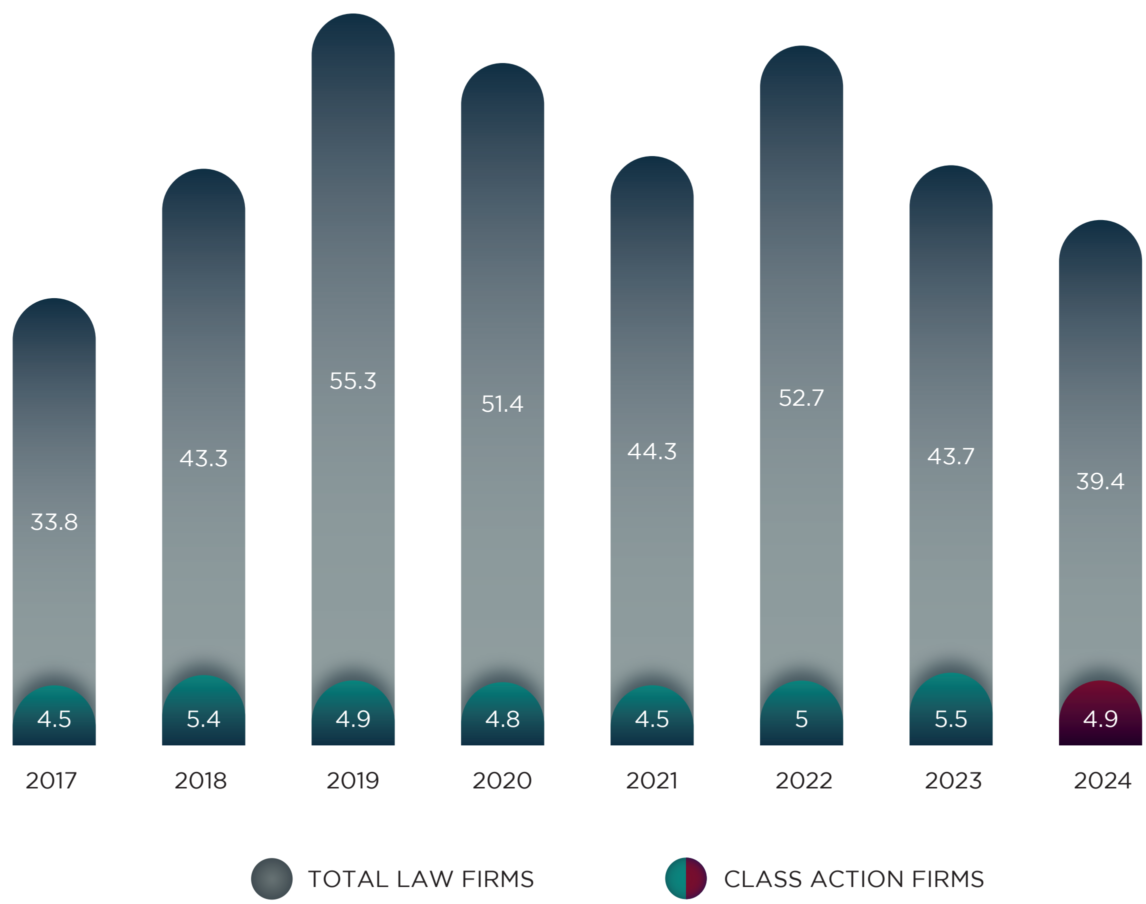
Class Action Law Firm Panels Shrink as Companies Consolidate Expertise

Companies are shrinking their class action law firm panels, reducing the average number of firms from 5.5 last year to 4.9. This means that half of large companies have dropped a law firm, despite the growing caseload. Corporate counsel are focusing on consolidating expertise within a smaller group of outside law firms and streamlining law firm management.

Law Firms Used Overall and for Class Actions

NUMBER OF FIRMS



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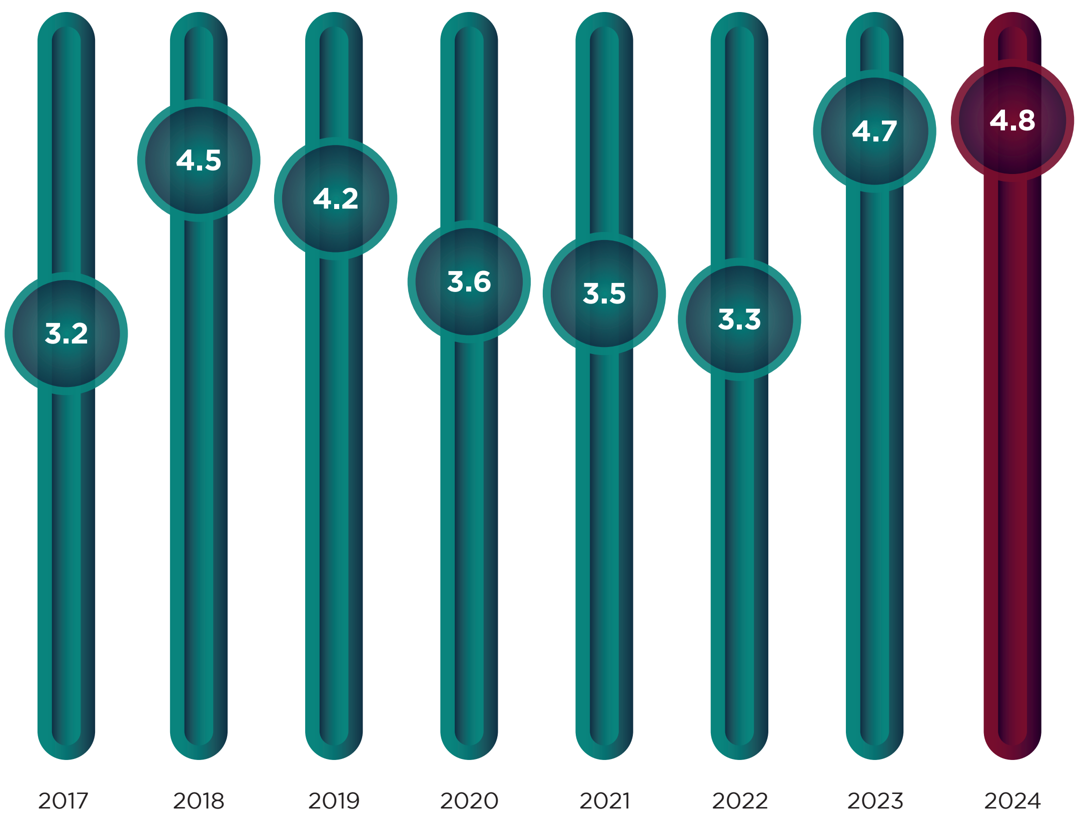
In-House Legal Teams for Class Action Defense Remains Steady Despite Growing Caseload

Companies have kept the number of in-house attorneys working on class actions essentially flat after adding attorneys last year. They are looking to manage more, and increasingly complex, claims with the same in-house counsel, with few options beyond improved productivity and more nights and weekends to achieve this goal.

In-House Attorneys Dedicated to Class Actions

AVERAGE NUMBER OF LAWYERS



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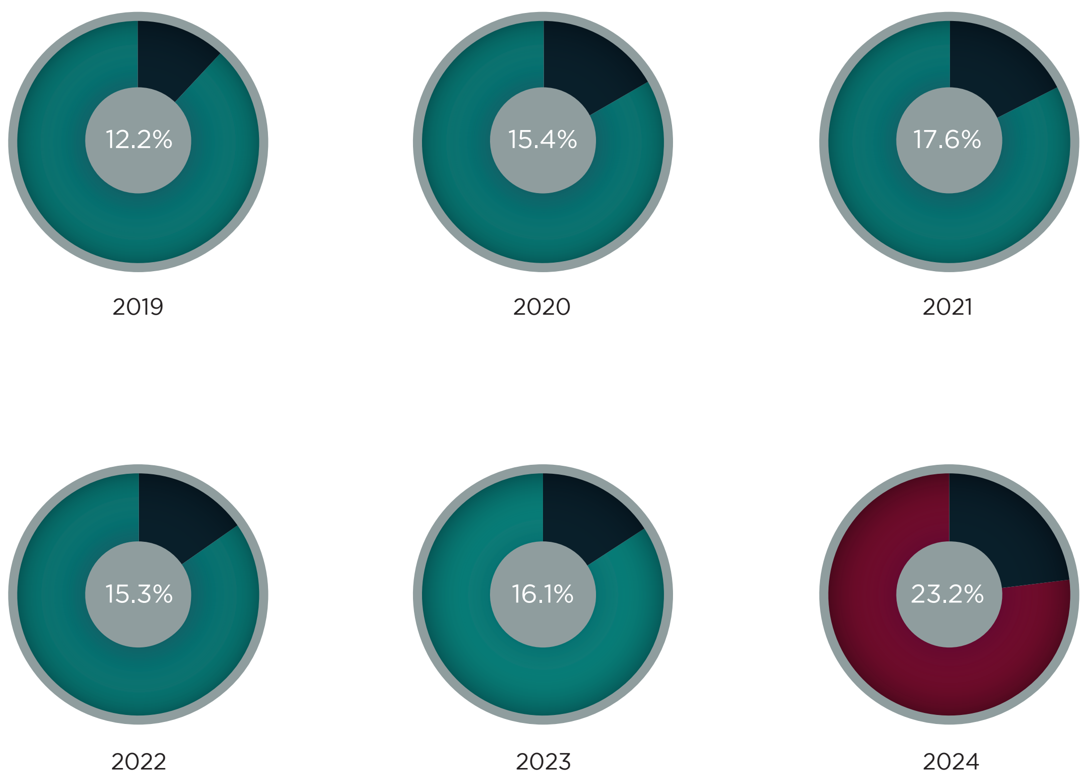
In-House Attorneys Devote More Time to Class Action Defense as Complexity Grows

In-house attorneys working on class actions are spending 45% more time on these matters than last year, reflecting the increased complexity that requires more time for management of the open class actions. This amounts to approximately 350 hours per year, up from 188 hours last year — equivalent to more than one extra, seven-hour day per week.

Aggregate In-House Attorney Time Spent on Class Actions
HOURS PER WEEK



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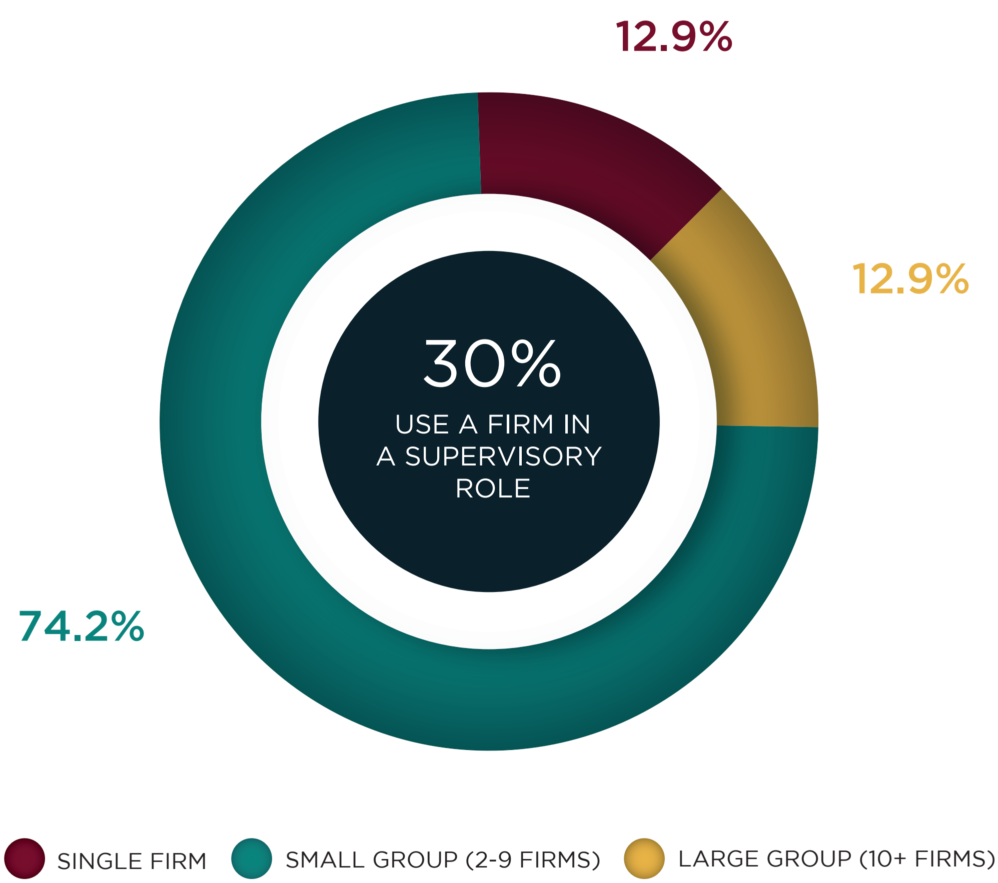
Companies Rely on Smaller Groups of Law Firms for Class Action Defense

Seventy-four percent of corporate counsel rely on a small group of law firms to defend class actions. The benefits include building a knowledge base specific to class actions, better risk management through a more uniform approach and deeper understanding of the issues, a more focused understanding of client goals, and improved cost control. Only a small segment of companies use 10 or more law firms for class action defense, even as the caseload grows. In-house attorneys report that the management burden of a larger group of law firms often outweighs any potential benefits. Additionally, 30% of companies now use a single law firm in a supervisory role, up from 23.5% last year.

Role of Firms in Class Action Work
PERCENT OF COMPANIES



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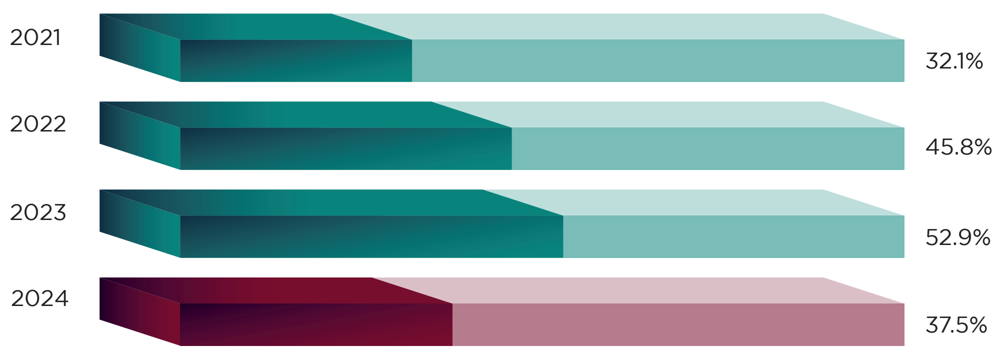
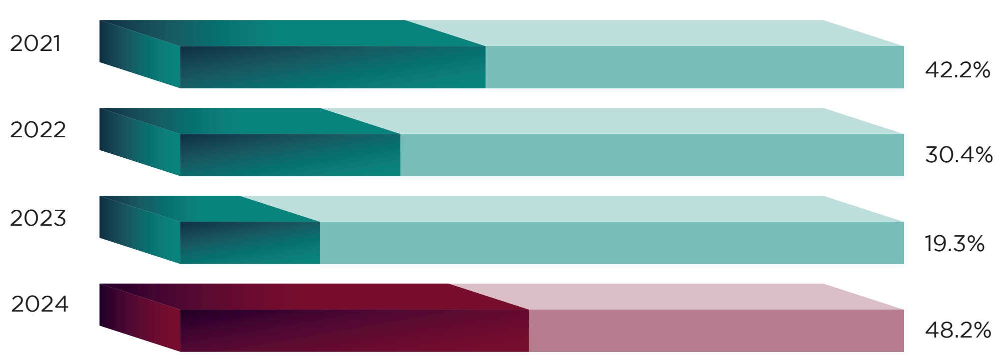
Fewer Companies Use Insurance, Despite Increases in Coverage

The percentage of companies with a portion of their class action defense costs covered by insurance has declined to 37.5%, from 52.9% last year. In-house counsel report that, given the potential for high exposure, the market now features customized premiums, with both carriers and defendants adjusting their risk tolerance from year to year. Those companies with insurance, though, report a higher percentage of costs covered by insurance than they did last year, with almost half of costs in 2024 shifted to the carriers.

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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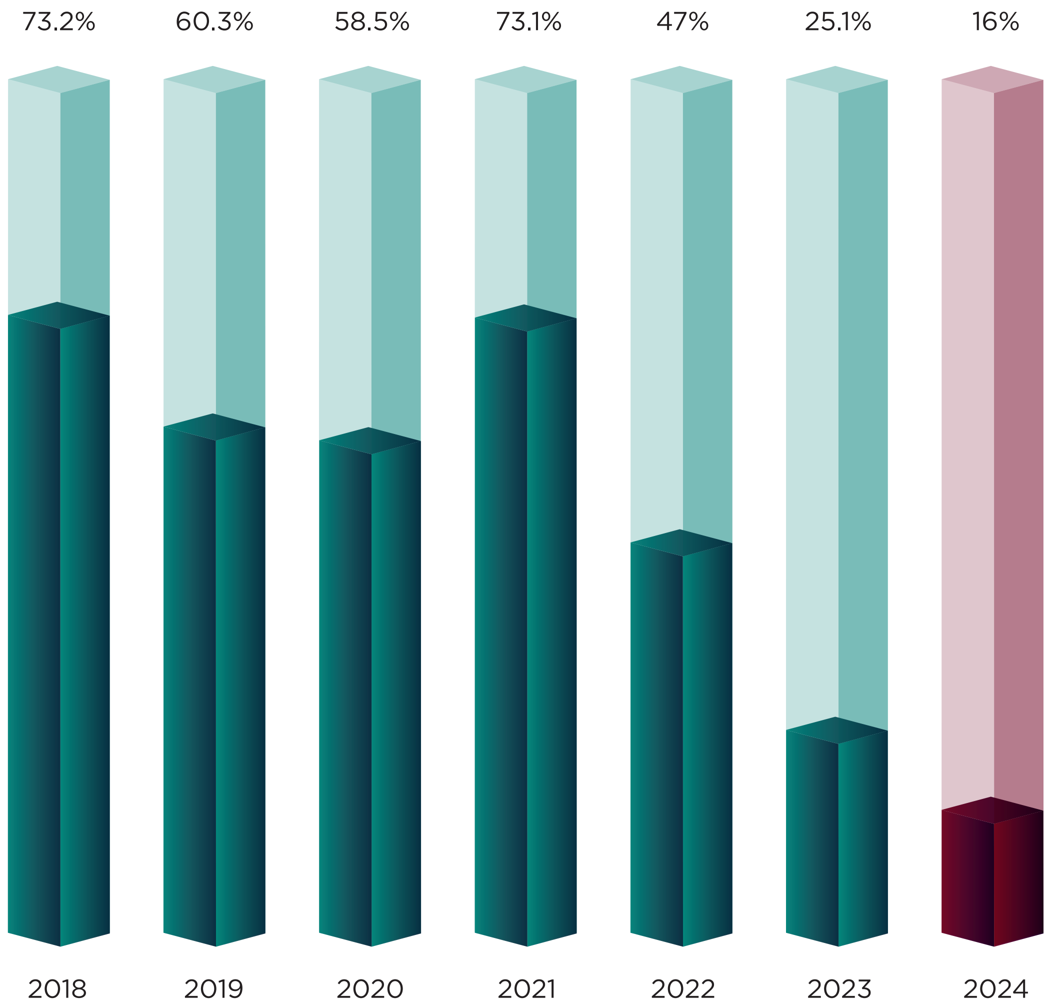
RESOLUTION OF CLASS ACTIONS

Class Action Settlements Drop to Lowest Level in Seven Years

The number of settlements continues to decline, now down to a fraction of prior year rates at 16%. Corporate counsel report minimal interest from plaintiffs, the complexity of claims, and a time-consuming workload as the primary reasons for this trend.

Class Actions Settled

AVERAGE PERCENT OF CLASS ACTIONS



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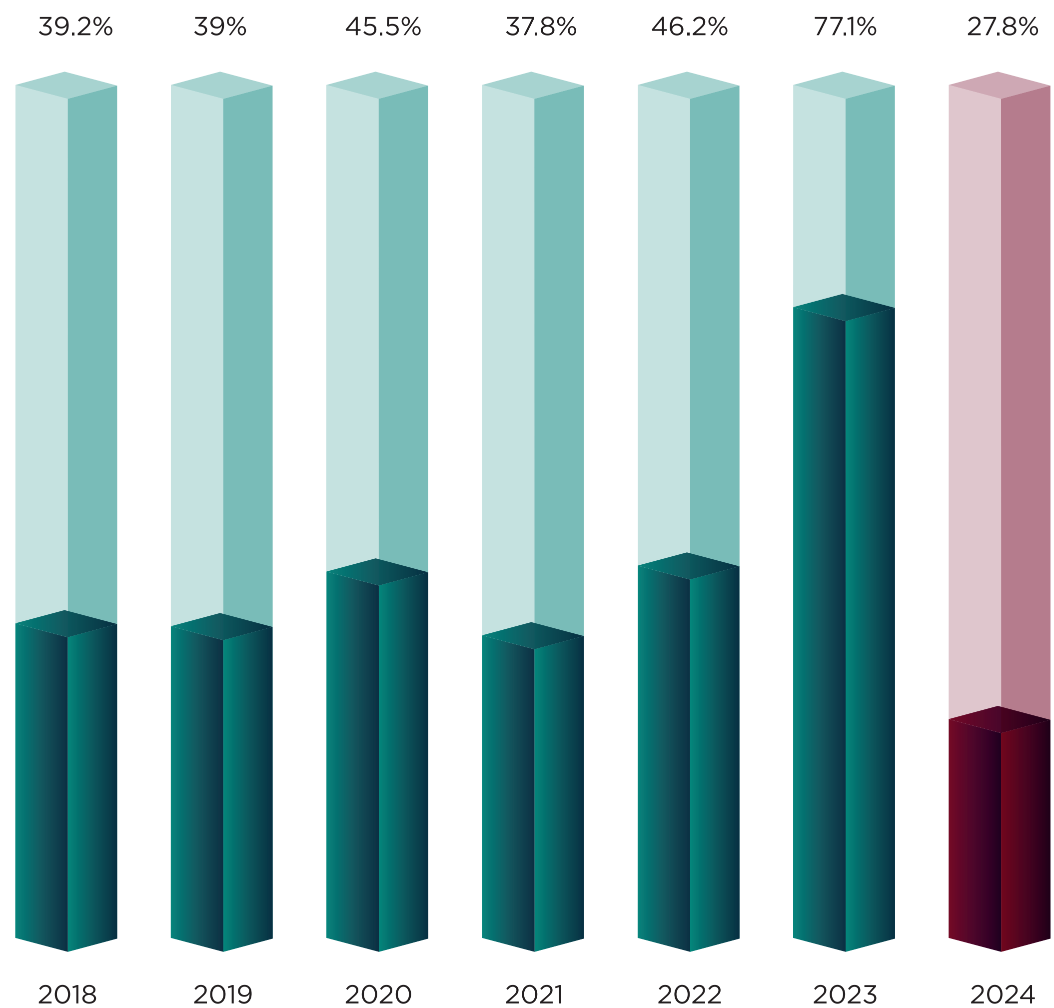
Individual Settlements Decline as Interest Diminishes

Individual settlements have dropped significantly compared to those reached in 2023, as both corporate counsel and plaintiffs show reduced interest in settlements, whether on a class basis or an individual basis.

Individual Settlements
PERCENT OF SETTLED CASES



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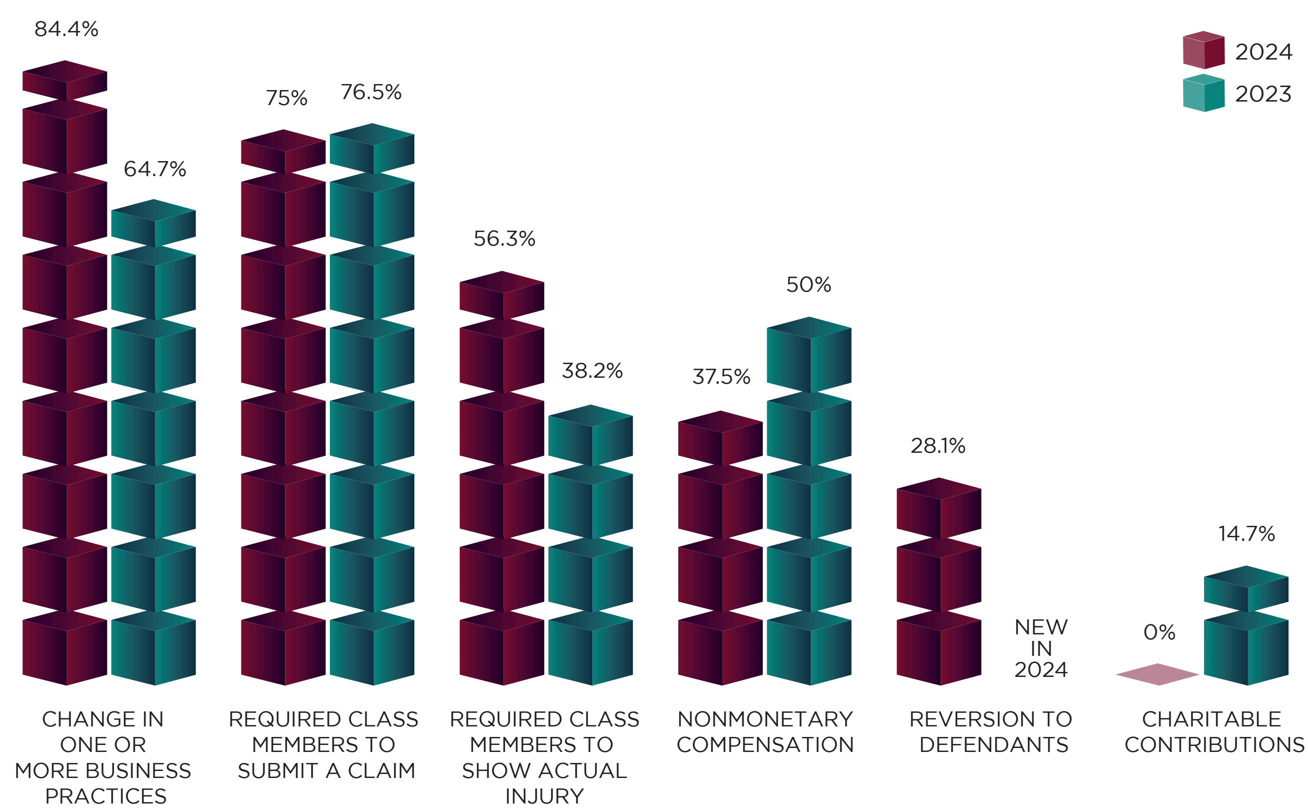
Changing a Business Practice Surges as Settlement Term, While Charitable Contributions Drop to Zero

Changing a business practice has grown significantly as a settlement term, jumping from 64.7% last year to 84.4% this year. Requiring class members to submit a claim remains a common term, with three in four companies having adopted this approach, roughly even with last year. The requirement for class members to show actual injury saw a substantial increase, rising to 56.3% from 38.2% last year.

A new question to the survey revealed that 28% of companies settled a class action last year with a provision requiring reversion of unclaimed class funds to the payor.

Meanwhile, nonmonetary compensation declined to 37.5% this year, from about half of companies settling with this term the prior year. Charitable contributions (*cy pres*) have all but disappeared, falling to 0% from 14.7%, signaling a clear move away from this practice.

Involved in a Settlement with the Following Conditions
PERCENT OF COMPANIES



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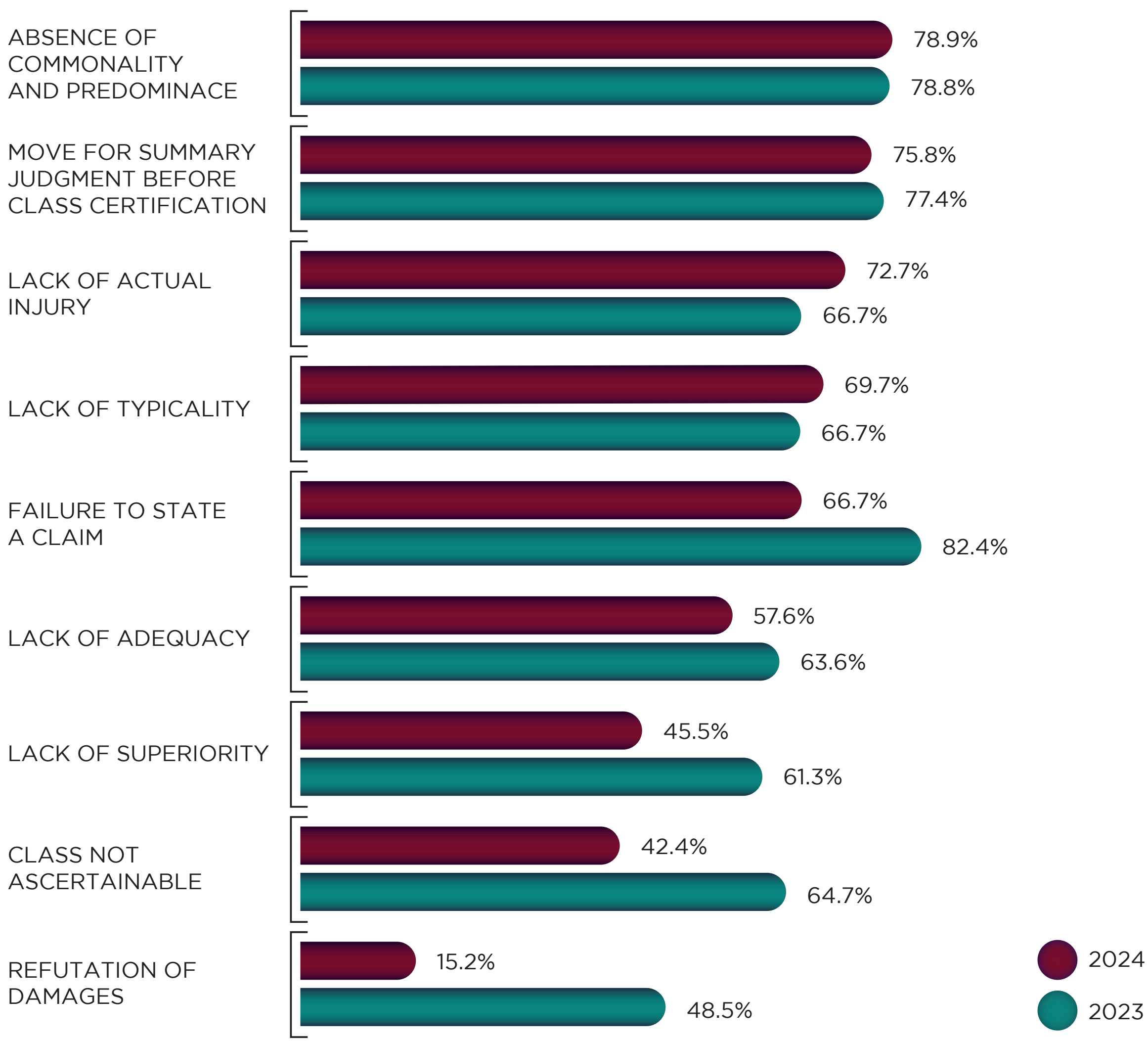
Absence of Commonality and Predominance Lead Top Class Action Defenses

Three defense strategies have emerged as the most effective: the absence of commonality and predominance, which has replaced failure to state a claim as the top defense; a motion for summary judgment before class certification, which now ranks as the No. 2 defense; and lack of injury, a standing argument that comes in at No. 3.

While several defenses declined in reported success since last year, both ascertainability and refutation of damages decreased substantially, perhaps recognizing legal authority in certain jurisdictions that can be read to limit their effectiveness.

Successful Class Action Defenses

PERCENT OF COMPANIES



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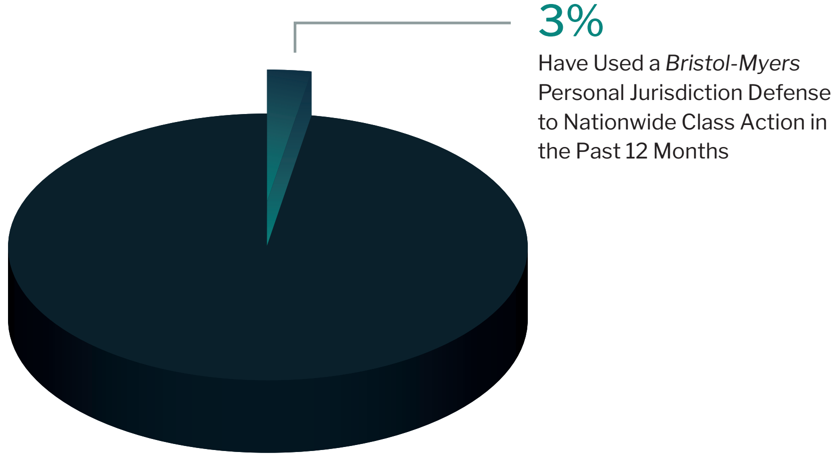
Few Companies Use Bristol-Myers Personal Jurisdiction Defense

Only 3% of companies have adopted the *Bristol-Myers* personal jurisdiction defense in the past 12 months. The defense bars a court from exercising personal jurisdiction over an out-of-state plaintiff against an out-of-state defendant, as established by the U.S. Supreme Court's 2017 ruling in *Bristol-Myers Squibb Co. v. Superior Court of California*.



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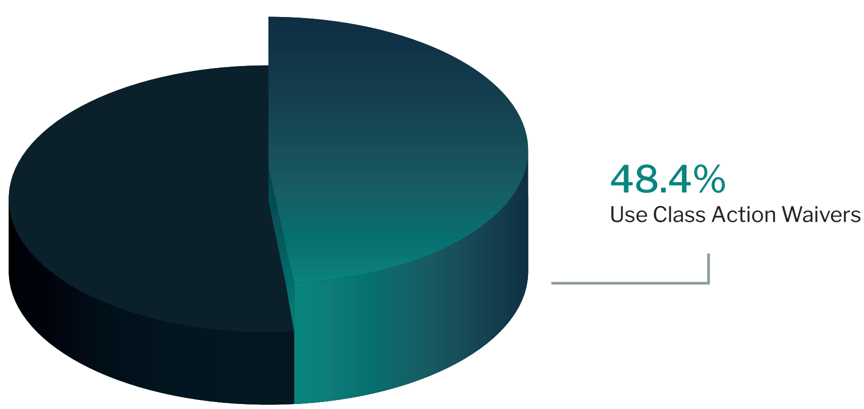
Increase in Use of Class Action Waivers as Regulatory Resistance Eases

Nearly half of companies now use class action waivers in their contracts, up from 35.3% last year. Perceived regulatory resistance to these waivers is waning.



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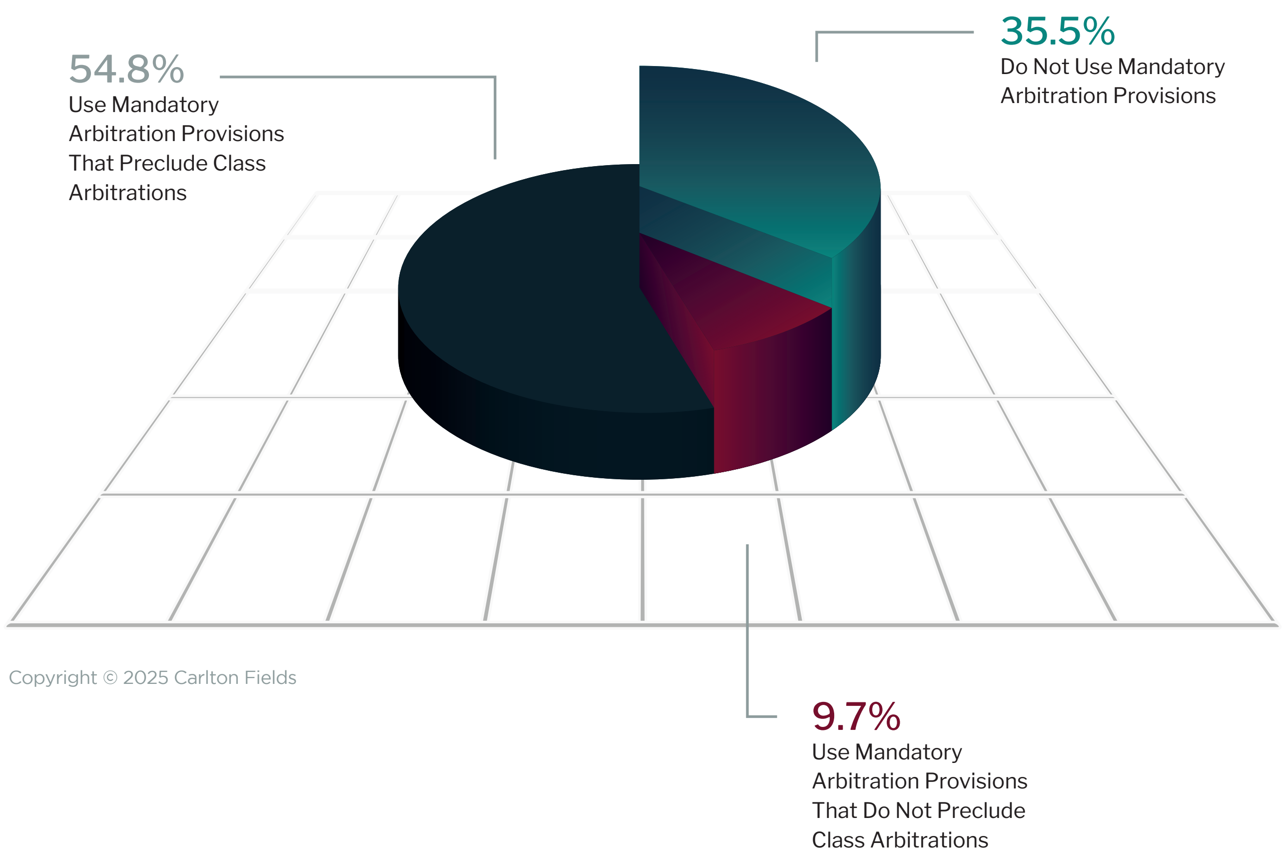
Growing Adoption of Mandatory Arbitration Provisions Among Companies

Of the companies using arbitration provisions, 54.8% preclude class arbitration. Only 9.7% of companies do not preclude class arbitration, down from 20.6% last year. Additionally, 35.5% of companies do not use mandatory arbitration provisions, down from 41.2% last year. Mandatory arbitration provisions are gradually becoming more widely accepted.



IN THEIR OWN WORDS:

CORPORATE COUNSEL ON WHY THEY USE CLASS ACTION WAIVERS

Do you use class action waivers in any of your company's contracts? Why or why not?

Yes, some companies use them, but they will probably be amended due to mass arbitration.

– Head of Financial Claims
Global 500 Insurance Company

Yes, to ensure we are working with one person on one claim, and to ensure we have a defense.

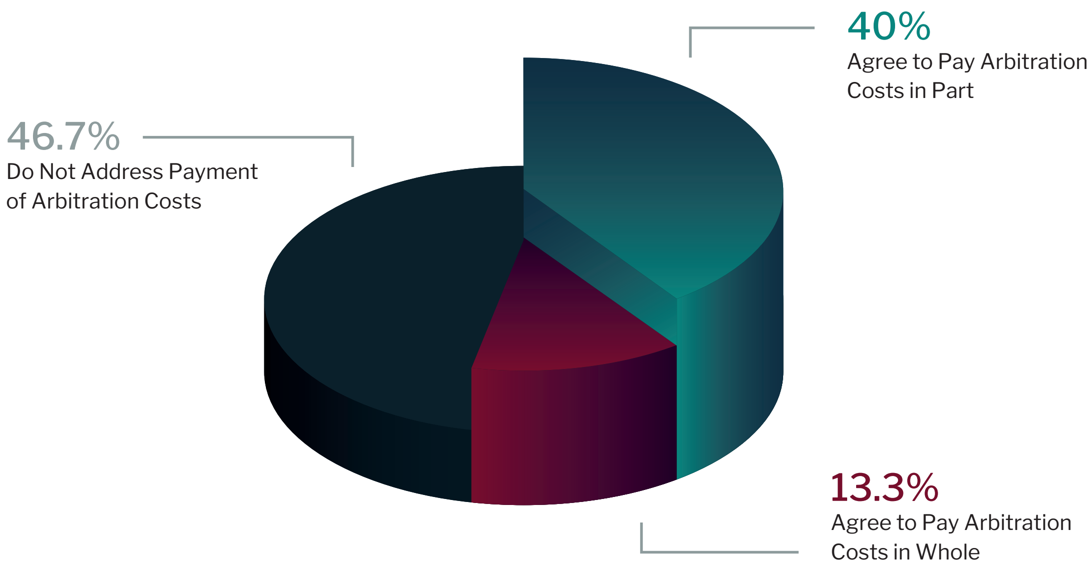
– Vice President, Senior Litigation Counsel
Fortune 100 Financial Services Company

Yes, because in the consumer protection areas we have historically received claims, so we revised our company contracts eight years ago to include these clauses.

– Vice President, General Counsel, Litigation
Leading Technology Services Company

Almost Half of Mandatory Arbitration Provisions Don't Address Costs

Most companies that use mandatory arbitration provisions do not address arbitration costs. Forty percent of companies cover part of the costs, while only 13.3% cover all costs.



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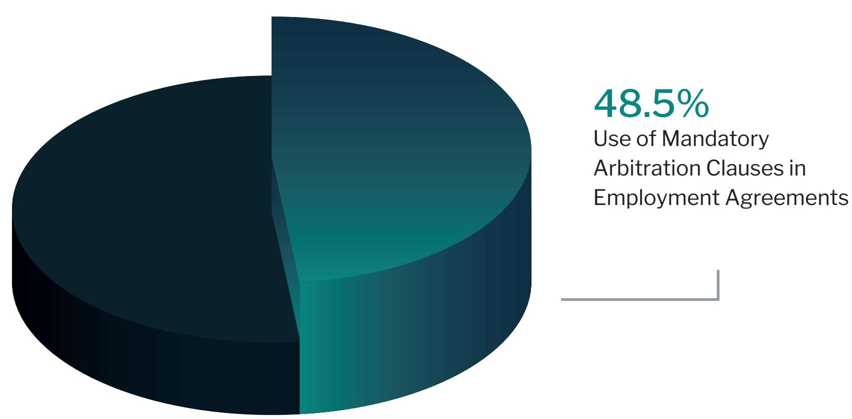
Nearly Half of Companies Adopt Mandatory Arbitration Clauses in Employment Agreements

Almost half of companies now use mandatory arbitration clauses in employment agreements, up from 32.4% last year. This increase suggests a growing acceptance of mandatory arbitration in employment agreements.



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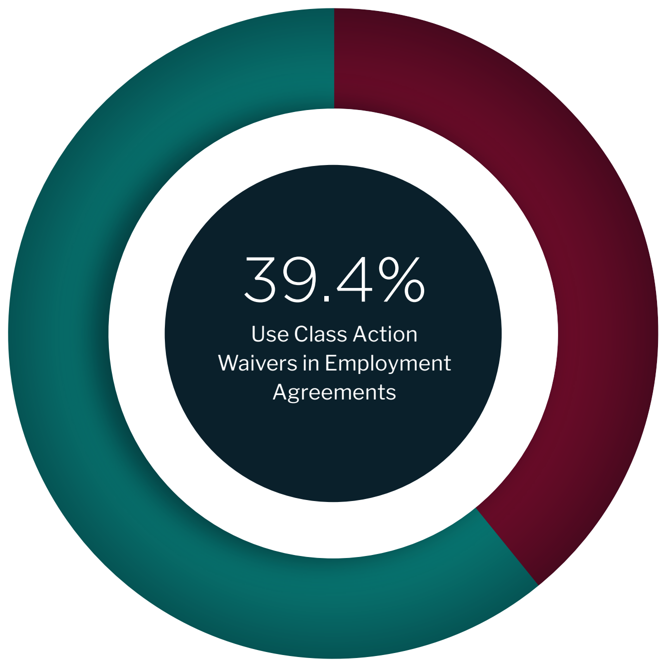
Rising Number of Companies Implement Class Action Waivers in Employment Agreements

Nearly 40% of companies now use class action waivers in employment agreements, up from 23.5% last year. Similar to mandatory arbitration (see page 33), class action waivers are gaining more acceptance.



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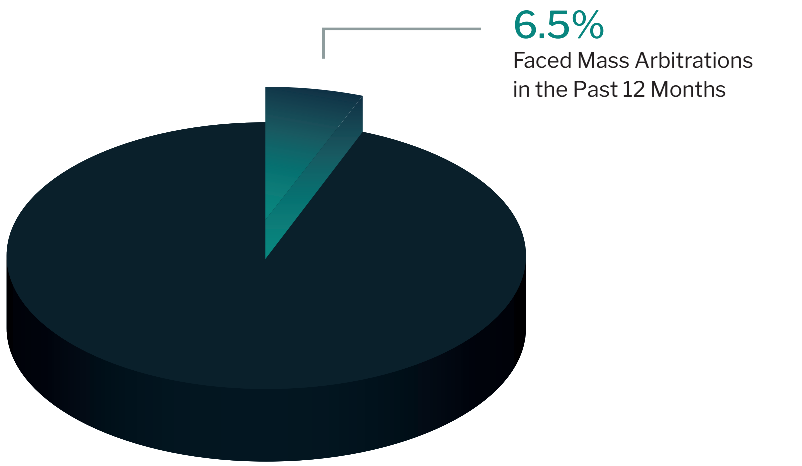
Mass Arbitration Remains Unchanged

Few companies have faced mass arbitration in the last 12 months, with levels remaining virtually the same as last year. Mass arbitration occurs when a company faces a series of hundreds or even thousands of nearly identical, single-claimant arbitrations.



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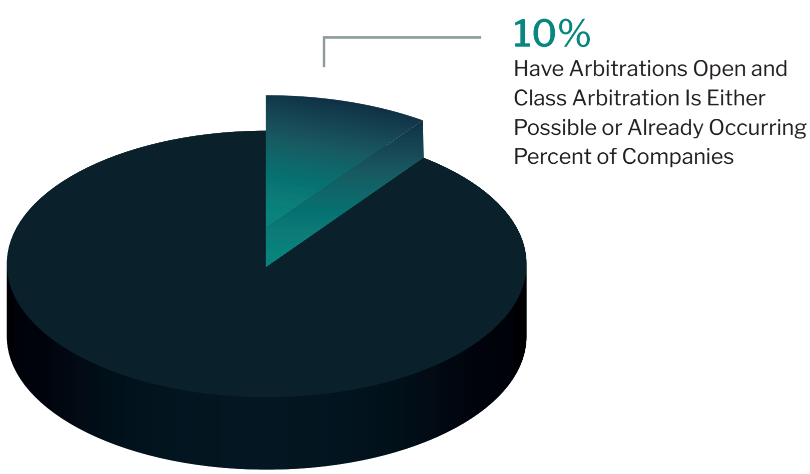
Class Arbitration Sees Modest Increase, Worth Watching

Class arbitration (arbitrating all arbitrable and similarly situated claims on a class basis) has increased to 10% of companies in the survey, up from 5.9% last year. This trend warrants attention as it continues to grow. This represents 33 companies out of 332.



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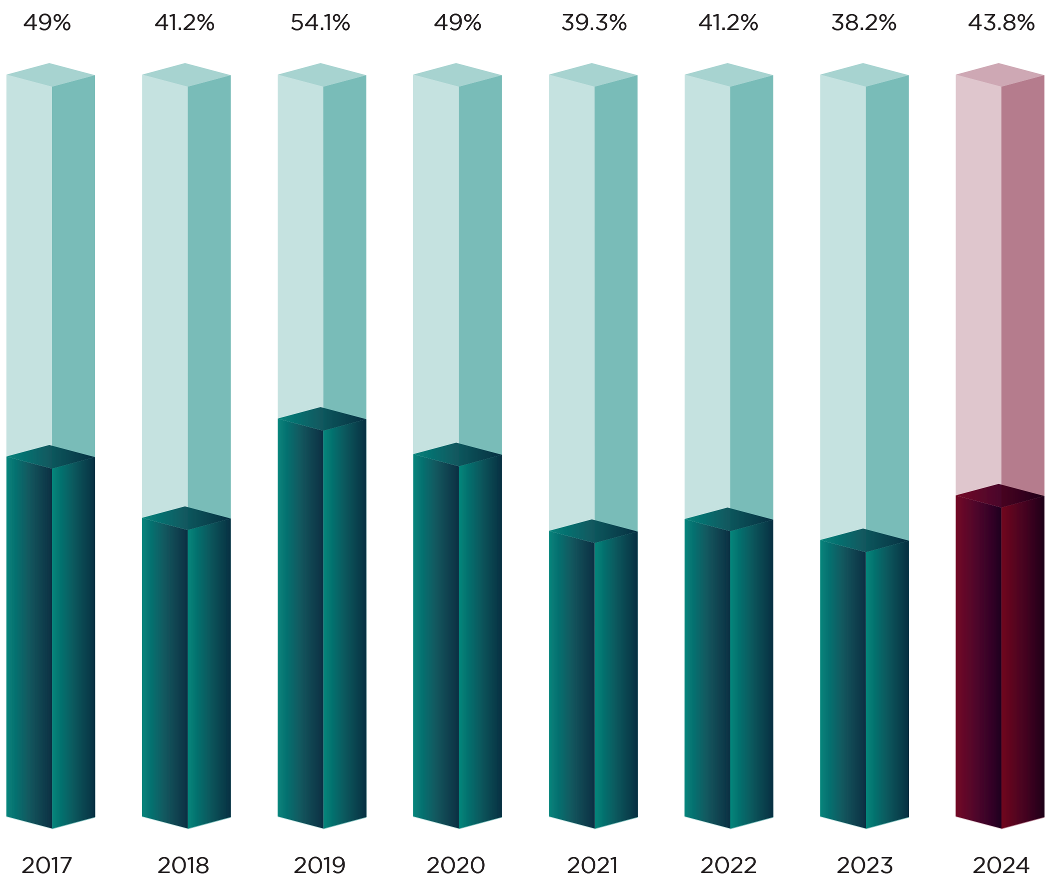
AFA Usage Edges Up in Class Action Defense

More than four out of 10 companies are using alternative fee arrangements (AFAs) in class actions, showing an uptick over the past four years. Given the growing complexity of these class actions, this is a substantial figure that indicates in-house attorneys are taking the time to find the fee model that aligns with the value their company places on the litigation.

Alternative Fee Arrangement Use in Class Actions
PERCENT OF COMPANIES



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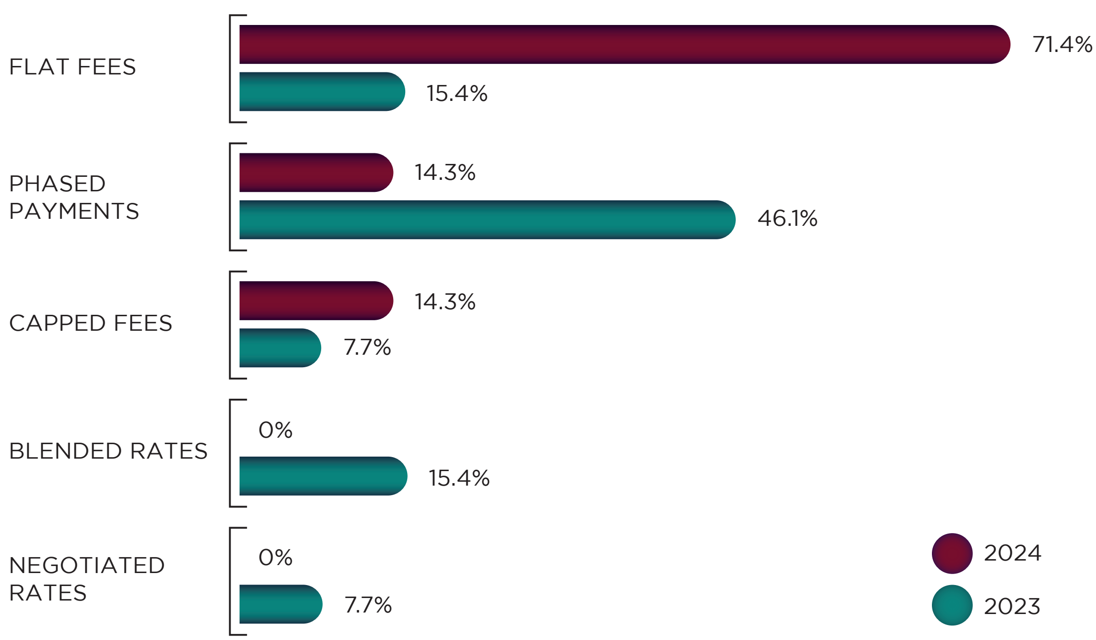
Flat Fees Now Lead as Most Effective AFA in Class Actions

Flat fees have replaced phased payments as the top AFA in class actions. Key drivers include coverage of the entire matter, simplified administration, increased focus on goals, improved law firm performance as reported by corporate counsel, and minimal budget risk. Companies typically use flat fee engagements for lower-risk matters, and phased fees, higher-dollar capped fees, or non-AFAs for high-risk and bet-the-company matters.

Notably, the use of phased payments has declined, as they are now considered cumbersome for many types of class actions. This trend aligns with the ongoing consolidation of outside law firms handling larger portfolios of class actions. The use of trusted outside counsel is particularly conducive to flat fee arrangements, where in-house attorneys and repeat outside counsel can gather meaningful information about the costs associated with class actions of a particular type through their collaboration (see page 38).

Companies did not report blended rates or negotiated rates this year as a form of AFA, which may reflect that in-house attorneys no longer view such arrangements as an “alternative” fee structure but rather as part of the traditional hourly model.

Success of Alternative Fee Arrangement Types in Class Actions
PERCENT OF COMPANIES



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Trusted Counsel, Settling, and Budgeting Top Cost Control Strategies

Using trusted counsel remains one of the most effective ways to control or reduce costs, tied with settling and budget supervision. Virtually all approaches are viewed as highly effective. Bundling similar cases with the same outside counsel is considered effective by 81.3% of companies, and it can be used in conjunction with other cost control tools.

Cost Reduction Policies and Practices

PERCENT OF COMPANIES

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Reducing Law Firm Panels Surges as an Effective Cost Control Tool

Reducing the number of law firms saw a decrease in effectiveness this year compared to last year, although it remains an effective cost control solution. It may be that simply reducing the number of law firms does not lead to immediate cost savings, and that such savings are instead realized by having one law firm handle cases of a similar type over time.

The use of AFAs nearly doubled from last year in terms of their effectiveness as a cost control tool. AFAs are becoming an increasingly effective solution, providing certainty, driving focus, reducing the workload for in-house counsel, and requiring the use of trusted outside counsel.

Cost Reduction Policies and Practices (continued)
PERCENT OF COMPANIES

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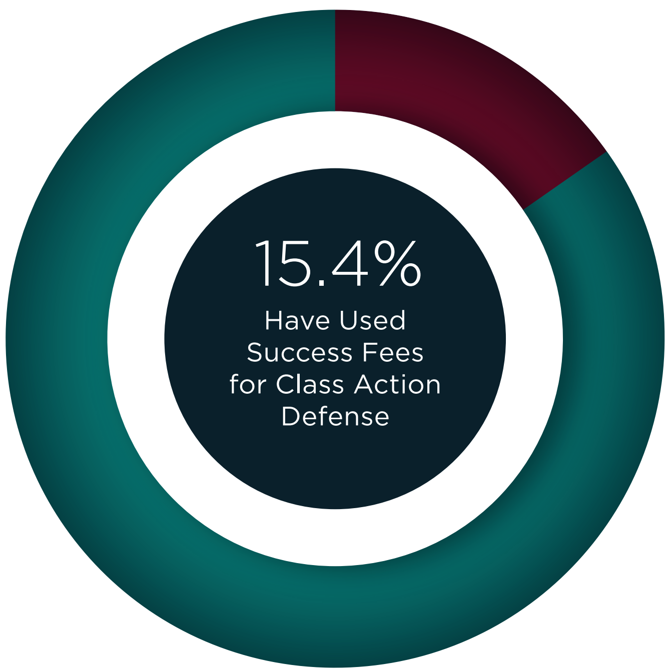
Success Fees Reemerging as Tool to Get Win-Win With Outside Counsel

A growing percentage of companies —15.4% — have used success fees (a bonus fee, paid in addition to fees negotiated on an hourly or alternative basis, awarded based on a predetermined measure of success) for class action defense, up from 14.7% last year, suggesting that they may be gaining traction.



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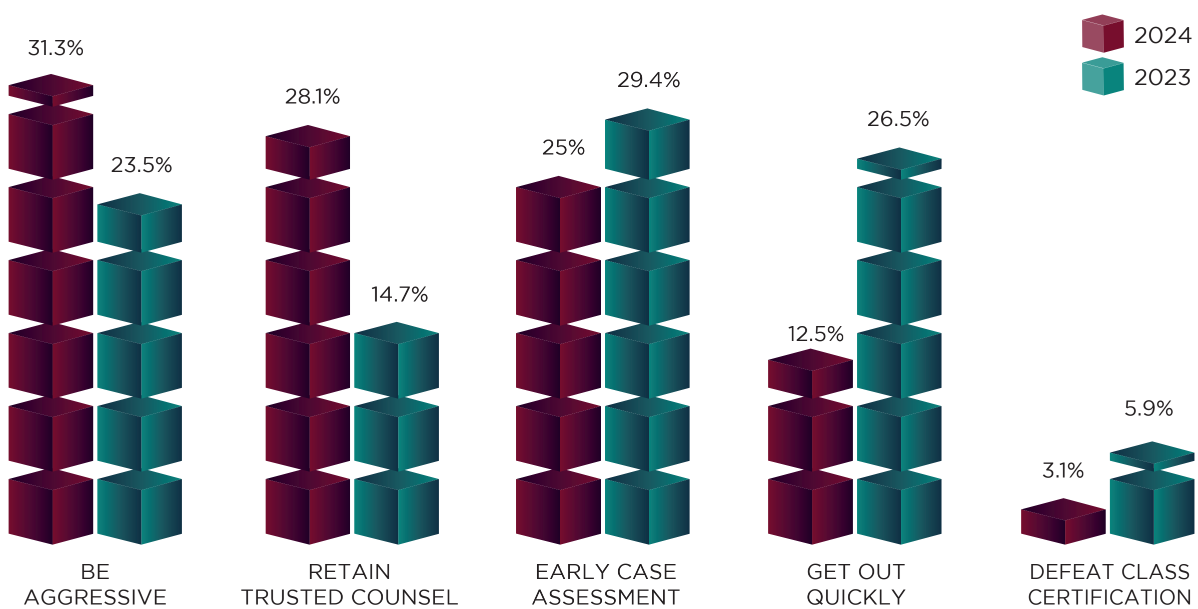
Being Aggressive and Working With Trusted Counsel Become Top Strategies for Managing Class Actions

The preference for getting out quickly has declined to about one in 10, down from one in four last year. Being aggressive and working with trusted outside counsel have become the top approaches to managing the class action portfolio, both increasing substantially over last year. This shift may stem from the need for strategies to ensure long-haul, complex litigation with a higher potential impact on the organization. Additionally, the decline in early case assessment as a key strategy may reflect the crowded portfolios in-house attorneys are now facing — given the record number of existing matters carried over from 2024 to 2025 (see page 19), many of these cases were already "assessed" when filed a year or more ago.

Approach to Managing Existing Class Actions

PERCENT OF COMPANIES



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IN THEIR OWN WORDS:

CORPORATE COUNSEL ON THEIR APPROACH TO MANAGING EXISTING CLASS ACTIONS

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

I'm an active manager and get ahead of them. I also get intimately involved in the cases and act as part of the litigation team.

– Chief Global Litigation Counsel
Global Consumer Goods Company

Close management of outside counsel, early case assessments of liability and exposure, and understanding any potential business impact early on. Develop immediate-, short-, and long-term strategies.

– Chief Litigation and Compliance Counsel
Global Industrial Company

I am very aggressive and involved in every detail.

– Chief Claims Officer
Large Insurance Company

I'm pragmatic and I typically try to get an early exit without going through the costly and exhaustive discovery process.

– General Counsel
Large Manufacturer

We take an aggressive approach in trying to get our cases dismissed upfront. We work hard on motions to dismiss and have been quite successful with our strategy.

– Assistant General Counsel, Litigation
Fortune 500 Utilities Company

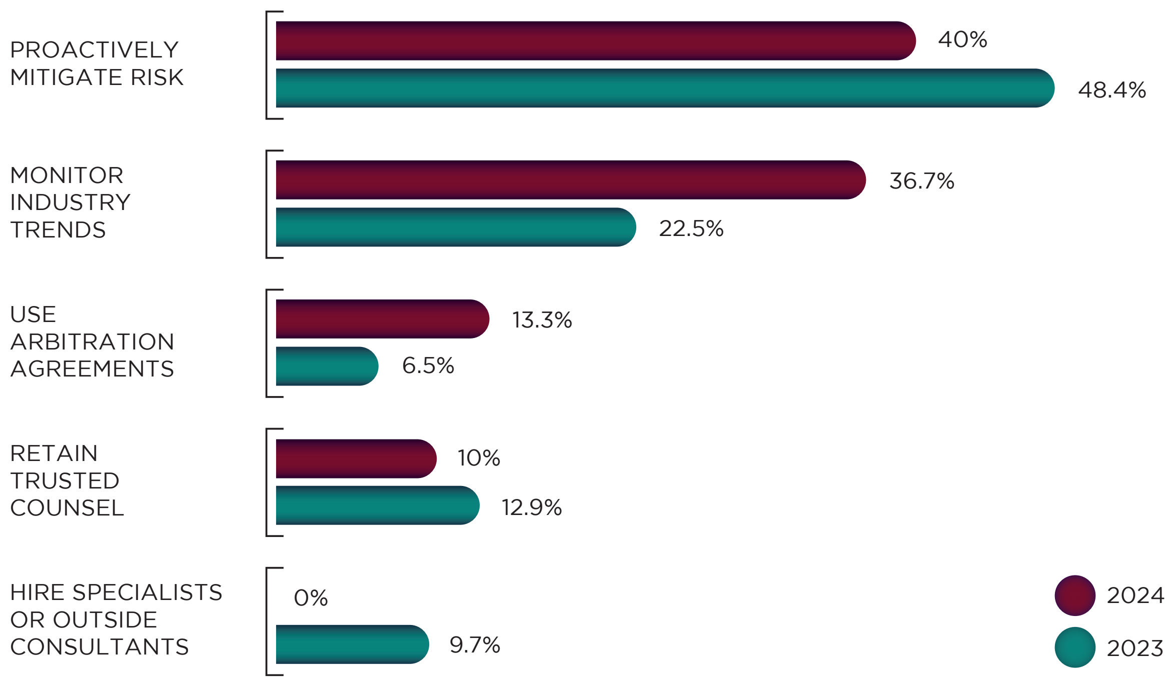
An open and close partnership with our outside counsel. You need to be able to trust your outside counsel, but ultimately, it's your decision.

– Assistant General Counsel
Fortune 500 Insurance Company

Companies Proactively Mitigate Risk and Watch Trends to Avoid Next Wave of Class Actions

Companies continue to identify the proactive management of legal risk as the preferred approach to managing the "next wave" of class actions, including implementing changes to business practices that could potentially expose the company to allegations of wrongdoing. Tracking industry trends has also jumped as a favored technique, rising substantially to 36.7% this year from 22.5% last year. The use of arbitration agreements has doubled to 13.3% this year, up from 6.5% last year, to help avoid the next wave of class actions. Corporate counsel no longer view specialists and consultants as a key resource for avoiding a new class action.

Approach to Managing Upcoming Class Actions
PERCENT OF COMPANIES



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IN THEIR OWN WORDS:

CORPORATE COUNSEL ON THEIR APPROACH TO 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 have insight into a class, we work with our business teams to try to avoid the claim or to limit any potential exposure. We can also make changes to ensure it doesn't become a bigger issue.

– Associate General Counsel, Global Litigation
Fortune 500 Consumer Goods Company

We just installed new software that will help us track employee activity when taking breaks, which should help us monitor wage and hour cases. So we try to be proactive in risk prevention.

– Director and Senior Counsel, Employment and Litigation
Prominent Consumer Goods Company

We stay on top of trends in our industry. We also search for a good stable of law firms that we know we can draw on for our class action cases anywhere in the U.S.

– Senior Assistant, General Counsel
Large Insurance Company

We do internal research and check on compliance. We watch trends and audit the systems we have in place and make changes as needed.

– Associate General Counsel, Labor & Employment
Fortune 500 Transportation Company

We conduct a regular review of cases filed against other similar companies and we stay close to trends in the class action space.

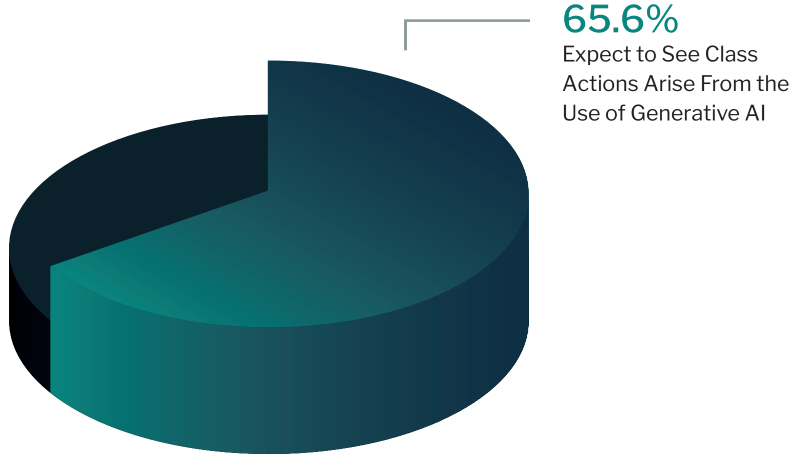
– Assistant General Counsel
Fortune 500 Insurance Company

Our outside counsel is very experienced in the consumer class action arena, and they make us aware of any potential class actions. In some cases, we have been able to come to early resolutions before they become class actions.

– General Counsel, Litigation
Prominent Professional Services Company

Majority of Corporate Counsel Anticipate Class Actions Stemming From Generative AI

Nearly two-thirds of corporate counsel expect new class actions to arise from the use of generative AI. They anticipate issues related to privacy and data misuse, new claims without legal precedent, and the novel use of proven class action claims modified for generative AI — often testing with smaller defendants before targeting larger companies.



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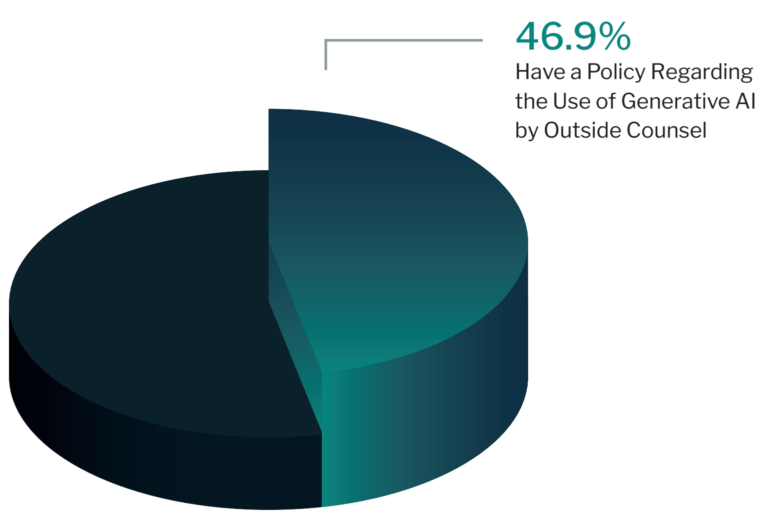
Growing Number of Companies Set Policies for Outside Counsel's Use of Generative AI

Almost half of all companies have a policy regarding outside counsel's use of generative AI, though these policies are considered highly confidential and not for public disclosure.



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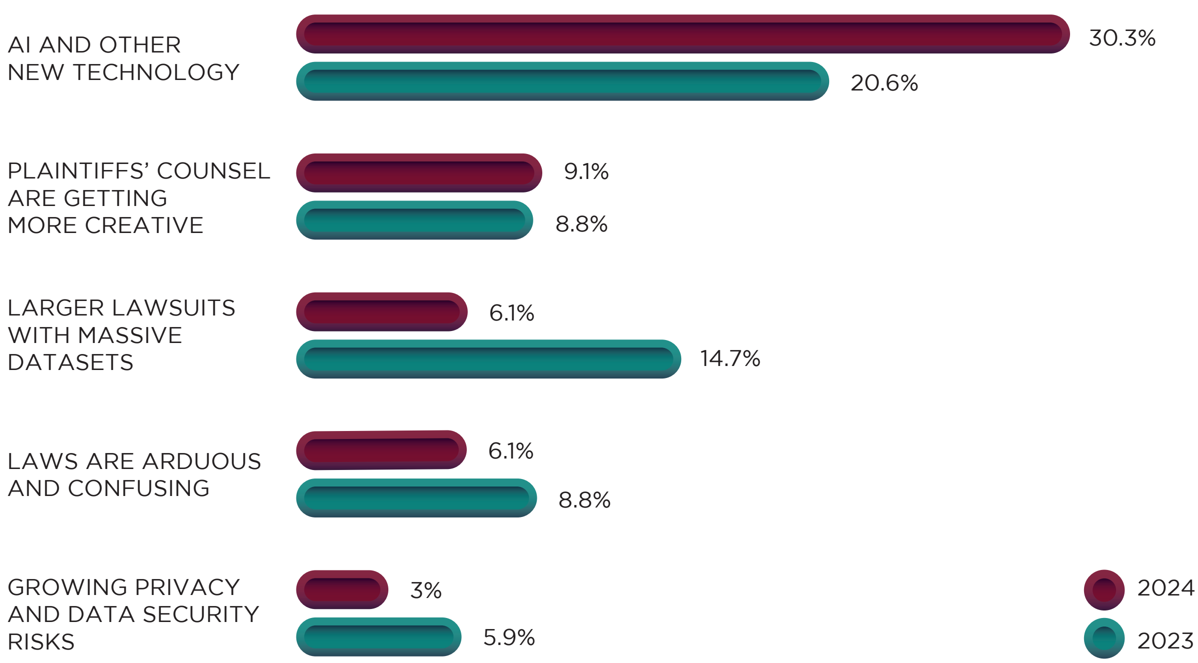
AI, New Tech, and Data Drive Growing Complexity in Class Actions

As discussed on page 45, nearly three in five companies expect class actions to become more complex. AI, new technologies, and data-related issues are significant factors contributing to this increased complexity. Larger claims involving massive datasets are less of a concern than they were last year, due to increased familiarity with the use of advanced analytical tools.

Why Class Actions Will Become More Complex
PERCENT OF COMPANIES



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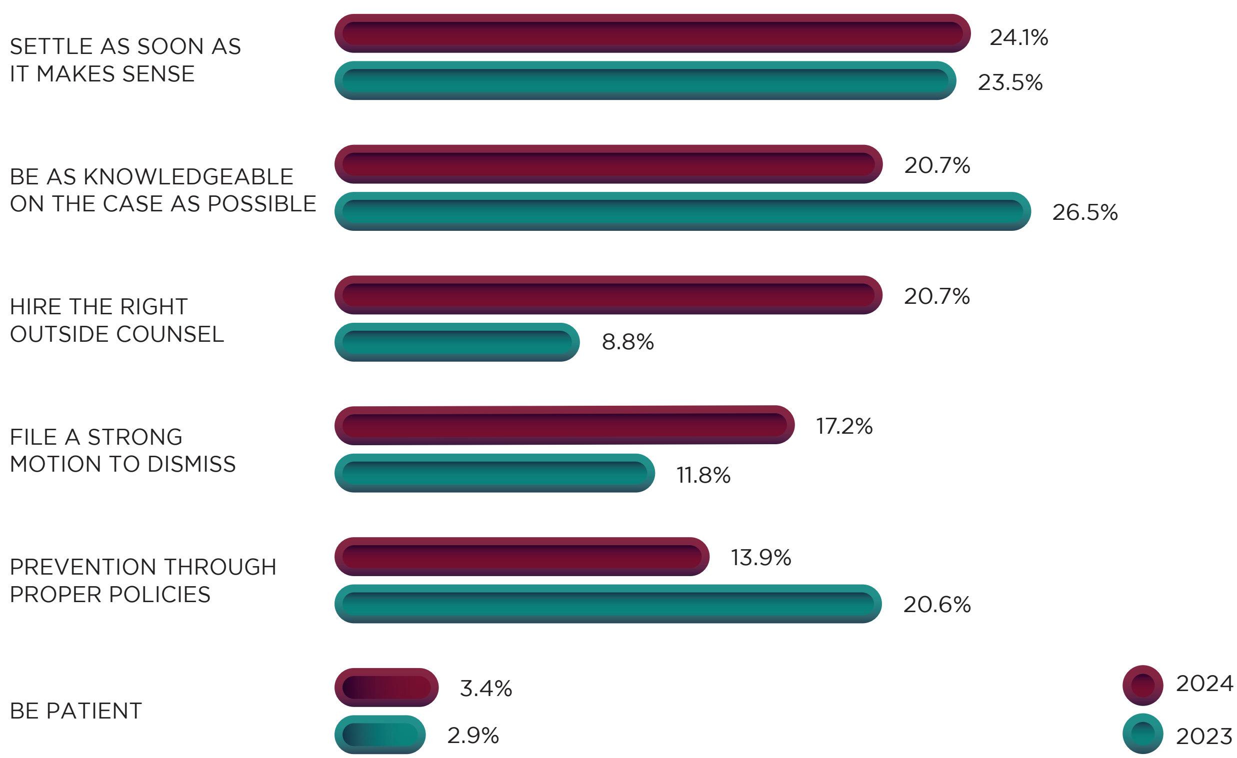
Settling, Knowing Your Cases, and Selecting the Right Outside Counsel Now Key to Beating Class Actions

Nearly one in four companies, consistent year over year, believe that the unwritten secret to beating a class action is a pragmatic approach to settlement. Meanwhile, the preference for knowing your case inside and out as a key to success has declined, with only one in five companies prioritizing it this year, down from one in four last year. On the other hand, the importance of hiring the right outside counsel has more than doubled, rising to 20.7% of corporate counsel from 8.8% last year. This shift underscores the growing need for selectivity and the camaraderie that develops during longer-term class actions, which companies report are increasingly persisting in their portfolios from year to year.

The Unwritten Secret to Beating a Class Action

PERCENT OF COMPANIES



Note: Chart does not add up to 100%. Excludes other responses under 3%.

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METHODOLOGY AND APPROACH

The *2025 Carlton Fields Class Action Survey* results were compiled from 332 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 $22.6 billion and a median annual revenue of $14.4 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.

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