

# Lawsuit Reform: More than a \$54 million pair of pants

The recent report of a \$54 million lawsuit against a family-owned dry-cleaning business over a pair of lost pants was a harsh reminder of the threat of outrageous litigation American businesses, large and small, face every day.

Economists at the Pacific Research Institute currently estimate that our lawsuit-driven legal system costs a family of four \$9,827 a year. They call it a "tort tax." Our national litigation costs total about \$865 billion — \$2.4 billion a day.



**Richard Weekley**

These numbers came home to Texas during the legislative session when Texans for Lawsuit Reform encouraged lawmakers to close a legal loophole that was threatening the state's maritime industry.

Texas has no natural deep water ports. Houston, the largest port in the nation, along with Corpus Christi, Beaumont and hundreds of other large and small port facilities, must regularly be dredged to keep the channels and waterways open.

A handful of lawyers in Houston and Galveston identified a loophole in Texas venue law that allowed them to file scores of lawsuits against the dredging companies in several counties in South Texas, which the Amer-

ican Tort Reform Association label as "judicial hellholes." In just four years, lawsuits against dredgers in Texas skyrocketed. The high risk of litigation drove the cost of dredging through the roof and dredging contracts were being canceled.

For T.W. LaQuay Dredging in Port LaVaca, this lawsuit explosion resulted in a 288 percent increase in liability insurance costs, from \$7,000 an employee to nearly \$23,000 per employee per year. Every other dredging company doing business in Texas experienced similar increases in liability costs along with nonstop lawsuits. One company went out of business just before this past legislative session even began.

If this lawsuit abuse had been allowed to continue, our maritime industry — which produces \$178 billion annually in business sales, fully 10 percent of the Texas gross state product — would have been damaged. The cost of everything going in and out of Texas ports would have been affected: automobiles, fuel, agricultural and manufactured products. The availability of products would decline and prices would go up.

Over the past 13 years, Texas has made historic strides in lawsuit reform. Our civil justice laws are now among the best in the nation. But the battle is far from over. Certain unscrupulous personal injury trial lawyers are on the

watch for the next lawsuit jackpot.

In this past legislative session, Texans for Lawsuit Reform monitored 394 pieces of proposed legislation that would have created new causes of legal action, created new places to sue and expanded liability increasing the opportunity for Texas businesses, both large and small, to be sued.

Texas lawmakers resisted these efforts because they knew that the state's sweeping lawsuit reforms are one of the keys to our thriving state economy and robust business growth. Lawmakers have also seen other positive results of lawsuit reform. The egregious asbestos and silica lawsuit abuses that drove more than 70 companies out of business and cost 51,000 jobs have been largely stopped in Texas.

The state's medical liability crisis has ended, too. After years of decline, record numbers of doctors, even in high-risk specialties, are opening practices all over Texas.

Texans support lawsuit reform. Our polls consistently tell us that Texans overwhelmingly want to restore fairness, honesty and balance to our civil courts.

We believe everyone is entitled to his or her day in court, but no one is entitled to \$54 million for a lost pair of pants.

*Richard Weekley is Chairman and CEO of Texans for Lawsuit Reform.*