

Although class actions have been a part of American jurisprudence since its inception, it is the recent explosion in such suits and the abuses that accompany them, which have generated a high level of concern on the part of insurers and the larger business community alike.

While many explanations exist for the dramatic rise in class actions – from changes in procedural rules to the need for an ever-growing population of attorneys to become more entrepreneurial – the result is the same across all segments of the business community. Class actions are forcing corporations to focus on lawsuits rather than manufacturing better products, providing better services, or lowering their prices.

In an effort to curb these abuses and restore class actions to their original purpose, the Alliance has developed a set of reforms that it is proposing at both the federal and state levels. Specifically, the Alliance supports federal efforts to reform class action litigation by making it easier for class actions to be removed from state court to federal court and granting federal district courts original jurisdiction over class actions in which there is minimal diversity. The Alliance also supports reforms to the Federal Rules of Civil Procedure governing the certification of class actions. Additionally, the Alliance supports legislation in the states that would:

- Create a rebuttable presumption of validity in a civil action against a regulated entity for practices and activities engaged in by the regulated entity that have been approved by the regulatory authority charged with overseeing that entity;
- Require a court to dismiss or abate a proceeding where state agency jurisdiction is involved and that provides that relief awarded to a claimant by an administrative agency may be adequate even if the relief does not include exemplary damages, multiple damages, attorneys' fees, or costs of court; and
- Stay discovery in class actions while a motion to dismiss is pending.

Further, the Alliance will seek to facilitate appeal of class action verdicts by supporting legislation or rules of court that:

- Limit the size of appellate bonds required for all civil awards for damages in such actions; or
- Authorize the waiver of such bonds, especially in the appeal of punitive damage awards.

The Alliance believes the time is right to achieve these reforms. Efforts by Congress to enact class action reform legislation and Alabama's recent enactment of a class action reform bill are signs that the public's tolerance of class action abuse is waning. Further, high profile class action settlements where the plaintiffs' attorneys have walked away with millions and the class members received virtually nothing, have also served to heighten the public's overall awareness of the abuses inherent in the current system.