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## NEWS RELEASE

### **TILLINGHAST FINALLY ADMITS TORT SYSTEM COST FIGURES “DO NOT REFLECT COSTS OF THE LEGAL SYSTEM”**

Facing mounting criticism over its misleadingly-titled annual report, *U.S. Tort Costs*, Tillinghast-Towers Perrin, an insurance industry-consulting firm, has finally admitted that its annual “Trends and Findings on the Cost of the U.S. Tort System” has nothing to do with the costs of litigation, courts, or the legal system.

Tillinghast’s latest report, which puts tort system costs at the wildly-inflated figure of \$246 billion, states for the first time, “the costs tabulated in this study are not a reflection of litigated claims or of the legal system.” (*U.S. Tort Costs: 2004 Update*, at 4.) Rather, they are based on figures generated from the wasteful and inefficient insurance industry, even going so far as to include its administrative costs. Rather than removing such costs from its analysis after being repeatedly criticized for including them, Tillinghast states, “Our inclusion of such costs has been questioned since those costs are not directly related to the disposition of specific tort claims. We take no position on the efficiency of the insurance industry’s administrative expenses.”

Tillinghast has never made any attempt to examine jury verdicts, settlements, lawyers’ fees or any costs that might actually be considered part of the legal system. Indeed, it now confirms much of the criticism launched by Americans for Insurance Reform last year, including the fact that it even includes insurance claims “with no suits filed.” Tillinghast also admits, “No attempt has been made to measure or quantify the benefits of the tort system. This study makes no conclusion that the costs of the U.S. tort system outweigh the benefits, or vice versa.”

The company has been issuing this report since 1985. Its figures have been repeated by many news organizations after being promoted by business groups and their political allies, like President Bush, as evidence that costs of the system are “too high” and as a justification for weakening the civil justice system. It now appears clear that these figures have no connection whatsoever to the costs of lawsuits, litigation or the courts, for which there is no evidence of any recent increase whatsoever in real dollars.

J. Robert Hunter, Director of Insurance for the Consumer Federation of America and co-founder of Americans for Insurance Reform, said, “Tillinghast’s numbers are wrong and are entirely

inappropriate for demonstrating either total costs of the U.S. tort system, or cost trends over time. Policymakers and opinion leaders should consider these figures highly unreliable.”

It is critical to understand the limitations of the Tillinghast reports because those advocating taking away consumers’ legal rights have long used the reports as a political tool to argue that lawsuits cost the country too much money. Joanne Doroshow, Executive Director for the Center for Justice & Democracy, stated, “Calling this study ‘U.S. Tort System Costs’ is intellectually dishonest. Tillinghast’s figures are so misleading that they are completely irrelevant to any discussion of the civil justice system.”

For further information, see: <http://centerjd.org>.

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