



February 11, 2003

1007 Cameron Street
Alexandria, VA 22314

Dear State Legislator:

telephone
(703) 836-8602
facsimile
(703) 836-8606

www.conservative.org

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We are writing to you today to urge your support for reforms both at the state and federal level that curb lawsuit abuse and the exploitation of our civil liability system. This problem has reached crisis proportions, costing more than consumers, taxpayers, businesses, and state budgets can continue to bear.

As important efforts to provide relief from lawsuit abuse are presently taking place nationwide, it will take an alliance of like-minded groups and individuals to see these reforms through to a successful conclusion in Washington, D.C and in state capitols. Through its National Lawsuit Abuse Task Force project, the American Conservative Union has created a broad coalition of public policy organizations from across the nation to create a groundswell of support for sensible and fair civil justice reform benefiting consumers, legitimate litigants and the system itself.

Costs for the American civil liability system are twice that of any other industrialized nation. American taxpayers bear the cost that frivolous lawsuits and abusive trial lawyers inflict on both state and federal courts. Consumers pay higher prices for goods and services due to excessive punitive damages awards. Entrepreneurs face high liability insurance and a decrease in capital available for benefits, wage increases and innovation. Large corporate employers face similar challenges coupled with a negative impact on shareholder prices. Now that 50% of Americans – and 70% of voters – own stock, the American public is noticing the impact of what President Bush calls “junk lawsuits.”

Our tort system cost \$179B in 2000; or 1.8% of GDP. This equates to a burden of \$636 per U.S. citizen for that year. An appallingly inefficient system, lawsuits returned less than 45 cents on the dollar to injured parties. A recent poll by HarrisInteractive for the U.S. Chamber of Commerce demonstrated that when corporations decide to relocate or expand, a negative litigation environment can be a significant determinant in choosing one state over another. Out of 800 corporate attorneys polled, 78% considered the tort climate to be a critical factor in the decision making process.

As we write to you today, healthcare consumers all over our nation are being turned away by doctors no longer able to pay the costs of their medical malpractice insurance – a direct result of lawsuit abuse. In Nevada and Pennsylvania, pregnant women are finding that their obstetrician has closed shop; in West Virginia, surgical patients are being sent to other states as surgeons strike over egregious insurance fees; in New Jersey, family practioners are considering a strike to protest their malpractice protection costs.

This issue is no longer a matter of esoteric public policy; it is a matter of public health and safety.

Fortunately, state legislators do have a successful model to follow. Mississippi overwhelmingly passed sweeping tort reform in late 2002, and in 1975 California’s Medical Injury Compensation Reform Act (“MICRA”) instituted numerous civil-justice reforms. The program has stabilized rates and kept doctors in California. Doctors, who blame multimillion-dollar jury verdicts and increasingly costly out-of-court settlements for the rise of insurance rates, point to MICRA’s success as California’s medical liability premiums rose by less than half the national average between 1976 and 1999.

MICRA’s specific reforms include: 1) \$250,00 cap on non economic damages; 2) limits on contingency fees lawyers can charge; 3) authorization for defendants to document in court any other compensation received by plaintiffs from outside sources; and 4) authorization for periodic compensatory payments instead of lump sum settlements.

However, MICRA does not limit economic damages for those plaintiffs who have been truly injured. Studies show that if California's legal reforms were implemented nationwide, we would spend \$300B less in medical liability insurance that would have otherwise gone to patient care.

Tort reform opponents falsely blame the insurance companies for the rise in medical malpractice premiums, but over 60% of doctors are insured by the Physicians Insurer's Association of America, an insuring consortium of doctors - physicians essentially insuring themselves. A trade association, PIAA is comprised of 51 insurance companies owned and operated by healthcare providers, insuring some 277,000 doctors and 1,100 hospitals. Premium increases by this consortium would effectively be doctors raising premiums on themselves; something they clearly would not want to do.

One of our Lawsuit Abuse Task Force partners, Grover Norquist of Americans for Tax Reform, recently sent state legislators a sample resolution (copy attached) requesting that your state's legislators instruct your Congressional delegation to support President Bush's call for legal reform, as well as addressing tort reform in your own state. The sample resolution addresses both specific reforms and general support for class action and medical malpractice reform.

On behalf of your own constituents and all Americans, we hope you will take steps both to pass this resolution regarding federal reform, as well as starting the process of meaningful and prudent tort reform within your own jurisdictions.

The National Lawsuit Abuse Task Force Coalition is designed to harness the momentum of public and legislative sentiment for reform both nationally and at the state level, and *create a united front that will support your legislative action.*


Yours Sincerely,



David A. Keene
Chairman, American Conservative Union
Virginia



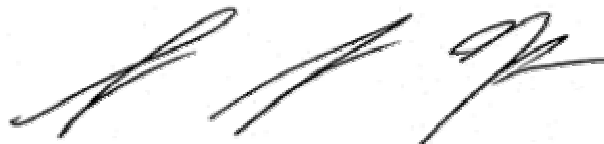
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Texas



Matthew Brouillette
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Grover Norquist
American's for Tax Reform
Washington, DC



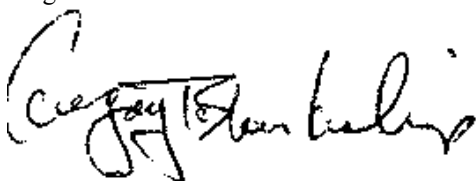
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American Insurance Association
Washington, DC

Brandon Dutcher

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Oklahoma Council for Public Affairs
Oklahoma



John Berthoud
National Taxpayers Union &
National Taxpayers Union Foundation
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Illinois

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Shaun Marie Levine
Conservative Party of New York State
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Darrell McKigney
Small Business Survival
Washington DC



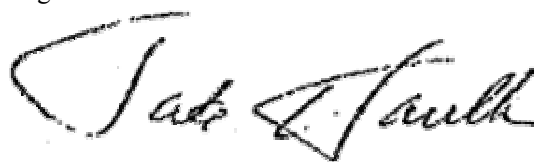
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Independent Women's Forum
Washington, DC



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Allegheny Institute for Public Policy
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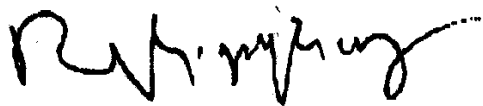
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Conservative Party of New York State
New York



Amy Ridenour President
National Center for Public Policy Research
Washington, DC



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True Blue Freedom
Ohio



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Indian American Republican Council
Washington, DC



Paul Freedenberg
The American Association for Manufacturing Technology
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American Shareholders Association
Washington, DC



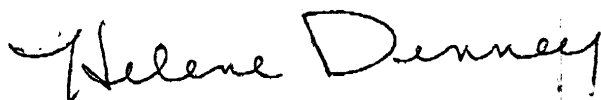
Tom Schatz
Citizens Against Government Waste
Washington, DC



Lisa De Pasquale
Clare Boothe Luce Policy Institute
Virginia



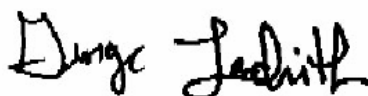
Alan M. Gottlieb
Citizens Committee for the Right to Keep and Bear Arms
Washington



Helene Denney
Nevada Policy Research Institute
Nevada



Ed Thompson
IoptOut.org
New York



George Landrith
Frontiers of Freedom
Virginia



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Citizens Against Higher Taxes
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Great Plains Public Policy Institute
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Alabama Policy Institute
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F. Patricia Callahan
American Association of Small Property Owners
Washington, DC

SAMPLE RESOLUTION

Resolution Requesting the Congressional Delegation of the State of _____ to
Support the President's Call for Legal Reform

WHEREAS, A fair and efficient legal system free from frivolous and abusive litigation is necessary for a vibrant economy and access to affordable healthcare; and

WHEREAS, Reasonable caps on damages protect consumers from the rising costs of -- and diminishing access to -- products and services that results from lawsuit abuse; and

WHEREAS, Victims who suffer losses -- not their attorneys -- should receive the majority of damage awards, and

WHEREAS, Lawsuits filed in a timely fashion promote fairness for all parties; and

WHEREAS, In accordance with the intent of the Framers of the Constitution, cases involving residents of different states should be tried in federal court; and

WHEREAS, Individuals suffer the most damaging effects of frivolous lawsuits as the cost of products and services rises due to the exorbitant increases in insurance costs; therefore be it

RESOLVED, That the _____ (House/Senate) of the State of _____ requests our elected Representatives and Senators in the United State Congress to support meaningful class action reform and medical malpractice liability reform, as well as any other legal reform legislation in the 108th Congress.