



## An assessment of excessive tort costs in the Baton Rouge MSA and Louisiana and potential economic benefits of reform

A flawed civil justice system which generates exorbitant levels of damages or numbers of awards and which is unpredictable in its outcomes may result in negative impacts through the misallocation of society’s scarce economic and human resources. Tort reform can lead to substantial economic benefits, and states which have implemented reforms have seen improved judicial efficiency and measurable advancement in economic performance.

All major industry groups are negatively affected, with the retail trade, business services, health services, and other services industries typically experiencing the greatest losses.

Losses due to Excessive Tort Litigation in the State of Louisiana	
Direct Costs	<b>-\$3.540 billion</b> <i>each year</i>
Gross Product	<b>-\$5.170 billion</b> <i>each year</i>
State Gov Revenue	<b>-\$268.6 million</b> <i>each year</i>
Local Gov Revenue	<b>-\$224.2 million</b> <i>each year</i>
Job Loss	<b>-48,696 jobs</b>

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Excessive tort litigation in the **Baton Rouge MSA** results in:

- \$742.4 million** in direct costs annually
- \$1.084 billion** in gross product annually
- \$689.8 million** in personal income annually
- 10,211 jobs**

Excess costs result in a “**tort tax**” of **-\$1,263 per person**

### Notes:

The economic effects of excessive tort costs take into consideration dynamic multiplier effects. The “tort tax” is defined as the per capita loss of gross product in the area. The Perryman Group quantified the aggregate excess costs associated with the current system, allocated this amount across states, and examined the resulting downstream effects. Costs were allocated to the **Baton Rouge Metropolitan Statistical Area (Ascension, East Baton Rouge, East Feliciana, Iberville, Livingston, Pointe Coupee, St. Helena, West Baton Rouge, and West Feliciana counties)** based on relative legal costs in the area and economic and demographic patterns. Tort reform can reduce or eliminate these costs. Thus, these results may also be viewed as a measure of the benefits of reasonable reform measures.

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