



issue

Tort Reform

In the last two decades, the Texas Legislature has been active in passing so-called "tort reform" legislation. It appears that the Legislature, in 2013, will consider additional tort reform measures, possibly including the regulation of the lawsuit financing industry.

The Bay Area Houston Economic Partnership's understanding is that certain lawsuit financing companies advance money to potential litigants, with the expectation of having the money (with interest) repaid following recovery. According to various sources, interest rates on these transactions can approach 100%. This has been referred to as "lawyer lending". One school of thought is that the practice encourages the filing of possibly meritless suits, as the lending companies provide plaintiff's attorneys access to suit-financing capital. The countervailing school of thought is that without such financing companies, the representation of potential litigants is narrowed to a group of well-financed plaintiffs' counsel, who are better able than their less skilled colleagues to finance such cases.

The Bay Area Houston Economic Partnership has concerns about the lawsuit financing industry and thus requests that the Legislature address the issue to determine whether, in fact, legislative reforms are necessary to regulate it.

Additionally, the Bay Area Houston Economic Partnership requests that the Legislature take steps to safeguard the meaningful tort reform legislation enacted in recent sessions.

For more information, contact:

Bob Mitchell - 832.536.3255 - bob@bayareahouston.com - Bay Area Houston Economic Partnership

Cindy Harreld - 281.488-7676 - cindy@clearlakearea.com - Clear Lake Area Chamber of Commerce