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## **IRC Study Finds Strong Support for Wide Variety of Civil Justice Reform Measures**

MALVERN, Pa.— A new *Public Attitude Monitor (PAM)* report by the Insurance Research Council (IRC) finds that most Americans surveyed back measures to reform the U.S. civil justice system and, in particular, support reforms to the personal injury and class action systems.

Respondents strongly agreed that the number and size of personal injury and class action lawsuits have grown in recent years—and that the incidence of these lawsuits and the magnitude of their awards have become excessive.

- Eight in ten respondents (80 percent) stated that people today are more likely to sue for personal injury than in the past, while three-quarters of respondents (77 percent) agreed that the size of damages awarded in personal injury lawsuits is larger than in the past.
- Similarly, more than half of respondents said that the number and size of class action lawsuits have increased in the past few years.
- In addition, half of respondents agreed that pain and suffering awards in personal injury lawsuits have become “too large,” while two in five respondents agreed that awards in class action lawsuits are “too high.”

The public’s perceptions are supported by recent data on rising tort costs released by Tillinghast Towers-Perrin. In their 2003 study on U.S. tort costs, they found that costs for the U.S. tort system had increased more than \$27 billion from 2001 to 2002, the largest single-year increase in U.S. history. The study estimates that these expenses translate into a cost of more than \$800 per person. The Tillinghast study also noted the growing inefficiency of the court system, which currently returns less than half of every dollar in tort costs to the injured claimant.

The new IRC study found that respondents generally agreed that personal injury and class action lawsuits provided a number of benefits to society such as encouraging manufacturers to be more

concerned about product safety, giving consumers more accurate information about products and corporations, and giving companies increased motivation to treat customers fairly. However, respondents also recognized the negative consequences of these lawsuits on society, as more than half agreed that these lawsuits may cause the cost of some products and services to go up, taxes to rise, some products and services to be taken off the market, and some state and local government services to be reduced.

The IRC study also reported a shift in public attitudes toward class action lawsuits. More than half of respondents stated that they most strongly identified with the view that class action lawsuits generate a lot of money for attorneys but provide little benefit to the people suing. In contrast, one-third of respondents identified with the view that class action lawsuits give individuals an effective means to act against big corporations with large legal resources. In previous studies, respondents were more evenly split between the two viewpoints.

“These findings suggest that while most Americans appreciate the social benefits of the civil justice system, they also recognize that inefficiencies in the current system, reflected in matters such as out-of-control tort costs and excessive payments to attorneys, ultimately penalize businesses and consumers,” said Elizabeth A. Sprinkel, senior vice president of the IRC. “The public clearly supports reforms to restore the system to more balanced standards, reducing pressure on the economy while still protecting consumers.”

Study respondents expressed strong support for tort reform in general and for specific reform measures to both the personal injury and class action systems. Most respondents (78 percent) agreed that reform of the class action system is warranted. Class action reform measures receiving the strongest support included:

- Making it easier for class action members to understand their rights (86 percent of respondents rated this as an excellent or good idea);
- Imposing limits on attorneys’ fees (82 percent rated this as an excellent or good idea);
- Requiring sanctions against attorneys who file frivolous lawsuits (73 percent rated this as an excellent or good idea);
- Requiring that large, nationwide class action cases are tried in federal courts rather than in state courts (53 percent rated this as an excellent or good idea).

“This study shows that the public supports reforms such as clearer class action settlement notices, limits to attorneys’ fees, and sanctions against frivolous lawsuits, Sprinkel added. “More than half of

respondents also support reforms to prevent venue-shopping by attorneys seeking a favorable outcome for their lawsuits.”

Respondents also supported the following reform measures:

- Nearly two out of three respondents (64 percent) agreed that states should enact some type of limit on pain and suffering awards in personal injury lawsuits.
- A similar proportion (62 percent) agreed that juries determining awards in personal injury cases should be given information about payments to plaintiffs from other sources such as health insurance or workers’ compensation. Fifty-nine percent agreed that a judge should be permitted to reduce awards in personal injury lawsuits by the amount of these collateral payments.

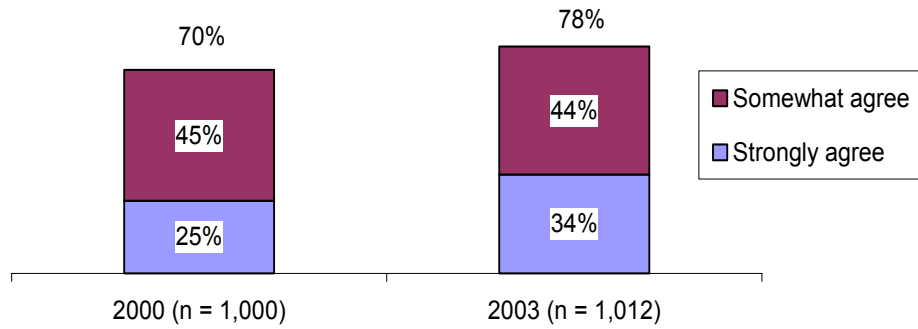
The results contained in IRC’s recently released *Public Attitude Monitor* report were based on data gathered in two separate studies. The first study, which examined public awareness and understanding of tort reform as well as opinions on personal injury lawsuits, was an in-home study administered by RoperASW in June 2003. The study consisted of in-person interviews conducted among a national sample of 2,001 American male and female respondents eighteen years of age or older. The second study, which explored limits for pain and suffering awards in personal injury lawsuits and class action lawsuits, was administered by RoperASW in December 2003 and consisted of telephone interviews among a national sample of 1,012 American male and female respondents eighteen years of age or older.

For more detailed information on the study’s methodology and findings, contact Elizabeth Sprinkel by phone at (610) 644-2212, ext. 7568; by fax at (610) 640-5388; or by e-mail at [irc@cpcuiia.org](mailto:irc@cpcuiia.org). Or visit IRC’s Web site at [www.ircweb.org](http://www.ircweb.org). Copies of the study are available at \$25 each in the U.S. (\$40 elsewhere) postpaid from the Insurance Research Council, 718 Providence Rd., Malvern, Pa. 19355-0725. Phone: (610) 644-2212, ext. 7569. Fax: (610) 640-5388.

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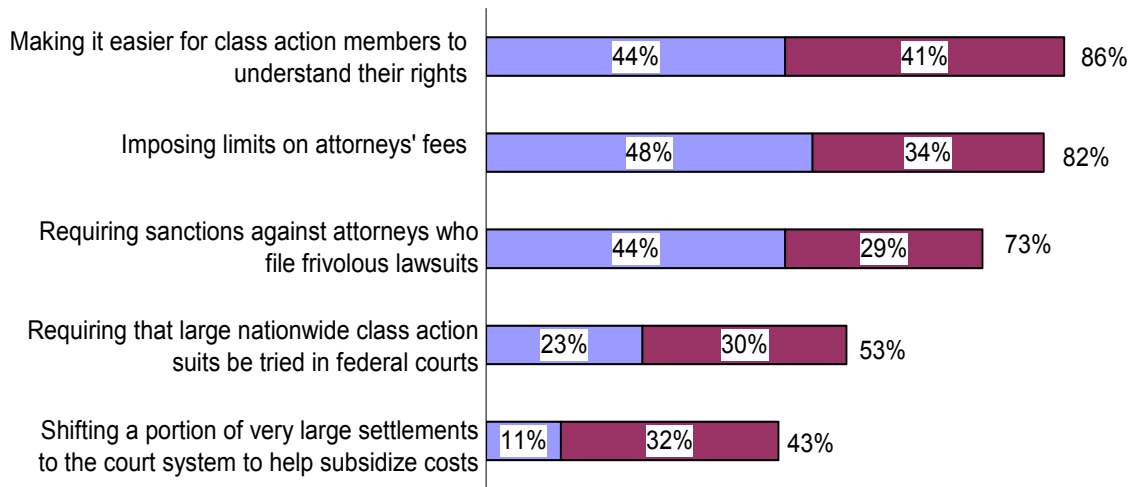
**Support for Reform of U.S. Class Action System**



**Support for Possible Class Action Reform Measures**

Percentage Rating as Excellent or Good Idea

(n = 1,012)



Note: Percentages may not equal totals due to rounding.

■ Excellent idea ■ Good idea