

## U.S. Chamber Describes Tort Reform Goals for 2012

January 23, 2012 by [Sean Wajert](#)

Here at *MassTortDefense* we try to keep at least one eye on [important tort reform efforts](#), and how [they may impact](#) the litigation that we blog about.

That is why we reviewed with great interest the tort reform agenda of the [U.S. Chamber of Commerce](#) for 2012, which happens to be the organization's 100th year representing the business community.

The head of the Chamber recently delivered the organization's annual State of American Business [address to its members](#). In it, he noted the need for significant regulatory and legal reform:

The regulatory avalanche confronting our job creators is unprecedented. The Labor Department has 100 rule-makings in the pipeline. Dodd-Frank requires 447 rules, 63 reports, and 59 studies. The health care law established 159 new agencies, panels, commissions, and regulatory bodies. EPA has some 200 regulations in the works. The Chamber supports necessary, sensible, and forward-looking regulations -- but not proposals that fail to meet that test. The Chamber is also working to modernize the overall regulatory system—including legislation to reform the permitting process and [update the Administrative Procedure Act](#) for the first time since the Truman administration.

The Chamber's [Institute for Legal Reform](#) will continue to fight the expansion of excessive litigation that is sucking the vitality out of American businesses. America's civil justice system is the world's most expensive, with a direct cost in 2009 of \$248.1 billion, or 1.74% of the U.S. GDP.

The tort cost per person was \$808 in 2009, a sevenfold increase from 1950 even when adjusted for inflation. While small businesses are responsible for 64% of all new American jobs, lawsuits cost them \$105.4 billion in 2008—money that could be invested in more jobs, higher wages, or better benefits. Two out of three senior executives and litigators at America's largest employers believe that the litigation environment in a state is likely to impact important business decisions at their companies, including whether to grow jobs or do business in a state.

A key focus for 2012 will be the alarming rise of [third-party litigation financing](#). That's where outside investors fund lawsuits in exchange for a share of the award or settlement. This can encourage the filing of frivolous claims. It may invite testing questionable claims in court. It probably provides an incentive to unduly prolong cases. And it raises serious ethical questions. Who does the lawyer really represent—his client or the outside financial backers?