LRANY | Lawsuit Reform Alliance of New York
Justice. Fairness. Common Sense.

November 18, 2025

Testimony of Tom Stebbins, Executive Director, The Lawsuit Reform Alliance of New York

Before the Senate Committee on Investigations and Government Operations; Senate Committee on Insurance; and Senate Committee on Housing, Construction, and Community Development

Good morning, Senators James Skoufis, Brian Kavanaugh, Jamaal Bailey, and other members of the Legislature. My name is Tom Stebbins. I am the Executive Director at the Lawsuit Reform Alliance of New York (LRANY). LRANY is a nonpartisan statewide coalition of businesses, professionals, municipalities, and everyday citizens working to fix New York's costly and unbalanced civil justice system. We are committed to fostering a thriving economy that benefits both everyday New Yorkers and businesses. However, to ensure this, we understand the importance of addressing lawsuit abuses that run rampant throughout the state. Not only does lawsuit abuse impact businesses, but it also directly impacts your constituents through higher taxes, lost opportunities, increased service costs, and higher insurance premiums. Ultimately, this hurts the wallets of everyday New Yorkers and the state economy.

Every day, New Yorkers are deeply troubled by the rising cost of living, and increased insurance premiums are simply facilitating this concern, as everyone here knows. What many people do not know is how the current tort environment contributes to higher insurance premiums. We applaud the state's commitment to ensuring that all claimants are compensated fairly and without discrimination; however, the emergence of a niche sector focused on monetizing litigation and actively seeking out new lawsuits for profit has resulted in a systemic shift, placing the financial responsibility for insurance claims on the shoulders of average New York residents. This is due to our outdated tort laws. For example, Labor Law § 240, also known as the state Scaffold Law, enacted in 1885, imposes strict liability on property owners to the extent that the State Court of Appeals has repeatedly ruled that there are no defenses to liability. Cases related to this law have risen, yet the rate of injury has decreased. While passed with good intentions, that law has been abused, resulting in higher project costs and insurance premiums. However, that is just one example. A report by the Chubb Corporation found that, due to quirks in our tort law, their claims exceeding $5,000 in New York are filed 85% more frequently than in all other states. The same report found that claims exceeding $250,000 are filed 30 times more frequently in this State than in other states.

The primary beneficiaries of today's tort system are the attorneys who specialize in this expanding and lucrative field built around the monetization of litigation. This has also led to incidents of fraud, where accidents are staged and various specialists are involved to maximize lawsuit payouts. An article published on Newsday back in May describes how these frauds are carried out: lawyers instruct unwilling or willing individuals to fake their injuries and then send them to medical specialists who are in on the scheme to exaggerate or falsify medical diagnoses. The article even mentioned that the law firm in question represented personal injury lawsuits against property owners, with cases involving injections or surgeries typically settling for around $2 million. The result is that lawyers and specialists involved in the scheme receive most of the settlement, while the claimants – the victims of the scheme - are left with minimal compensation and sometimes lifelong injuries. At the same time, insurance companies incur higher costs, ultimately leading to higher insurance premiums for consumers. This article is just one of many that highlight fraud and abuse. Unfortunately, staging an accident in the State of New York is a misdemeanor, punishable by at most a year. And many law firms that engage in this practice of hiring individuals to commit fraud disproportionately target lower-income and disadvantaged communities, simultaneously introducing them to our criminal justice system. This imbalance highlights a system in need of greater oversight and reform to ensure that those harmed are fairly supported.

With increasing incidents of fraud, staged accidents, and outdated tort laws, consumers and property owners are at the whims of the rising insurance premiums. Homeowners are seeing their insurance costs increase because of the legal environment that inflates claim costs across the board. The ripple effect of lawsuit abuse is felt in every neighborhood, as families struggle to keep up with rising premiums on their homes. Moreover, the hostile legal climate has created a chilling effect on development. Builders and developers are increasingly hesitant to take on new projects due to the cost of liability insurance. The risk of litigation is too high, and the cost of coverage is inflated by abuse.

The Legislature can limit the rising cost of insurance premiums by limiting fraudulent insurance lawsuits and updating our tort laws. One law that the Legislature can actively seek to update is the Scaffold Law, to ensure that workers are properly protected without being easily exploited by opportunistic and money hungry law firms. Addressing our tort environment and the abuses I described would have a profound impact on how insurance companies set their premiums. It is an imperative first step in lowering insurance premiums and reliving the financial burden on property owners.