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August 5, 1997

The Honorable Orrin G. Hatch  
Chairman  
Committee on the Judiciary  
United States Senate  
Washington, DC 20510

Dear Chairman Hatch:

We, the undersigned, urge you to support legislation that would put an end to exorbitant punitive damages awards in financial injury cases. These awards not only unfairly hurt businesses, they unnecessarily raise consumer prices, reduce innovation and hurt employment.

The Rand Institute for Civil Justice recently released a report, "Punitive Damages in Financial Injury Verdicts." Testimony presented to the Judiciary; Committee on June 24, 1997, highlighting the study and its implications, made it very clear that businesses such as ours have a direct, but often overlooked, interest in the punitive damages reform debate. An overview of the study findings is attached for your information.

The Rand report provides solid evidence that abusive punitive damages awards in financial injury cases are a pervasive problem for businesses of all sizes. Most importantly, the study demonstrates that under the current legal system, punitive damages often bear no rational relationship to the financial injury suffered. Even in instances where a consumer can be made financially whole, punitive damages in 34 percent of the cases surveyed exceeded a ratio of three times the amount of actual damages (economic plus non-economic damages).

We represent businesses from across the country, active in various - and sometimes, competing - sectors of the economy. Yet, we all agree that abusive punitive damages awards in financial injury cases are a pervasive problem that must be addressed by Congress. We believe strongly in the civil justice jury system, and are not seeking the elimination of punitive damages. Instead, we are seeking your support for legislation to strengthen the system by making punitive damages in financial injury cases proportionate to the harm. Such action would be consistent with the beliefs of the American public, which strongly supports limits on punitive damages, especially in cases where there has been financial injury only.

We look forward to working with you on legislation to address this important issue.

Respectfully,

AMERICAN COUNCIL OF LIFE INSURANCE  
MORTGAGE BANKERS ASSOCIATION OF AMERICA  
NATIONAL ASSOCIATION OF REALTORS®  
NATIONAL FEDERATION OF INDEPENDENT BUSINESS

Attachment