



ILLINOIS CHAMBER OF COMMERCE

Oppose Increased Prejudgment Interest Windfall Increase (HB 3360)

Summary

The Illinois Chamber opposes House Bill 3360. House Bill 3360 creates an unfair and abusive change to long-standing Illinois law. Without justification, it would reverse Illinois law that has stood for many decades and act as a windfall to the plaintiff's bar. Illinois already suffers from a reputation of a judicial system which is rigged against defendants and the unfair provisions of this legislation will greatly increase the perception.

The bill's interest rate of 9% does not reflect the current economic climate and would act as an unfair penalty to defendants. This rate quadruples the inflation rate in the United States for the last decade and is higher than a vast majority of our competing states. Further concerning, is that this rate applies to illogical items such as future expenses, punitive damages and "non-economic" losses where a plaintiff has experienced no "out of pocket" loss and thus there is no need for interest payments.

This bill harms businesses in all sectors of the economy while we are still struggling under the weight of the COVID-19 pandemic. It is an especially unfair "thank you" to the doctors and hospitals that have been on the front lines fighting this deadly disease.

Business opposes this bill for the following reasons:

1. The interest rate is way out of step with other states. A statutory rate of 9% is higher than all but a tiny handful of states. It is a multiple of the prevailing inflation rates of the last decade.
 - a. Most states use a rate of federal prime rate plus 1% or treasury bills plus 1%. This structure would be a much fairer system.
2. We are concerned about the notice requirements which trigger the interest. The requirements are vague and will introduce unneeded uncertainty into the system. This problem has been very apparent in the Workers Compensation program.
3. Even in states that allow prejudgment interest on personal injury judgments, many of them exclude non-economic damages from the calculation. These states are varied and include Oregon, Washington, Tennessee, Maryland, and Arizona.
4. This bill would force settlements on unjust and unfounded claims as 9 percent pre-judgment interest would build to crippling amounts on claims crawling through an already overcrowded system floundering under the weight of COVID-19 pandemic.