

NON-ECONOMIC DAMAGE CAPS



Reining in runaway verdicts

Lawsuit costs are soaring

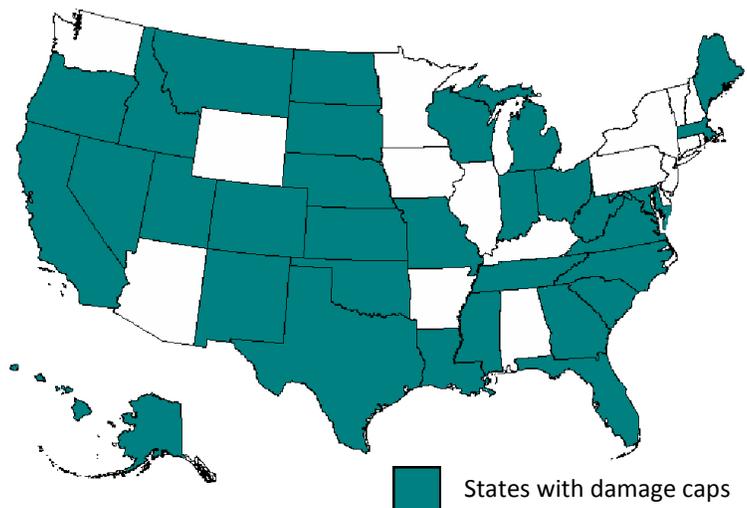
As litigation has become more pervasive, the costs of our lawsuit system have skyrocketed. It is estimated that direct U.S. tort costs have increased eightfold since 1950, from \$102 per person to \$835 per person in 2007.¹ These costs have outpaced inflation, and reflect America's dubious distinction as the most litigious society in the world. A key driver of these costs is skyrocketing verdicts, which often are in the millions, or even billions, of dollars.

Non-economic damages are a major cost driver

There are two types of damages awarded in lawsuits—economic and non-economic. Economic damages include everything that can be quantified in dollar terms; for example, medical bills, property damage, lost wages, and lost future earnings. Non-economic damages, in contrast, consist of things for which there is no concrete monetary value. Examples of non-economic damages include loss of enjoyment, pain and suffering, and degradation of quality of life. These types of damages are often the largest component of any award because they are inherently difficult for juries to value—after all, they are damages that no amount of money can adequately compensate for. Try to imagine the amount of money you would accept in exchange for the use of your hands or eyesight—the answer for most of us would be that no amount is sufficient.

Reasonable limits on non-economic damages are needed

Soaring lawsuit costs threaten New York jobs, cost tax dollars, hinder access to medical care, and discourage investment and innovation. In order to rein in these costs, New York should limit non-economic damages to \$250,000 per plaintiff, just as we impose limits on sentences for criminal violations. Such a cap would not impact the recovery of economic damages, nor would it limit anybody's right to file a lawsuit. Currently, 35 states cap non-economic damages, including California, Texas, Florida, and Colorado.



¹ McQuilan, L. "An Empire Disaster: Why New York's Tort System is Broken and How to Fix it." Pacific Research Institute. November 2009.