



## An assessment of excessive tort costs in the Huntington-Ashland MSA and West Virginia 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.

The Perryman Group estimates that excessive tort litigation in the **State of West Virginia** results in:

- \$0.3 billion** in direct costs annually
- \$0.4 billion** in gross product annually
- \$18.6 million** in State revenues annually
- \$16.1 million** in local government revenues annually
- 3,843 jobs**

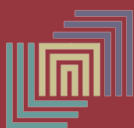
Excessive tort litigation in the West Virginia portion of the **Huntington-Ashland MSA** results in:

- \$27.4 million** in direct costs annually
- \$28.2 million** in gross product annually
- \$19.1 million** in personal income annually
- 363 jobs**

Excess costs result in a **"tort tax"** of **-\$133.60 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 compared West Virginia's tort costs to those in the benchmark state used in this study (Ohio), which has enacted notable reforms and exhibits an average level of tort costs, to quantify the amount of excess costs as of 2018. Costs were allocated to the **Huntington-Ashland** Metropolitan Statistical Area (West Virginia portion only, **Cabell, Lincoln, Putnam, and Wayne** 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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