This Act permits juries to be informed of all sources of compensation an injured party will receive for an injury, such as insurance payments and other settlements. The purpose is to ensure that the jury has complete information regarding the compensation available to the plaintiff. The traditional evidentiary rule reverting juries from learning whether a plaintiff has been compensated for an injury (the Collateral Source Rule) has often led to double and even triple recoveries. This approach has encouraged plaintiffs and their lawyers to view the tort system as a lottery within which windfalls are possible.

ALEC’s Elimination of Double Recovery Act allows the admission into evidence of proof of collateral source payments which already have been made or which are substantially certain to be made to the claimant as compensation for the same damages sought in the suit.

Model Legislation

{Title, enacting clause, etc.}

Section 1. This Act may be cited as the Elimination of Double Recoveries Act.

Section 2. The following words, as used in this Act, shall have the meaning set forth below, unless the context clearly requires otherwise:

(A) “Collateral source” means a benefit paid or payable to the claimant or on his behalf, under, from, or pursuant to:

1. the United States Social Security Act;
2. any state or federal income replacement, disability, workers compensation, or other Act designed to provide partial or full wage or income replacement;
3. any accident, health or sickness, income or wage replacement insurance, income disability insurance, casualty or property insurance including automobile accident and homeowners’ insurance benefits, or any other insurance benefits, except life insurance benefits;
4. any contract or agreement of any group, organization, partnership, or corporation, to provide, pay for, or reimburse the cost of medical, hospital, dental, or other health care services or provide similar benefits;
5. any contractual or voluntary wage continuation plan, or payments made pursuant to such a plan, provided by an employer or otherwise, or any other system intended to provide wages during a period of disability.

(B) "Claimant" means any person, who brings a personal injury action, and if such an action is brought through or on behalf of an estate, the term includes the claimant’s decedent, or if such an action is brought through or on behalf of a minor, the term includes the claimant’s parent or guardian.

(C) “Damages” in this Act refer to economic losses paid or payable by collateral sources for wage loss, medical costs, rehabilitation cost, services, and other out-of-pocket costs incurred by or on behalf of a claimant for which that party is claiming recovery through a tort suit.

Section 3. {Admissibility of Evidence.}

(A) In all tort actions, regardless of the theory of liability under which they are brought, the court shall allow the admission into evidence of proof of collateral source payments which already have been made of which are substantially certain to be made to the claimant as compensation for the same damages sought in the suit. Proof of such payments shall be considered by the trier of fact arrived at the amount of any award, and shall be considered by the court in reviewing awards made for excessive.

(B) The trier of fact shall be informed of the tax implication of all damage awards. The trier of fact may hear evidence of the premiums personally paid by the claimant to obtain any collateral sources paid of payable.

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Section 4. {Special Damages Findings Required.}

(A) If liability is found in any tort action, regardless of the theory of liability, then the trier of fact, in addition to other appropriate findings, shall make separate findings for each claimant specifying the amount of:

1. any past damages for:
   a. medical and other costs of health care;
   b. other economic loss; and
   c. noneconomic loss.

2. any future damages and the periods over which they will accrue, on an annual basis, for each of the following types of damages:
   a. medical and other costs of health care;
   b. other economic loss; and
   c. noneconomic loss.

(B) The calculation of all future medical care and other costs of health care and future noneconomic loss shall reflect the costs and losses during the period of time the claimant will sustain those costs and losses. The calculation for other economic loss must be based on the losses during the period of time the claimant would have lived but for the injury upon which the claim in based.

Section 5. {Severability Clause.}

Section 6. {Repealer Clause.}

Section 7. {Effective Date.}