



An assessment of excessive tort costs in the Kansas City MSA and Missouri 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 Missouri

Direct Costs	-\$4.028 billion <i>each year</i>
Gross Product	-\$6.136 billion <i>each year</i>
State Gov Revenue	-\$313.0 million <i>each year</i>
Local Gov Revenue	-\$264.3 million <i>each year</i>
Job Loss	-57,905 jobs

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

Excessive tort litigation in the Missouri portion of the **Kansas City MSA** results in:

-\$1.420 billion
in direct costs annually

-\$2.164 billion
in gross product annually

-\$1.372 billion
in personal income annually

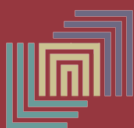
-20,418 jobs

Excess costs result in a “**tort tax**” of

-\$1,698 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 **Kansas City** Metropolitan Statistical Area (Missouri portion only, **Bates, Caldwell, Cass, Clay, Clinton, Jackson, Lafayette, Platte, and Ray** 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.



The Perryman Group

perrymangroup.com | info@perrymangroup.com | 254.751.9595

The Perryman Group is a focused team of analysts who know how to address any economic information task and present findings effectively. Our in-house professionals bring expertise in economics, finance, statistics, mathematics, real estate, valuation, systems analysis, engineering, technical communications, and marketing. Dr. Ray Perryman, President and CEO, has 40 years of experience in developing systems, analyzing complex problems, and communicating effectively.

Clients include more than half of the Fortune 100, over two-thirds of the Global Top 25 and the six largest energy companies doing business in the US.