Compensation for Accidental Injuries in the United States

Executive Summary

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The research reported here was conducted by the Institute for Civil Justice. Two of the analysts have since joined different organizations. E. Allan Lind is now Senior Research Fellow at the American Bar Foundation. Willard G. Manning is now Professor of Health Services Management and Policy at the University of Michigan.

Funding for the study was provided by the U.S. Department of Health and Human Services and by the Institute for Civil Justice. The opinions and conclusions are solely those of the authors and should not be construed as representing the opinions or policy of any agency of the federal government.

The study was a collaborative effort. Allan Abrahamse was responsible for the sample design and analysis. Patricia Ebener was the survey research director. Deborah Hensler was the principal analyst for accident and injury characteristics; Susan Marquis and Willard Manning were the principal analysts for economic loss and compensation; Hensler, E. Allan Lind, and Robert MacCoun were the principal analysts for claiming behavior.
Foreword

Millions of Americans suffer mishaps in accidents annually. Most of these are minor and cause little damage. One in every six Americans, however, sustains an injury in an accident that results in measurable economic loss, and about one-third of those victims suffer a moderate to very severe injury that imposes significant costs on them and on society.

America has developed a loose network of public and private programs designed to help alleviate the costs those losses impose by providing compensation to accident victims. This network includes private insurance, publicly subsidized programs like Medicare, work-related programs like workers' compensation, and the fault-based tort liability system. Although all of those programs provide compensation, they differ—often dramatically—in whom they cover, how much compensation they provide, and in who pays for what compensation. Such differences reflect the variety of goals and circumstances that fostered these programs. In combination, they offer a varied, sometimes overlapping, sometimes conflicting, range of compensation options.

Recently, increasing scrutiny has been applied to many of these programs and to the compensation network as a whole. At the root of this attention is concern about cost effectiveness. Despite rising program costs, criticism persists about the adequacy and completeness of the coverage provided. As a fault-based system which ties compensation to the injured party's ability to assert and prove blame, the tort liability system has been subject to special criticism for its high transaction costs and the often unpredictable quality of the compensation it provides. Indeed, these concerns have prompted some critics to call not just for reform but for replacing the tort liability system with some variant of a no-fault compensation system, at least for certain types of accidents.

Since its inception, the ICJ has been dedicated to providing policymakers with the information they need to make informed decisions about liability policy choices. Too often the debate about tort reform has focused almost exclusively on substantive changes in liability law
and largely ignored the fact that the liability system is but one of several mechanisms for compensating accident victims. Any systematic look at the compensation function of the tort liability system must consider its relationship to these alternative systems.

Accordingly, the ICJ set out two years ago to develop a program of research on the design and performance of alternative compensation systems and the role played by the tort liability system in the network of programs. This research effort includes a study of how compensation programs are designed, covering such critical elements as eligibility standards, compensation levels, case processing, and funding mechanisms. It also includes studies of specific compensation programs, e.g., automobile no-fault. A critical component of this work is a national survey of accident victims that seeks to determine who these victims are, how severely they are injured, how much their injuries cost, how the victims seek compensation, who files liability claims and why, and what results victims obtain.

This report contains the first findings from that survey. It provides invaluable information on such critical policy issues as the social and personal costs of accidents, how well the current compensation system protects victims, and the role the tort liability system plays in the process. Although it is just the first of what will be a series of studies that develop and extend the results presented here, it contains some important initial findings. It confirms, for example, the seriousness of accidental injuries as a public health and welfare problem by documenting the volume of losses suffered. It points out the significant gaps in the current compensation network by showing how cost recovery rates vary dramatically by type of loss. It demonstrates the varied role of the tort liability system in compensating victims by showing the sharp divergence in claiming rates by type of accident. Finally, it suggests ways in which social norms and economic considerations influence the decision to file a liability claim.

In light of the diverse audiences that will be interested in these findings, we present them in three separate reports. This report, *Compensation for Accidental Injuries in the United States: Executive Summary*, R-3999/1-HHS/ICJ, presents a brief summary of the issues motivating the study, the research methodology, and the key findings. The detailed results are contained in *Compensation for Accidental Injuries in the United States*, R-3999-HHS/ICJ. Finally, a comprehensive discussion of the methodology used is contained in *Compensation for Accidental Injuries: Research Design and Methods*, N-3230-HHS/ICJ.

Kevin F. McCarthy, Director
The Institute for Civil Justice
Acknowledgments

This research could not have been conducted without the cooperation of thousands of Americans who invested substantial time and energy in providing information to us about their injuries. For many, the survey interviews recalled painful, unhappy experiences that had lasting consequences for themselves and their families. We are grateful for their willingness to share their experiences with us, and we hope that our study results will contribute to improvements in social policy related to compensation for accidental injuries.

The study also benefited from the contributions of many colleagues at RAND and other institutions. Prof. Patricia Danzon of the University of Pennsylvania Wharton School, Richard Victor, Director of the Workers' Compensation Research Institute, and Prof. Paul Weiler of Harvard Law School assisted in the initial study design and provided helpful comments on an earlier draft of the manuscript. At RAND, Peter Jacobson contributed to the initial study proposal. Profs. Hazel Genn and Sally Lloyd-Bostock of the Oxford University Socio-Legal Centre commented on the initial design and reviewed early drafts of the survey questionnaires. Prof. Donald Harris, Director of the Oxford Centre, provided much-appreciated encouragement during the planning stage. The survey fieldwork was carried out by the RAND Survey Research Group. We would particularly like to thank David Bryant, who drafted the baseline survey questionnaires, and Laural Hill and Eric Nilson, who managed the CATI survey operation. We also thank Carol Edwards, who prepared multiple versions of the survey dataset and provided computer data processing support. RAND colleagues Arleen Leibowitz and John Rolph and Prof. Herbert Kritzer of the University of Wisconsin reviewed the draft manuscripts and provided numerous helpful comments. Members of the Institute for Civil Justice's Board of Overseers and other ICJ advisers also contributed to the review process. Kevin McCarthy provided critical encouragement and financial support. Nelie Gill prepared many versions of the manuscripts, and Nikki Shacklett expertly edited the final drafts.
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EXECUTIVE SUMMARY

BACKGROUND

When Americans are ill or injured they can turn to a number of different private and public sources for economic assistance. To help pay medical and other health care expenses, they may draw on private health insurance or turn to publicly subsidized programs, such as Medicare and Medicaid. To help cover lost earnings, they may draw on employer-provided sick leave benefits or private disability insurance or turn to publicly subsidized programs such as Social Security Disability Insurance (SSDI). Injured Americans may have recourse to an additional set of compensation and reimbursement mechanisms: If they are injured at work, they may be eligible for workers' compensation. If they are injured in an automobile accident, they may recover their costs from privately purchased first-party automobile insurance. If they can demonstrate that their injury was due to some other person's or entity's negligent behavior, they may be able to recover under the tort liability system by filing an insurance claim or civil lawsuit against the alleged injuror.\(^1\)

Today, many of these public and private programs are under attack from both those who pay the bills to provide the benefits and those who are the intended beneficiaries. There is widespread agreement that many of the systems designed to provide economic support are not cost-effective, and there is also sharp disagreement about whether particular systems are providing the right levels of compensation to the right groups of citizens.

The tort liability system has been a particular source of concern to individual consumers, professional service providers, manufacturers,

\(^1\)In the United States, the rules that determine whether a party to an accident can be held liable to pay the losses of an injured person are known as *tort law*. An injured individual can collect compensation from such a party by asking the injuror directly to pay for his losses, by negotiating himself with the injuror's insurer, or by seeking legal assistance to file a liability insurance claim or a civil lawsuit against the injuror.
and public agencies, all of whom in recent years have faced increasing liability insurance costs. Many believe that the tort liability system of delivering compensation is seriously flawed, requiring high transaction costs to deliver compensation that some see as inadequate and others as too generous but which most agree is highly uncertain. Others argue that however well or poorly the tort system performs its compensation function, it must be preserved—and indeed strengthened—because of its importance as a means of deterring injurious behavior by manufacturers and service providers. Critics of the tort liability system have proposed various statutory changes at the state and federal level, and some have suggested replacing it for some or all injuries with an administrative “no-fault” compensation system. Concern about the tort liability system motivated congressional funding for this study and led to its focus on Americans’ liability claiming behavior.

In recent decades, considerable effort has been devoted to measuring the costs of illness in the United States and to investigating the economic and health care consequences of different methods of health care financing. We know far less about the costs of accidental injury and the consequences of providing compensation and reimbursement for losses due to injury through the set of mechanisms described above. We also know very little about the role of particular mechanisms, such as the tort liability system, in the overall system of compensation. To assess the effectiveness of our current system of compensation for accidental injury, and to evaluate proposals for modifying that system, policymakers need to know the following:

- How much accidental injuries cost.
- How well current compensation systems protect accident victims.
- What role specific mechanisms, such as tort liability, play.

To understand how well Americans are served by the total system of compensation, as well as to understand the role of any single compensation mechanism, we need to investigate the experiences of individual American households. To understand how experiences vary by accident, injury, and sociodemographic circumstances, we need to gather data on households that represent the total population and whose experiences span the spectrum of situations in which people are injured. This study seeks to provide this information.
METHODS

Research Design

Using a two-stage survey approach, we identified households that had suffered economic losses in the last 12 months because of recent or previous injuries, and we collected detailed information about

- Accident circumstances.
- Nature and severity of the injury.
- Health care and other direct expenditures and work loss associated with the injury.
- Sources of compensation.
- Amount of compensation from all sources.
- Tort liability claiming behavior.

In the first stage of the survey, we interviewed about 26,000 households by telephone, representing more than 70,000 individuals nationwide. The data from this survey stage permit us to calculate highly reliable annual estimates of the numbers of Americans who incur significant economic losses due to injury and the numbers who attempt to obtain compensation through the tort liability system. In the second stage of the survey, we interviewed about 2800 individuals, also by telephone. This 4-hour-long interview provided a wealth of data about the economic, social, and psychological experience of becoming injured and about how injured Americans view and use the tort liability system. Previous studies have collected similar data for particular types of accidents—such as motor vehicle accidents—or injuries. The strength of our design is that it permits us to draw inferences about the total universe of accidental injuries in the United States and to compare the experiences of injured Americans across different types of accident and injury circumstances. This is the first time such a nationally representative individual-level database has been developed.

Definition of an Injury

A key issue for any study of accidental injuries is deciding how to define and count accidents or injuries. Some studies count events—"accidents"—that cause injury, others count injuries, and some count injured persons. Because we wanted information about all the ways in
which a single event (that is, accident) affects a single individual, whether that event causes one or more injuries or affects one or more people, we specified the unit of analysis as a "person injured by an accident," a concept we call a person-incident. This specification was driven by our interest in tort liability compensation, since that sort of compensation is most usually obtained as a result of an individual's decision to file a liability claim for losses associated with all the injuries he or she suffered as a result of a single event. However, our "person-incidents" are equivalent to the "episodes of persons injured" reported by the National Health Interview Survey, which is a major source of longitudinal data on injury incidence in the United States.\(^2\)

We all suffer many minor injuries as we go about our daily activities. To screen out all innocuous mishaps, we defined person-incidents in our study to involve at least a visit to a health care provider or one day of restricted activity during the previous year.

**Measurement**

The consequences of injuries and of liability claiming may take many months or even years to run their course. To develop lifetime estimates of injury costs and describe patterns of claiming behavior, one needs either a retrospective approach that collects information about past experiences or a prospective approach that follows individuals as their injuries progress. The problem with a retrospective approach is that some people are required to recall information from many years ago, and research has shown that an individual's recall of past behavior is neither complete nor unbiased. The problems with a prospective approach are that it is expensive and time consuming to follow people for long periods and that the research itself may influence behavior, rendering the individuals studied unrepresentative of the general population.

Our strategy for dealing with these problems was to screen a large sample of households to locate individuals who had suffered some consequence during the previous 12 months from a recent or prior injury or accident and then to interview a selected subsample of these individuals about their injury-related experiences during the past year. For recently injured individuals who had suffered only short-term consequences, this approach collected information on the entire injury experience. But for the individuals whose injury occurred some time in the past, this approach collected information about the portion of the injury-loss-compensation process that was freshest in the injured person's mind. In

the analysis we synthesize data on losses and compensation from individuals who are at different stages of coping with and reacting to the injury to construct a statistical picture of the injury-loss-compensation process and its outcomes.

Reliability and Validity

Like other large-scale survey efforts, our survey encountered a variety of nonresponse problems. Response rates were lower in certain major metropolitan areas and among some subpopulations—for example, those with pending liability claims. We examined the pattern of nonresponse and developed postsampling weights to adjust for apparent nonresponse biases. However, because we used a telephone interviewing approach and conducted all of the interviews in English, our sample somewhat underrepresents lower-income black and Hispanic households that are less likely to have telephones or to have an English-speaking person at home who is able to answer the survey questions. We have not adjusted the data for these biases.

Our data also indicate the presence of response biases associated with individuals' difficulty in recalling past events, particularly minor injuries. We examined the pattern of reporting of different types of injuries and developed postsampling weights to adjust for apparent recall bias. We validated our results by comparing our adjusted estimates of many important measures with estimates from other sources. Our adjusted estimates of the number of minor injuries are smaller than the estimates reported by the National Center for Health Statistics. However, our estimates of serious injuries accord with those of other studies, and important components of our cost estimates are consistent with estimates from other studies. Our estimates of liability claiming rates are also consistent with estimates from other studies.

In our report of the analytic results, we discuss validation of the study findings and present the results of sensitivity analyses that examined the effect on our estimates of different assumptions about response bias.

Limitations

Because of methodological and resource constraints, our survey database does not include information about the following:

- **Fatalities.** Although the annual number of fatal injuries is relatively small compared to nonfatal injuries, the costs of fatal injuries are disproportionately large.
• Occupational and other diseases associated with exposure to chemicals, pharmaceuticals, and other products.
• Injured Americans who are permanent residents in nursing homes or other long-term care facilities. Although their numbers are small, their experiences may differ from those of other injured individuals in important ways.

Analytic Approach

Our purpose in the first analytic phase was to describe the universe of accidents and injuries that we studied, develop estimates of costs and compensation, describe the liability claiming process, and examine the correlates of liability claiming. There are two general approaches to estimating the costs of injury (and illness). The first, termed the prevalence approach, calculates the annual costs. The second, termed the incidence approach, calculates the costs over the life of the individual. To answer certain policy questions, prevalence estimates are appropriate; for others, incidence estimates are required. Our database will support both types of analysis, but in this first phase of the study we report prevalence estimates only.

Presentation of Results

This report summarizes the results of our first phase of data analysis. The full results of this analysis are presented in D. Hensler et al., Compensation for Accidental Injuries in the United States, R-3999-HHS/ICJ. The research design and sampling methods are detailed in D. Hensler et al., Compensation for Accidental Injuries: Research Design and Methods, N-3230-HHS/ICJ, which also includes copies of the survey questionnaires.

A PROFILE OF INJURIES

In 1989, we estimate that Americans had about a one-in-six chance of suffering some economic loss from a nonfatal injury incurred either during the previous 12 months or in earlier years. The prevalence rate of person-incidents was highest among children (under 18 years of age) and lowest among Americans 65 and older. It was slightly higher among lower- and upper-income groups than among middle-income groups. About three-quarters of the incidents were associated with injuries that occurred during the past year; the rest were the consequence of earlier accidents and injuries (see Table 1).
Table 1

ANNUAL PREVALENCE RATES FOR INJURIES CAUSING ECONOMIC LOSS

<table>
<thead>
<tr>
<th>Individual characteristics</th>
<th>Person-Incident Rate(^a)</th>
</tr>
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<tbody>
<tr>
<td>Age of person</td>
<td></td>
</tr>
<tr>
<td>Under 18</td>
<td>.178</td>
</tr>
<tr>
<td>18–64</td>
<td>.169</td>
</tr>
<tr>
<td>65 or older</td>
<td>.127</td>
</tr>
<tr>
<td>Family income</td>
<td></td>
</tr>
<tr>
<td>Under $25,000</td>
<td>.171</td>
</tr>
<tr>
<td>$25,000–50,000</td>
<td>.161</td>
</tr>
<tr>
<td>$50,000 or more</td>
<td>.174</td>
</tr>
<tr>
<td>Accident characteristics</td>
<td></td>
</tr>
<tr>
<td>Type of accident</td>
<td></td>
</tr>
<tr>
<td>Motor vehicle</td>
<td>.026</td>
</tr>
<tr>
<td>On the job(^b)</td>
<td>.044</td>
</tr>
<tr>
<td>Other</td>
<td>.097</td>
</tr>
<tr>
<td>Age of incident</td>
<td></td>
</tr>
<tr>
<td>One year or less</td>
<td>.126</td>
</tr>
<tr>
<td>More than one year</td>
<td>.041</td>
</tr>
<tr>
<td>All persons</td>
<td>.167</td>
</tr>
</tbody>
</table>

\(^a\)These rates are derived from the screener survey, which contacted 25,761 households totalling 71,769 individuals.

\(^b\)All injuries that occurred while the individual was at work, on work time, including some motor vehicle accidents that occurred on work time. The rate shown is a per capita estimate, not a per worker estimate.

Accident Circumstances

Accidents and injuries occur during almost every activity that Americans engage in and in every place they live, work, and play. About one-quarter of the person-incidents in our sample occurred while people were doing work around their homes, another quarter occurred on the job or in commuting to work, and about 30 percent occurred while people were relaxing.
One-third of the injured were hurt in their own homes or those of relatives or friends. About one-quarter were injured on streets or highways.

About 40 percent of the accident locales were owned by public organizations of some kind, and about one-third were owned by private entities other than the injured person’s friends or relatives. Accidents in such locations have the potential for generating liability claims against the owners.

About 6 percent of individuals could not recall a specific incident that led to their injury. But half of these said their injury was work-related (compared to one-fifth of all other injured individuals).

**Causes**

Most of the person-incidents were associated with just a few causative factors. Almost 40 percent of the injuries in our sample were caused by slips and falls. Thirty percent involved a product, most often toys, sports equipment, household and personal items, and industrial hand tools and equipment. About one-fifth involved motor vehicles. Including motor vehicles and other products, we estimate that about half of the incidents in our sample involved some sort of product. Of the person-incidents that involved motor vehicles, about 60 percent of the sample involved two or more vehicles, and about 60 percent of the time the injured person was driving one of the vehicles.

**Injury Type and Severity**

On average, injured persons reported 1.4 injuries per incident. Most of the injuries were not very serious. The most common were strains and sprains, cuts and bruises, and fractures. Head and facial injuries and injuries to the lower extremities were the most frequent, followed by injuries to the back and spine. Injury severity can be assessed by clinical criteria (e.g., is the injury life-threatening?), by treatment requirements (e.g., is immediate hospitalization necessary?), by long-term effects (e.g., was the injured person disabled?), and by amount of economic loss. We developed an objective classification system that attempted to replicate the Abbreviated Injury Severity scale (AIS),

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3By *causative factors* we mean the activity that the individual was engaged in at the time of the injury or the object that was instrumentally associated with the injury. Our categorization of injuries is based on the description given to the interviewer at the time of the initial survey and confirmed (or corrected) during the follow-up interview. We do not here attempt to determine whether the individual’s behavior or some other person’s or entity’s behavior actually caused the injury.
which is commonly used by emergency health care providers. Less than 10 percent of the injuries in our sample fit our objective definition of “very serious injury” (roughly, AIS scores of 4 or 5); among these, head and back injuries predominated. We classified about 20 percent of the injuries as “moderately serious.”

About one-fifth of all those injured were treated on the spot, and almost all said they sought treatment on the day of the accident, either immediately or a few hours later. About two-thirds of these received care in an emergency room. Overall, 17 percent of the individuals in our sample were hospitalized at some time in the course of treatment for their injury. One-third of the respondents themselves considered their injuries to be “very” or “extremely” serious, and one-fifth said the accident had a “very important” effect on their household.

Injury severity varied by accident circumstances. Motor vehicle accidents were the most likely to produce very serious injuries. Motor vehicle and work-related incidents were twice as likely as other types to result in hospitalization or surgery at some time during the course of treatment.

Demographic Correlates of Accidents and Injuries

Since individuals’ activity patterns vary by age, gender, and income, it is not surprising to find demographic differences in accident circumstances and injury severity. For nonfatal injuries, these differences include the following:

- Young people’s injuries typically occur in nonwork, non-motor-vehicle situations, and they are usually minor.
- Adults’ injuries are roughly divided between work and nonwork.
- Males are more likely to be injured on the job.
- Injuries to middle-aged males and females are more likely to be serious than injuries to older or younger groups, but older people receive more intensive treatment for their injuries.
- Lower-income Americans are more likely than others to be injured in motor vehicle accidents or on the job. Because these accidents result in more serious injuries, lower-income Americans are more likely to need significant treatment.

For some, this may have been because they had no regular health care provider rather than because the injury posed a true emergency.
Legally Relevant Differences Between Injuries

By combining information on injury circumstances, injury characteristics, and demographic correlates of injury, we can construct profiles of particular types of injuries that may help us to understand the factual underpinnings of Americans' tort liability claiming behavior (see Table 2).

- Most motor vehicle accidents and product-associated injuries have the key ingredient for a liability claim: someone other than the injured person who might be subject to blame for causing the accident. Other injury circumstances are less likely to contain this ingredient.

Table 2

<table>
<thead>
<tr>
<th>Injury Category</th>
<th>Motor Vehicle</th>
<th>Product-Associated</th>
<th>Slips and Falls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent occurring on work time</td>
<td>10</td>
<td>34</td>
<td>14</td>
</tr>
<tr>
<td>Percent third-party target availablea</td>
<td>84</td>
<td>100</td>
<td>65</td>
</tr>
<tr>
<td>Percent very serious injury</td>
<td>16</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>(objective coding)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent requiring hospitalization or surgery</td>
<td>30</td>
<td>18</td>
<td>17</td>
</tr>
<tr>
<td>Percent perceived as very serious</td>
<td>42</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>Percent middle-aged male</td>
<td>27</td>
<td>44</td>
<td>25</td>
</tr>
<tr>
<td>(recent injuries only)b</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent lower income (recent injuries only)b</td>
<td>36</td>
<td>22</td>
<td>28</td>
</tr>
<tr>
<td>Percent &quot;old&quot; injuriesc</td>
<td>37</td>
<td>15</td>
<td>16</td>
</tr>
</tbody>
</table>

N4  600  606  808

aFor motor vehicle incidents, proportion involving two or more vehicles or, if single vehicle only, injured person was not driver. For product-associated incidents, manufactured product involved in some fashion. For slips and falls, property owned by someone other than individual, relatives, or friends.

bInjury occurred within 12 months prior to interview.

cInjury occurred more than 12 months prior to interview.

dActual number of cases. Percentages are calculated on weighted data, adjusted for nonresponse and recall bias.
• Product-associated injuries occur most frequently on work time. This may diminish the likelihood of the injured person's pursuing a liability claim, since in most circumstances he or she will have recourse to the workers' compensation system for reimbursement for medical costs and work loss.

• Motor vehicle accidents are much more likely than product-associated incidents or slips and falls to result in very serious injuries and to require hospitalization or surgery. Both severity and the costs associated with health care may drive tort liability claiming behavior.

• Product-associated injuries are more likely than others to involve middle-aged males (a direct result of the association between these injuries and work activity), and motor vehicle accidents are more likely than others to involve individuals in lower-income households. Middle-aged males are more likely to be in the workforce and hence more likely to suffer substantial work loss from serious injuries, which might lead them to file liability claims. Lower-income households are less likely to have other sources of payment for health care and work loss and hence may be more likely to turn to the tort liability system for reimbursement for losses.

On balance, we would expect liability claiming behavior to be highest in motor vehicle accidents. Product-associated injuries have some characteristics that might lead to liability claiming, but the availability of workers' compensation might temper such behavior. We will return to a discussion of liability claiming behavior later.

ECONOMIC CONSEQUENCES OF ACCIDENTS AND INJURIES

Nonfatal accidents impose substantial costs on the economy each year. Direct and work-loss costs total $175.9 billion annually, almost 4 percent of gross national product. This includes current costs for injuries that occurred during the year as well as current costs for accidents that occurred in earlier years. Direct costs account for slightly more than half of this total (56 percent), and earnings loss accounts for 44 percent.\(^5\) This dollar estimate does not include the value of reduced

\(^5\)Our measure includes expenditures for medical care to treat the injury and the costs of any other goods and services directly required because of the injury, such as special equipment or vocational rehabilitation. We estimate the monetary value of time lost from work using the individual's wage rate. The wage rate does not measure the total cost of labor because it excludes fringe benefits. Thus we understate the true social cost of lost labor market product.
productive activity outside the workforce. We measure this cost in days of reduced activity.

Cost Components

The cost components are shown in Fig. 1. Inpatient expenditures for accident-related admissions amount to about $53 billion annually; this represents almost one-fourth of the nation's total spending for inpatient care each year.\(^6\) Spending for outpatient care for accidents totals $34 billion annually—15 percent of the nation's yearly ambulatory care bill.

About 30 percent of the $78 billion work-loss cost of accidents is due to sick leave from work: short-term periods of accident-related absence among employees. About 10 percent of work loss is due to restricted productive potential: limitations on the kind or amount of work the individual can now perform as a result of his or her injury. Disability

\[
\begin{array}{c|c|c}
\text{Inpatient} & \$52.5 \\
\text{Outpatient} & \$33.9 \\
\text{Special equipment, home help, etc.} & \$11.5 \\
\multicolumn{2}{c}{\text{Medical and other direct costs}} \\
\text{Sick leave} & \$23.3 \\
\text{Restricted} & \$7.4 \\
\text{Disabled} & \$45.9 \\
\text{Family members work loss} & \$1.4 \\
\end{array}
\]

\textbf{Fig. 1—Cost components}

\(^6\)Spending for care in nursing facilities is included. However, our sample frame excludes individuals who reside permanently in long-term care institutions.
due to injury, however, takes the largest toll, accounting for about 60 percent of work-loss costs. Disability loss is the value of work time lost because the individual is no longer able to work. Most of this loss, 96 percent, is due to old injuries, because in any year there is only a very small chance that an individual will suffer an injury that leads to permanent disability and forces him or her to quit work.\(^7\)

Employees miss about 200 million days of work each year because of accidents (see Fig. 2); this accounts for about one-third of sick leave taken annually for all reasons. Work days lost due to disabling injuries total over 500 million days each year. Other family members miss about 22 million days of work to care for the injury victim.

Accidents also affect the kind and amount of activities that individuals perform outside the workplace, as shown in Fig. 2.\(^8\) Most current compensation systems do not try to compensate victims for these non-market losses. The figure illustrates that doing so would add considerably to the cost of compensation systems, since the time lost from productive nonwork activity is almost as large as the time lost from work.

**Variation in Costs Across Accident Circumstances**

Figure 3 shows the distribution of costs across major accident types.

- Accidents occurring on work time impose the greatest annual cost: $83 billion, almost half of the total cost and two-thirds of the total work loss.
- Motor vehicle accidents account for 21 percent of the total cost.\(^9\) Victims of these accidents have more days of hospital care and more outpatient physician visits than other accident victims.
- All other accidents account for 32 percent of the total cost, though they account for about 60 percent of accidents.

**Cost Recovery**

Over all types of accidents, individuals bear about 38 percent of the monetary loss (direct and work-loss costs) directly in out-of-pocket payments or in reduced earnings; about 62 percent of the costs are

\(^7\)For adults, the chance of having such an injury in a year is less than one in a thousand.

\(^8\)We measure this nonmarket product in terms of the number of days of restricted household production. Noninjured family members sometimes miss work or restrict their household production to take care of the injured person; our measure includes these costs as well as the lost nonmarket product of injured individuals.

\(^9\)Motor vehicle accidents occurring during work time are included with work accidents.
Fig. 2—Lost days due to accidents

recovered from other sources, including liability compensation. The annual cost burden on individuals, net of recovery, is $66.5 billion.\(^\text{10}\)

**Variations in Recovery Rates by Type of Loss**

Recovery rates vary substantially, depending on the type of expense (see Fig. 4). The recovery rate for direct costs is 75 percent. Medical expenditures account for most of the direct costs and are generously reimbursed by health insurance; injured persons pay only about 16 percent of the cost of their medical treatment out of pocket. Although most of the other direct costs are paid for by the injured person and his or her family, those costs are a very small component of total direct costs.

\(^{10}\)Because we measure losses in before-tax dollars but most reimbursement is nontaxable, these figures somewhat overestimate the economic burden on households due to injury.
Fig. 3—Distribution of costs across accident types

In contrast to the high recovery rate for direct costs, the rate for work-loss costs is about 34 percent. Employees who take sick leave from work bear about 34 percent of the value of time they miss in earnings loss and are paid for 66 percent of the time. However, those who are unable to return to work or are limited in the kind of work they can do realize 80 percent of the earnings loss as an income loss.

As with costs, our measure of compensation is the amount paid this year. Some compensation programs—such as most tort liability payouts and some workers’ compensation payouts—pay lump-sum amounts to victims that are intended to cover estimated future costs of accidents. We do measure these losses because we include costs for all persons whether or not the accident occurred this year. But discounting costs that occur in years after the accident to account for the difference between the timing of compensation and the timing of loss would raise the estimated recovery ratios to some extent, particularly for disabling accidents. But even doing so, the recovery ratio for long-

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11Including noninjured family members who miss work to care for the injured person.
Fig. 4—Recovery rates by type of expense

Long-term work loss would rise from about 20 percent to only about 30 percent.\textsuperscript{12}

Full compensation for each type of loss may not be optimal. Complete health insurance coverage leads to an increased patient demand for health care. Studies have shown that the likelihood of an accident occurring at work and the duration of absence from work due to accidents are both related to the availability of compensation. To encourage cost-conscious health care choices, self-protection on the job, and timely return to work, policymakers may wish to require individuals to share in the risk of accident consequences. However, the sharp difference between recovery rates for long-term work loss and recovery rates for short-term work loss and medical costs seems worthy of attention from compensation policymakers.

\textsuperscript{12}Using a 6 percent discount rate and the average age of accidents that result in long-term work loss.
Variations in Recovery Rates by Accident Circumstances

Figure 5 shows how recovery rates vary by type of accident. The recovery rate for work accidents is about 54 percent, whereas it is about 70 percent for motor vehicle accidents and for all other accidents. The lower recovery rate for work accidents is caused by the high toll they take in earnings loss due to disability and the low amount of compensation for this type of loss.

Sources of Compensation

About 23.4 million people each year receive some compensation for losses related to accidents; the total amount recovered is $109.4 billion. Twenty-three percent of the 23.4 million persons report payments from two programs and 5 percent report payments from three or more programs in a single year. The sources that assist individuals in recovering the costs of accidents are shown in Table 3. The primary source of compensation is the individual's own insurance coverage; about 59 percent of individuals receiving compensation report some payment from
their own health insurance and 10 percent report compensation from their own automobile insurance, accident insurance, or other policy. Personal insurance is a less important payor for work accidents; instead, almost 60 percent of these individuals receive workers’ compensation payments. Tort liability payments are mentioned by only about 10 percent of all persons receiving compensation in a year. Tort liability payments for economic loss, net of attorney fees, comprise 7 percent of the total compensation—$7.7 billion annually. Although tort liability plays a small role in the overall compensation system, it is a more important source of compensation for motor vehicle accident victims. Almost one-third of persons receiving compensation in a year for motor vehicle accidents report tort liability payments, and tort payments account for 22 percent of the total annual compensation for economic loss from motor vehicle accidents.13

Table 3

<table>
<thead>
<tr>
<th>Persons compensated for loss and sources of reimbursement</th>
<th>All Accidents</th>
<th>Work Accidents</th>
<th>Motor Vehicle Accidents</th>
<th>All Other Accidents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons receiving compensation (millions)</td>
<td>23.4</td>
<td>7.5</td>
<td>3.9</td>
<td>12.0</td>
</tr>
<tr>
<td>Total compensation (billions of dollars)</td>
<td>$109.4</td>
<td>$45.0</td>
<td>$25.7</td>
<td>$38.7</td>
</tr>
<tr>
<td>Sources of compensation (percent of those receiving compensation)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Injured person’s own insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health insurance</td>
<td>59.1</td>
<td>32.7</td>
<td>42.6</td>
<td>76.4</td>
</tr>
<tr>
<td>Auto, accident, other</td>
<td>9.9</td>
<td>6.2</td>
<td>25.0</td>
<td>6.9</td>
</tr>
<tr>
<td>Workers’ compensation</td>
<td>14.9</td>
<td>59.7</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Employer benefits</td>
<td>16.8</td>
<td>17.5</td>
<td>16.9</td>
<td>16.6</td>
</tr>
<tr>
<td>Public programs</td>
<td>15.3</td>
<td>11.1</td>
<td>16.5</td>
<td>16.8</td>
</tr>
<tr>
<td>Tort liability</td>
<td>10.5</td>
<td>7.5</td>
<td>31.4</td>
<td>5.3</td>
</tr>
<tr>
<td>Otherb</td>
<td>7.5</td>
<td>7.5</td>
<td>5.9</td>
<td>6.3</td>
</tr>
</tbody>
</table>

aAdds to more than 100 percent because some individuals receive compensation from multiple sources.
bFamily, friends, other unspecified sources.

13The measure of tort liability compensation for economic loss shown here excludes payments for "pain and suffering." Including payment for pain and suffering increases...
A PROFILE OF THE LIABILITY CLAIMING PROCESS

About 2.95 million individuals attempted to bring liability claims for nonfatal personal injuries in the year prior to the survey, either formally, by filing liability insurance claims and lawsuits, or informally, by trying to get someone they viewed as responsible for their injury to pay for their losses.\textsuperscript{14} Claims associated with motor vehicle accidents accounted for almost two-thirds of the total. Comparing these numbers to the incidence of accidental injuries of various sorts, we find that overall, about one injury in ten leads to an attempt to collect liability compensation. But about half of all those injured in motor vehicle accidents make some informal or formal attempt to collect from another party to the accident. In contrast, in nonwork, non-motor-vehicle accidents, only three injuries out of a hundred lead to liability claims (see Table 4).

Despite the public policy interest in liability claim frequency, these estimates do not tell us much about the liability claiming process. They do not tell us how many people considered and then rejected the idea of liability claiming. Nor do they tell us how many people sought to use legal claiming mechanisms as opposed to more informal methods of collecting liability compensation.

Table 4

<table>
<thead>
<tr>
<th>Accident Type</th>
<th>Liability Claims Attempted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number (in thousands)</td>
</tr>
<tr>
<td>All accidents</td>
<td>2950</td>
</tr>
<tr>
<td>Motor vehicle</td>
<td>1929</td>
</tr>
<tr>
<td>Work\textsuperscript{a}</td>
<td>439</td>
</tr>
<tr>
<td>Other</td>
<td>582</td>
</tr>
</tbody>
</table>

\textsuperscript{a} Includes a small number of motor vehicle accidents.

\textsuperscript{14} We define the tort liability claiming process to include all efforts to obtain compensation from someone associated with the injury (other than one's employer), including negotiating directly with the injuror and with the injuror's insurer, as well as initiating lawsuits. We do not include first-party claiming (e.g., seeking money from one's own automobile insurer, either in a tort state or in a no-fault state) or claiming under workers' compensation. We focus exclusively on claiming for personal injury damages, without regard to whether the individual also sought payment for property damage. From an insurance perspective, our focus is on claiming for bodily injury damages (BI).
Our analysis of that process yields a more complex picture of Americans' behavior than the one often articulated in policy debates over tort liability. Most Americans who are injured in accidents do not turn to the liability system for compensation. Our behavioral data on this point are consistent with and explain the economic analysis of compensation outcomes that we summarized above. In the typical injury incident—a minor injury that occurs away from work and does not involve motor vehicles—the injured person does not even consider seeking compensation from some other person or entity who might have been associated with the accident (for example, a product manufacturer or property owner), or if he does think about this possibility, he is unlikely to pursue it. With the exception of motor vehicle accident victims, only a minority of injured persons, even among those who are quite seriously injured, ever consider claiming; of those, just a small fraction use legal claiming mechanisms. In this respect, Americans' behavior does not accord with the more extreme characterizations of litigiousness that have been put forward by some.

Motor vehicle accidents, however, particularly those involving multiple vehicles and moderate to very serious injuries, do produce quite high rates of use of the liability claiming system. Almost everybody who is seriously injured in these circumstances seems to consider the possibility of bringing a claim against someone else, and a majority of those who claim use legal mechanisms. Injuries occurring on work time are also likely to lead to thoughts of liability claiming, although only a small fraction of these injured act on their thoughts—due in part, no doubt, to the legal barriers against suing an employer. Because there are sharp differences in liability claiming patterns across accident circumstances, anyone who extrapolates from claiming frequencies within a single class of accidents to the behavior of all injured Americans is likely to be mistaken. In this respect our findings are consistent with other data indicating that the "tort liability system" comprises a number of very different subsystems, each displaying its own legal, social, and economic dynamics.

Notwithstanding the differences in claiming patterns that we observe across accident circumstances, we find one aspect of claiming behavior that is consistent across circumstances: When Americans do initiate liability claims, the majority seek legal representation. This propensity to turn to the legal system as the primary mechanism for

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15Work injuries are typically compensated under workers' compensation programs. In most circumstances, those eligible for workers' compensation are barred by law from suing their employers.

obtaining compensation supports the proposition that Americans look to the legal system to remedy felt wrongs—once they recognize them.

Experiences with the Legal Process

Most of those who contacted lawyers did so promptly. About one-quarter made their first contact within a week of the incident, and about half had done so within a month. Most claimants located a lawyer through personal recommendations, not legal advertising, and most initiated the contact themselves rather than being solicited by lawyers. However, potential claimants were not always successful in getting an attorney to take the case; 22 percent were turned away for a variety of reasons.

Claimants seemed not to obtain very much information about the litigation process from their attorneys. For example, only one-third said that the attorney discussed the amount of compensation they might receive, and only 20 percent said they were told how long it would take to resolve the claim. The median total time claimants spent talking with their lawyers (by phone or in person) was four hours.

The most common fee arrangement was a contingency fee, usually at a fixed-fee ratio. The average fixed ratio was 33 percent; the average for adjusted fees was not much different.

Claimants who pursued different claiming strategies had different degrees of success in closing cases. Among those who dealt directly with the injuror, all had closed their cases by the time of the interview, about half successfully. Of those who dealt with the injuror's insurer on their own, most had settled their claims, and about half had received some payment. Of the claimants who hired lawyers to pursue their claims, 40 percent still had claims pending. However, the vast majority of those who had closed their claims received some payment.

Perceptions of Claiming Process and Outcomes

Overall, those who attempted to use the liability claiming system to obtain compensation for losses were as likely to be dissatisfied as satisfied with the time and effort required and with the system's fairness. Among claimers, those who contacted and hired lawyers were quite likely to be dissatisfied and to perceive the outcomes they had received to date as unfair; those who only dealt directly with injurers or their insurers were more likely to be positive. Our findings suggest that some of the dissatisfaction with the legal process stems from unhappiness with the results of prior attempts to obtain compensation without legal assistance. But since most people seek legal assistance without
first attempting to obtain compensation on their own, much of the dissatisfaction must be the result of the legal process itself or of the expectations Americans bring to it.

EXPLAINING LIABILITY CLAIMING BEHAVIOR

Why do people pursue liability claims? Participants in the debate over the tort liability system have answered that question in very different ways. Some see claiming as a simple response to economic need. Others view it as a proper activation of the injured person's legal rights. Still others view it as an expression of social aggression or avariciousness, even a "spin at the (tort) lottery." Drawing on major theoretical perspectives, our initial analysis of claiming behavior focused on attributions of causation and fault and economic and social influences on claiming.

Attribution of Causation and Fault

Individuals' perceptions of the causes of their injury and their apportionment of blame or fault were quite complex. About two-thirds of our injured respondents felt that impersonal forces—chance, bad luck, or nature—played some role in their accident. But even when respondents attributed their accident to bad luck, many still singled out human acts as contributing causes. These acts were attributed to themselves or to others, but rarely to both. More than half perceived their own behavior to be a contributing cause of the accident.

Although the two concepts are linked logically, identifying one's own or another's actions as proximate causes of an accident is not synonymous with blaming oneself or the other for the results of the accident. Both in the common law and within our culture generally, blaming or faulting someone for a behavior or event requires some notion that the injuror has violated a norm of care. Roughly half of our sample accepted some degree of fault for their injury, and about a third held someone else (or some impersonal entity, such as an employer, manufacturer, or government agency) at least partially to blame.

As with severity of injuries, economic loss and compensation outcomes, and liability claiming frequency, attributions of causation and fault vary across accident categories, with motor vehicle accidents distinguished most sharply from others (see Table 5). For example, injured individuals in most accident circumstances view chance—or natural forces—as either a contributing or determinative cause. But
### Table 5

**CAUSAL ATTRIBUTIONS BY ACCIDENT TYPE: SELF VERSUS OTHER PERSON AS CAUSE**

<table>
<thead>
<tr>
<th>Accident Type</th>
<th>Major Human Cause of Accident?a</th>
<th>Percent Mostly Self</th>
<th>Percent Self and Other Equally</th>
<th>Percent Mostly Other</th>
<th>Nb</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicle (nonwork)</td>
<td></td>
<td>17</td>
<td>8</td>
<td>75</td>
<td>192</td>
</tr>
<tr>
<td>Work</td>
<td></td>
<td>41</td>
<td>16</td>
<td>43</td>
<td>237</td>
</tr>
<tr>
<td>Motor vehicle</td>
<td></td>
<td>30</td>
<td>2</td>
<td>68</td>
<td>30</td>
</tr>
<tr>
<td>Product</td>
<td></td>
<td>54</td>
<td>18</td>
<td>28</td>
<td>112</td>
</tr>
<tr>
<td>Other work accidents</td>
<td></td>
<td>24</td>
<td>17</td>
<td>59</td>
<td>95</td>
</tr>
<tr>
<td>Other accidents (nonwork)</td>
<td></td>
<td>70</td>
<td>16</td>
<td>14</td>
<td>451</td>
</tr>
<tr>
<td>Product</td>
<td></td>
<td>78</td>
<td>11</td>
<td>11</td>
<td>129</td>
</tr>
<tr>
<td>Slip and fall</td>
<td></td>
<td>72</td>
<td>15</td>
<td>13</td>
<td>220</td>
</tr>
<tr>
<td>Other nonwork accidents</td>
<td></td>
<td>48</td>
<td>27</td>
<td>25</td>
<td>102</td>
</tr>
</tbody>
</table>

aNonproxy respondents injured within 12 months of interview only.
bActual number of cases. Percentages are calculated on weighted data, adjusted for nonresponse and recall bias.

Motor vehicle accidents are rarely attributed to chance. Moreover, the overwhelming tendency of Americans involved in motor vehicle accidents is to blame someone else, no matter what the particular circumstances were. Thus, drivers in multiple-vehicle accidents, passengers, and pedestrians attribute their injuries to someone else more than 90 percent of the time; even among driver-respondents who hit another vehicle, only 16 percent name themselves as the cause.

When injuries occur at work, the victims are about equally likely to blame themselves or someone else. When they do think someone else was at fault, it is usually their employer, a supervisor, or a coworker. Manufacturers are seldom named. This pattern of attribution is significant for understanding claiming behavior associated with work injuries, since under workers' compensation statutes, employers generally cannot be sued for negligence. In all other accidents (nonwork, non-motor-vehicle), the injured generally blame themselves for their injuries, regardless of whether a product or fall or some other factor was involved.
Our data suggest that attributions of causation and fault are critical steps on the road that leads to tort liability claiming (see Table 6). Those who mostly blame others for their injury are 12 times more likely to consider claiming than those who mostly blame themselves. About a quarter of the former actually take some claiming action, and about one-eighth hire a lawyer.

**Economic and Social Factors**

In our initial analysis we could not examine the relationship between net economic loss associated with the injury and tort liability claiming. We did find that the more severely injured individuals—who are likely to have sustained the greatest economic losses—were more likely than others to attempt to obtain compensation from some other party to the accident and more likely to seek legal representation. Moreover, those who feel that the injury has had a significant effect on

<table>
<thead>
<tr>
<th>Attribution</th>
<th>Considered Claiming</th>
<th>Took Some Action</th>
<th>Contacted Lawyer</th>
<th>Hired Lawyer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Causation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chance only</td>
<td>9%</td>
<td>3%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Chance and humans</td>
<td>19</td>
<td>8</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Humans only</td>
<td>24</td>
<td>13</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>If human cause:</td>
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<td></td>
</tr>
<tr>
<td>Mostly self</td>
<td>4</td>
<td>1</td>
<td>&lt;1</td>
<td>&lt;1</td>
</tr>
<tr>
<td>Self as much as other</td>
<td>20</td>
<td>6</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Mostly other</td>
<td>50</td>
<td>28</td>
<td>19</td>
<td>13</td>
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<tr>
<td>Fault:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mostly self</td>
<td>4</td>
<td>&lt;1</td>
<td>&lt;1</td>
<td>&lt;1</td>
</tr>
<tr>
<td>Self as much as other</td>
<td>19</td>
<td>7</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Mostly other</td>
<td>52</td>
<td>29</td>
<td>20</td>
<td>13</td>
</tr>
</tbody>
</table>

**Table 6**

**RELATIONSHIPS BETWEEN CLAIMING BEHAVIOR AND ATTRIBUTIONS OF CAUSATION AND FAULT**

NOTES: Nonproxy respondents injured within 12 months of interview only. Percentages are calculated on weighted data, adjusted for nonresponse and recall bias.
themselves or their households are four times as likely to consider bringing a liability claim, and six times as likely to engage in some claiming behavior, as those who view their injury less seriously.

Our data on social interactions related to the accident suggest that social factors reinforce and may even magnify the effects of attributions of causation, injury severity, and accident circumstances on claiming. People were more likely to discuss liability claiming with others when they believed someone else was the major cause of the accident, when they required hospital treatment or surgery for their injury, or when they viewed their injury as extremely serious. These discussions were more likely to occur after motor vehicle accidents than in other circumstances. And when individuals did discuss tort liability claiming with others, they were likely to receive encouragement for claiming. Very few of those with whom injured parties spoke suggested that it would be wrong to claim liability compensation, and about half said it would be foolish or wrong not to try to do so.

Respondents' Own Explanations for Claiming and Not Claiming

By exploring what people say about why they acted as they did, we can learn a great deal about the popular culture with regard to tort claiming. Among the majority of our respondents who did not attempt to initiate liability claims, the reasons they expressed for not claiming reflected a strong endorsement of norms of responsibility and fairness. The factor rated most often as “very important” was the belief that the injury was “just an accident” that “could have happened to anybody.” In addition, nearly a third of these respondents said that a very important factor in their decision not to claim was that no harm was intended.

Among those who claimed, norms of responsibility and fairness also figured prominently in the reasons given for the decision to initiate a liability claim, but economic concerns were at least as important. The three factors rated as “very important” by at least half of these respondents were: the belief that given the current compensation system, claiming was the only way to get what they deserved; the belief that if someone causes harm he should pay for it; and the belief that tort compensation was needed to pay for expenses.

CONCLUSION

Because of both their economic and noneconomic consequences, accidental injuries constitute a serious public health and welfare
problem that is clearly deserving of public policy attention. The current patchwork of private and public compensation and reimbursement systems provides more support for some types of losses, some types of accidental injuries, and some types of people than for others. This is at least in part a result of deliberate public and private policies. But the current pattern also reflects the uneven access Americans have to compensation mechanisms.

The most important issue for future analysis is the variation of loss and compensation for accidental injuries among different demographic and socioeconomic groups. Policymakers considering changes in the compensation system need to know not only the aggregate costs of injury, but also which portions of the population are particularly affected by these costs. Do recovery rates vary across different income, racial, and ethnic groups? Do they differ by gender? Do such variations, if they exist, depend on the nature of the injury and accident circumstances? What is the pattern of compensation, relative to loss? Measuring variations in compensation is particularly important for understanding the role of the tort liability system in the larger compensation picture, since there is some reason to believe that the tort system plays a significant role in compensating individuals with particularly severe injuries, especially when they have few other sources of compensation to turn to. To properly assess variations in costs and compensation, we need to estimate lifetime injury costs. Estimating lifetime costs is also important for understanding the influence of economic loss—particularly uncovered loss—on liability claiming behavior. We plan to undertake such estimation in the next stage of analysis.
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Danzon, P. M., *The Effects of Tort Reforms on the Frequency and Severity of Medical Malpractice Claims: A Summary of Research Results*, P-7211-ICJ, 1986. (Testimony before the Committee on the Judiciary, U.S. Senate.)


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Kakalik, J. S., and N. M. Pace, *Costs and Compensation Paid in Tort Litigation*, P-7243-ICJ, 1986. (Testimony before the Subcommittee on Trade, Productivity, and Economic Growth, Joint Economic Committee of the Congress.)


A special bibliography (SB 1064) provides a list of these RAND publications in the civil justice area. To request the bibliography or to obtain more information about The Institute for Civil Justice, please write the Institute at this address: The Institute for Civil Justice, RAND, 1700 Main Street, P.O. Box 2138, Santa Monica, California 90407-2138, (213) 393-0411, x7803.