



## PRESS RELEASE

**FOR IMMEDIATE RELEASE** – April 11, 2019

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**Excessive civil tort costs take a toll on Louisiana’s taxpayers and economy**  
*New data shows lost jobs and revenue in state’s major metropolitan areas*

**Baton Rouge, LA** — Following the start of the legislative session this week, Louisiana Lawsuit Abuse Watch released data measuring the impact of excessive civil court costs on the state’s economy in the New Orleans, Baton Rouge, Shreveport and Lafayette Metropolitan Statistical Areas. These local impacts were derived from a statewide study conducted by The Perryman Group for Citizens Against Lawsuit Abuse last fall using extensive survey data, industry information and a variety of corroborative source material. The results are clear – Louisiana continues to lose jobs and revenue because of the state’s civil justice system.

- In the **Greater New Orleans area**, excessive tort litigation costs residents \$512 million in personal income annually and results in a loss of 7,034 jobs each year. Excessive costs result in an annual “tort tax” amounting to about \$647 per person. Direct costs absorbed by residents and businesses amount to nearly \$487 million annually and more than \$832 million in gross product is lost due to litigation costs.
- The **Capital Region** is also paying the price for excessive civil litigation, with residents losing more than \$170 million annually in personal income. Additionally, 2,976 jobs are lost every year and residents pay an annual “tort tax” of about \$349 per person. Residents and businesses also absorb \$206 million in direct costs annually and \$296 million is lost in annual gross product due to tort costs.
- Excessive litigation costs **Acadiana** area residents nearly \$92 million in personal income each year, as well as an annual “tort tax” of about \$276 per person. Each year, 1,659 jobs are lost. Nearly \$115 million in direct costs is absorbed annually by residents and businesses. Tort costs result in nearly \$137 million in lost gross product annually.
- In **Northwest Louisiana**, Shreveport-Bossier residents miss out on more than \$48 million in personal income annually as a result of lawsuit abuse. These excessive costs result in an annual “tort tax” of about \$177 per person and every year 881 jobs are lost. Direct costs absorbed by residents and businesses amount to \$61 million annually and a loss of more than \$77 million in annual gross product.

“This new data demonstrates the devastating impact of lawsuit abuse on the four largest MSAs in Louisiana, making the case for civil justice reform as a statewide priority. Frivolous lawsuits and exorbitant plaintiff awards impact all sectors of our economy and hurt Louisiana families, forcing costs to be passed down through higher prices for goods and services,” said LLAW Executive Director Lana Venable. “Legislation has been filed to address lawsuit abuse, including instruments dealing with trial lawyer advertising, jury trial threshold and admissibility of seat belt use in court.”

As the statewide study last fall found, the total current impact of excessive tort costs on the Louisiana economy **amounts to estimated losses of \$1.1 billion in annual direct costs and \$1.5 billion in output** (gross product) annually. About **15,556 jobs are lost** when changes in the economic system over time are considered. All major industry groups are negatively impacted, with retail trade, business services, health services and other service industries showing the greatest losses. As of 2018, **yearly fiscal losses are estimated at \$76.4 million in state revenues and \$64.3 million to local governments**. These effects are based on the current size of the state’s population and economy and can be expected to rise over time in the absence of meaningful civil justice reforms.

“From increasing local involvement in coastal lawsuits to Louisiana’s disproportionate number of auto injury claims, our culture of excessive lawsuits continues to be a drain on Louisiana’s residents and economy,” said Louisiana Coalition for Common Sense Executive Director Jim Harris. “Louisiana currently has the highest insurance rates in the country.”

According to the report, “tort reform can lead to substantial economic benefits, and states that have implemented reforms have seen improved judicial efficiency and measurable advancement in economic performance.” Civil justice reforms that have resulted in the greatest reduction in losses are those aimed at reducing frivolous lawsuits, capping appeal bonds, setting negligence standards and limiting non-economic damages. These reforms have been shown to enhance innovation and increase productivity, as well as to improve judicial efficiency and economic performance.

Louisiana was **ranked 50<sup>th</sup> in the US Chamber Institute for Legal Reform’s 2017 Lawsuit Abuse Climate Survey**, which measures the reasonability and balance of each states’ tort liability systems. Louisiana also moved up three spots from number eight to **number five in the 2018-19 Judicial Hellholes Report** issued by the American Tort Reform Foundation and received an **“F” Grade on the 2018 R Street Policy Insurance Regulation Report Card**.

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***About Louisiana Lawsuit Abuse Watch (LLAW)***

*Louisiana Lawsuit Abuse Watch (LLAW) is a high-impact watchdog group with nearly 20,000 supporters across the state dedicated to fixing Louisiana’s broken legal system through transparency, accountability and lawsuit reform. Visit us on Facebook, Twitter (@ReformLouisiana) and [www.llaw.org](http://www.llaw.org).*

***About the Louisiana Coalition for Common Sense (LCCS)***

*The Louisiana Coalition for Common Sense (LCCS) is a group of professional associations, companies and individuals committed to ensuring a fair legal climate for both truly impaired individuals and small and large businesses operating in Louisiana.*

**About The Perryman Group (TPG)**

*An economic and financial analysis firm, The Perryman Group (TPG) provides clients with well-documented, carefully considered answers to even the most complex questions. For more than 30 years, The Perryman Group has met the challenges of thousands of clients through a systematic approach and a level of performance that assures a consistent standard of excellence. The firm has been involved in scores of major events shaping the economic landscape, from crucial corporate locations to landmark legislation to important regulatory policies to notable judicial decisions.*