



LAWSUIT ABUSE

AND ITS IMPACT ON THE **TRANSPORTATION INDUSTRY**

THE PROBLEM

Opportunity seeking plaintiff lawyers partner with unscrupulous medical providers to grossly inflate claims, **resulting in increased insurance premiums** and driving trucking companies out of business.



THE SCHEME

Plaintiff attorneys refer clients to preferred medical facilities in which the patient is instructed NOT to make claims on their insurance, thus **side-stepping insurance-based rates**. These doctors and lawyers work together to charge exorbitant amounts that are 10–20 times the amount the medical provider actually gets paid for the services.

THE RESULT

Too often, this environment also sees prescribed medical services and treatment above and beyond actual needs. These exaggerated costs are used to leverage settlements. **Multi-million dollar or “nuclear” verdicts grab headlines**, but abuse is more frequently found in more routine settlements under a typical umbrella coverage of \$1 million.

THE CONSEQUENCE

Insurance rates are skyrocketing for the transportation industry. **The industry saw double-digit growth for umbrella and commercial coverage**, even for companies with excellent safety records. Commercial liability insurers are leaving the market and companies are closing their doors due to fewer options and unsustainable rates.

THE SOLUTION=TORT REFORM

TXTA, TLR and a growing coalition of partners are proposing changes in state law to help level the playing field against these tactics. In conjunction with our coalition partners, we are developing legislative remedies to address the lawsuit abuse that has plagued the trucking industry and bring equity to these abusive practices.



FIX-PAID OR INCURRED

Liable defendants should only be responsible for reasonable medical bills that are actually paid or owed by the claimant, not for unnecessary treatments and exorbitant charges by cooperative healthcare providers that are used as a mechanism to inflate damages in a lawsuit.

LETTERS OF PROTECTION

So-called ‘letters of protection’ should not be a tool for avoiding the use of health insurance. These letters either put unwitting claimants at risk of owing enormous medical bills or allow healthcare providers to provide services on an unethical contingency fee basis.

THE “REPTILE” THEORY

Painting any company utilizing commercial vehicles as a threat to society by the misuse of federal safety data and claims that Texas does not recognize has to end. The Legislature must create a level playing field in crash lawsuits.

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**Trucking is Essential
and Drives the
Texas Economy**

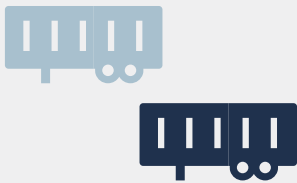
88%

**Small Company
Owners**



1 in 15

**Texans Employed
by Trucking**



2 million

**Tons of Goods
Transported in
Texas Each Day**

**Lawsuit Abuse
Drives Companies
Out of Business**



55,300

**Motor Vehicle Lawsuits
Filed in 2019**



118%

**Increase in Motor
Vehicle Lawsuits
Since 2008**



1 in 10

**Lawsuit-to-Crash
Ratio in Texas**

**A Coalition to
Restore Fairness
and Accountability**

223%

**Commercial Auto
Insurance Losses Over the
Last 10 Calendar Years**



20X

**The Amount Charged
Above Medical Providers
Insurance-Based Rates**



400%

**Increase in Coverage
Above Primary or
Self-Insurance Limits**



Our goal is to restore fairness. When a commercial vehicle acts wrongfully and causes a crash or injury, it should be held accountable and those injured should be fairly compensated. But unfair litigation tactics are destabilizing the tort system and transforming commercial vehicle accident lawsuits into a profit center for plaintiff lawyers.

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