

Dear Swedish Colleague:

When I participated in If's Ansvarskonferens last February 3, it became apparent to me that attorneys for and representatives of Swedish companies whose products are sold in the United States are very interested in U.S. product liability law. Since then I've been thinking of creating a list of interested persons to whom I could send (at no charge) occasional e-mail advisories concerning recent developments in the U.S. relevant to product liability claims.

I'm not thinking of a comprehensive newsletter - just an informal paragraph or two about something of interest which crosses my desk. For example, a few weeks ago I might have reported on a decision by the U.S. Supreme Court in *State Farm Mutual Insurance v. Campbell* where the Court (in a non-product liability case) finally announced some guidelines regarding excessive punitive damages. Campbell was a State Farm insured who was sued for causing injury in an auto accident. State Farm refused to settle within its policy limits and thereafter a judgment entered exceeding Campbell's coverage. Campbell sued State Farm for bad faith failure to settle and obtained a judgment for \$1 million in compensatory damages and \$145 million in punitive damages.

The evidence offered to support punitive damages was primarily that State Farm's decision not to settle was pursuant to a nationwide scheme to meet corporate fiscal goals by restricting settlement payments.

The Supreme Court found the punitive damages grossly excessive for three basic reasons: (1) it was wrong to punish State Farm in this case for a reprehensible nationwide policy; punishment should've been only for what it did to Campbell; (2) the ratio between the compensatory and punitive awards was too great - "in practice, few awards exceeding a single-digit ratio" are proper; and (3) the punitive damages award was grossly disproportionate to the maximum criminal fine (\$10,000 for fraud) which State Farm could have incurred for the same behavior.

If you would like to be on the list to receive future e-mails concerning U.S. product liability developments or if you have any questions or comments, please let me know by return e-mail.

Best regards,

Remy

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