

Securities Class Action Trends: AI and Biotech Cases Continue to Rise, Uptick in Alleged Losses and Average Settlement Values

August 28, 2025

Two leading consulting and expert firms – Cornerstone Research and NERA – recently issued their midyear reports on securities class actions. Both reports noted that the number of filings in H1 2025 remained steady, but identified other key changes in trends, including an increase in alleged losses and average settlement values.

[Cornerstone's report](#) observed that the measures of potential investor losses increased significantly, driven by “mega filings” – cases where the dollar-value change in the company’s market capitalization during the relevant period is in the billions. [NERA's report](#) explored settlement trends, noting that the distribution of settlement values has shifted toward larger settlements, raising the average settlement value in H1 2025 to \$56 million (a 27% increase from 2024). According to NERA, H1 2025 also saw an increase in resolved cases compared to the prior year, driven by a “substantial rise in dismissed cases.”

Both Cornerstone and NERA also explored subject matter trends. Cornerstone observed a significant increase in artificial intelligence (AI), cryptocurrency and life sciences filings, while NERA identified an increase in cases alleging misstatements around financial results, including missed earnings and future projections, likely driven by economic uncertainty over the past few years.

AI, crypto and life sciences filings up

According to Cornerstone, in H1 2025, plaintiffs filed 111 securities class actions that alleged violations of Sections 10(b), 11 or 12. This is in line with the 112 filings in H2 2024 and remains above the historical semiannual average of 97.

Cornerstone noted 12 AI-related filings in H1 2025, on pace to surpass the 2024 total of 15 filings. Similarly, there were six filings related to cryptocurrency during the first half of 2025, compared to seven in total in 2024 (meaning that cryptocurrency filings are on trend to double for 2025). Across industries, the consumer noncyclical sector took the top spot with 42 filings, compared to 32 in H2 2024. This increase was largely driven by filings in the biotechnology and pharmaceutical subsector. NERA, which uses a different classification for industries, noted that filings in the health technology and services sector accounted for 29% of total filings this year, compared to 26% in 2024.

Both Cornerstone and NERA observed a decline in filings related to COVID and special purpose acquisition companies (SPACs).

Almost half of filings involved allegations of missed earnings guidance

NERA found that 44% of the filings in H1 2025 contained allegations regarding missed earnings guidance, the highest percentage in the last five years (compared to 23% in 2021 and 2022, 31% in 2023, and 41% in 2024). Additionally, 33% of the filings involved allegations of misled future performance, a slight uptick from the last two years (29% in 2023 and 32% in 2024).

Second and Ninth Circuits remained most popular jurisdictions for new filings, but Third Circuit saw a significant increase

While filings in the Second and Ninth Circuits decreased by almost 20% from H2 2024 to H1 2025, the two circuits were still the most common jurisdictions for filings, accounting for 51% of total federal filings in H1 2025. Conversely, the Third Circuit saw a significant uptick in filings in H1 2025, more than tripling the number in H2 2024. This increase in the Third Circuit was largely driven by filings against life sciences companies.

Higher dollar amounts at stake

While the number of new filings remained relatively constant, the measures of potential investor losses were significantly

higher in H1 2025. The Cornerstone report analyzed two measures of market capitalization losses: the Disclosure Dollar Loss Index (DDL Index), which measures the “dollar-value change in the defendant firm’s market capitalization” between the two days immediately before and after the end of the putative class period, and the Maximum Dollar Loss Index (MDL Index), which measures the “dollar-value change in the defendant firm’s market capitalization” from the day with the highest market capitalization during the putative class period to the end of the putative class period.

The DDL Index reached \$403 billion in H1 2025, a 56% increase from H2 2024. The MDL increase was even more dramatic, reaching \$1.851 trillion in H1 2025, which is almost \$200 billion higher than the MDL Index for the full year in 2024 and about three times the historical average. In particular, cases targeting the biotechnology, pharmaceutical and technology sectors this year appear to be trending high in terms of potential investor losses. Filings in the consumer noncyclical sector accounted for 62% of the DDL Index, despite the fact that they only made up 44% of the filings. And filings in the technology sector accounted for 58% of the total MDL Index, despite comprising only 18% of the total filings.

For companies with large market capitalization, plaintiffs did not shy away from cases with small percentage stock price drops (because even small percentage stock drops would result in significant potential losses). Cornerstone observed that among Section 10(b) cases with a single corrective disclosure, there were 23 filings in the last four years where the ratio of DDL to pre-disclosure market capitalization was less than 3%. The median pre-disclosure market capitalization for those 23 companies was \$5.9 billion, compared to \$1.9 billion for all companies in Section 10(b) filings during the same period.

More cases dismissed – and on shorter timeline

NERA reported 104 resolutions of cases in H1 2025 – 77 were dismissals and 27 were settlements. When annualized, the number of cases dismissed would be 154, compared to 112 in 2024 (a 37.5% increase).

Among the 77 cases dismissed in H1 2025, the median time from filing of the first complaint to dismissal was 1.6 years, down from two years in 2024.

Number of settlements down, but dollar amounts up

The 27 settlements that NERA recorded in H1 2025 represent only 31.8% of the 85 settlements in 2024. On the other hand, the aggregate settlement amount in H1 2025 was \$1.8 billion, representing 45% of the inflation-adjusted total of \$3.9 billion in 2024.

While the total settlement amount remained relatively constant in H1 2025, larger settlements accounted for more of the aggregate value. Among cases that settled with some monetary payments, 13% of the settlements in H1 2025 were more than \$100 million (up from 8% in 2024) and another 13% were between \$50 – \$100 million (up from 9% in 2024). Excluding settlements of more than \$1 billion and settlements without a monetary payment, the average settlement value in H1 2025 was \$56 million, a 27% increase from the inflation-adjusted average settlement value of \$44 million in 2024. On the other hand, the median settlement value in H1 2025 was \$12.5 million, slightly down from the inflation-adjusted \$14.3 million in 2024.

Defined as “core filings” in the Cornerstone report and “standard cases” in the NERA report. For simplicity, this article omits the words “core” and “standard” when discussing such filings.

NERA recorded 99 filings that alleged violations of Sections 10(b), 11 or 12 in H1 2025.

Defined as filings in which the company at issue “(1) develops AI models, (2) manufactures products used in AI infrastructure, or (3) uses AI models for business purposes,” and that “the allegations are related to AI, or misrepresentations or failures to disclose risks associated with the use of AI.”

Dismissed cases include all class actions resolved without settlement, as well as dismissals under appeal.

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