

YOU & the LAW



THE
GLENN ARMENTOR
LAW CORPORATION

(337) 233-1471 (800) 960-5551

Internet: www.glennarmentor.com

Email: accidenthotline@glennarmentor.com

Special interests spread 'lawsuit abuse' myths

If you go to your computer's Internet browser and type "lawsuit abuse," up will pop Web sites for dozens of organizations, all claiming to be working to save Americans from imaginary enemies. These organizations have friendly-sounding names that conceal their true intentions and sources of funding.

While most of these groups claim to be "grassroots" organizations, they actually go to great lengths to hide the fact that big corporations provide millions of dollars to bankroll them. The industries behind these organizations include tobacco, drugs, oil, insurance, manufacturers and others that benefit from laws that make it harder for consumers to receive compensation when they've been hurt physically or economically by someone else's negligence.

Some of these corporate-funded organizations are intensifying their smear campaigns against the nation's judges and juries at the same time that they receive federal assistance. AIG, a major recipient of taxpayer bailout money, has been one of the leading spreaders of "lawsuit abuse" myths.

The American Association for Justice, whose members include attorneys who represent consumers, has responded to some of the "lawsuit abuse" myths created by special



interest groups. Some of these myths and the facts include:

Myth: Legal reform is needed because lawsuits hurt small businesses.

Truth: Multiple surveys show that lawsuits are not a concern for small business owners. This myth is spread by big corporations and their front groups that want to destroy the legal system so they can't be held accountable for negligence and misconduct.

Myth: The number of lawsuits filed is skyrocketing.

Truth: According to the U.S. Justice Department, the number of federal tort (personal injury) cases resolved in U.S. district courts fell by 79 percent between 1985 and 2003. In 1985, a judge or jury in the federal courts decided 3,600 tort trials. By 2003, that number dropped to less than 800. Recent statistics also show a decrease in the number of tort trials at the state level.

Myth: Health care costs are rising and doctors are unable to practice due to litigation.

Truth: Health care costs are rising; however, medical malpractice litigation has nothing to do with it. The Congressional Budget Office reports that medical malpractice amounted to less than 2 percent of overall health care spending. The Government Accountability Office also found that malpractice cases have not widely affected access to health care.

Myth: Your insurance rates are increasing because of lawsuits.

Truth: Your insurance premiums may be going up, but it has nothing to do with lawsuits. Look no further than the insurance industry's annual profit reporting. In 2007, insurance companies reported a near-record profit of \$61.9 billion. In comparison, the insurance industry's 2004 profit was \$38.7 billion, which broke all previous records. Its profits continue to rise, and unfortunately, your premiums are following suit.

Myth: People aren't volunteering because they are afraid of lawsuits.

Truth: This lie is also peddled by groups interested in destroying the civil justice system. Congress passed the Volunteer Protection Act of 1997 to provide immunity for volunteers of nonprofits in the course of their charity work.



Avoid the risk of unintentional poisonings in your home

Each year more than 2 million calls are made to poison control centers across the United States as a result of unintentional poisonings. More than 90 percent of these calls involve unintentional poisonings within the home.

Unintentional poisonings frequently involve such medicines as oral prescription and non-prescription drugs and typical household chemicals, including cleaning supplies and personal care products. When improperly stored, these substances can present threats to people.

Children are the most frequent victims of unintentional poisonings within the home.

An estimated 80,000 children are treated in hospital emergency rooms each year because of unintentional poisonings, and children ages 5 and



younger account for the majority of non-fatal poisonings.

A recent review by the U.S. Consumer Product Safety Commission found that 70 percent of poisonings involve children ages 1 to 2.

The American Association of Poison Control Centers recommends taking the following steps to protect others from unintentional poisonings:

- ✓ Keep poisonous materials in their original, child-resistant containers.
- ✓ Store poisonous materials out of a child's sight and reach.
- ✓ Follow handling instructions and recommended dosages.
- ✓ Install carbon monoxide detectors around the home.
- ✓ Call the national toll-free poison control center telephone number, (800) 222-1222, if you have safety-related questions regarding such things as medicines or household products.

For more information on poison control and to locate the poison control center nearest you, visit the American Association of Poison Control Centers Web site at www.aapcc.org.

Be wary of work-at-home advertisements



While advertisements to do such jobs from home as medical billing, starting your own Internet business, envelope stuffing, and assembly or craftwork may sound appealing, many of these employment offers

are scams designed to separate you from your money.

Work-at-home schemes prey heavily upon senior citizens, the disabled, mothers who want to stay at home with their children, people with low income and those who want to get rich quickly. Consumers have reported losing up to \$70,000 as a result of submitting to work-at-home promotions.

Participants in such schemes can also be held liable for fraud by deliberately or even unintentionally promoting and selling fraudulent products or services to others.

The Federal Trade Commission advises job seekers to look for these

warning signs of work-at-home scams:

- The advertisement makes exaggerated claims of potential earnings, profits or part-time earnings.
- The company demands that money be sent in advance for instructions or products.
- The job description says "no experience necessary."
- The company states it can provide "inside" information.

Extended warranties can take you for a ride

With American automakers in financial trouble, con artists are trying to prey on consumers' fears that their automobile warranties will become invalid if the automaker runs out of money or goes out of business. Some companies try to scare consumers into purchasing costly service contracts with automated phone calls, aggressive sales tactics, and frightening mail notices that are marked with such urgent phrases as "Final Warranty Notice" or "Motor Vehicle Notification."

Service contracts are promises to perform or pay for certain repairs or services. While a service contract is sometimes called an extended warranty, it is not a warranty as defined by federal law. What's the

difference? A service contract may be arranged any time and always costs extra—sometimes hundreds or thousands of dollars—while a warranty comes with a new car and is included in the original price.

Unfortunately for consumers, some service contracts offered through the mail and sales calls are scams devised by companies that will disappear after receiving payment. If you just purchased a new automobile, don't be fooled by these companies' scare tactics. Those who buy new General Motors or Chrysler automobiles—two American automobile manufacturers that filed for bankruptcy and received government bailouts—during the companies' restructuring periods

can rest assured that their warranties will remain valid.

The federal government's new Warranty Commitment Program covers the manufacturer's warranty on each new vehicle sold during bankruptcy restructuring. This means that, in the event of the failure of a participating auto manufacturer, the government will work with a program administrator to identify an auto service provider to supply warranty services.

This program only applies to General Motors or Chrysler vehicles purchased during the restructuring period for these manufacturers.

Federal Trade Commission tips to help consumers steer clear of scam auto warranty offers:

- + **Be wary of mail or phone calls about your expiring auto warranty.** Check your owner's manual, talk to the dealer who sold you the car, or contact the manufacturer if you have warranty questions.
- + **Be cautious of fast talkers.** Telemarketers pitching auto warranties often use high-pressure tactics. Most legitimate businesses give consumers time and written information about an offer before getting them to commit to a purchase.
- + **Don't share sensitive information**—Like your bank account, credit card or Social Security number—over the phone unless you know with whom you're dealing. Scam artists often ask for this information during an unsolicited sales pitch and then use it to commit frauds.
- + **Be skeptical of unsolicited sales calls if the call is a recorded message** or if your phone number is on the National Do Not Call Registry.
- + **Research the service contract provider responsible for paying your claims.** Service contract brokers are



often independent of the contract providers and may assert that they have no responsibility to you after you purchase the contract.

- + **Before doing business, check out the seller and contract provider** with your state attorney general (www.naag.org), local consumer protection agency (www.consumeraction.gov) and the Better Business Bureau (www.bbb.org).



New law to protect American credit card holders

The Credit Card Accountability, Responsibility and Disclosure (CARD) Act of 2009 was passed by Congress and signed by President Barack Obama to better protect consumers against abuses by the credit card industry.

It's no secret that credit card use is widespread in the United States. Every year, Americans pay nearly \$15 billion in penalty fees. Nearly 80 percent of American families have a credit card, and 44 percent of families carry a balance on their credit cards.

The new law aims to protect consumers by eliminating such things as spontaneous rate hikes and hidden fees, which often drive up a credit card balance. It also improves such consumer disclosures as notifications about rate changes, and it gives customers more time to pay their bill.

Many provisions in the new law go into effect in February 2010. Major changes include:

- ◆ Promotional rates must last for at least six months, and rates can't be raised in the first year after issuance.



- ◆ Issuers can't raise rates on an existing balance unless borrowers are late by 60 days or more. The bank must also restore the lower rate once the cardholder makes six consecutive on-time payments.
- ◆ Credit card companies can no longer punish borrowers for late payments on unrelated accounts.
- ◆ Consumers must get 45 days' notice before key contract changes, including rate increases, take effect. Previously, consumers

received only 15 days notice. This provision took effect in August.

- ◆ Cardholders will not face over-limit fees unless they elect to allow the creditor to approve over-limit transactions, and issuers cannot charge more than one over-limit fee per cycle.
- ◆ Consumers ages 18 to 21 who don't have adequate income or a co-signer, or who don't complete a certified financial literacy course, can't be approved for credit cards. According to a recent study, college students carried a record-high average balance of \$3,173 on their credit cards in 2008.
- ◆ Double-cycle billing, which bases finance charges on the current and previous balance, is banned. Under the method, the issuer could charge interest on debt paid off the previous month.
- ◆ Card companies must send statements 21 days before a payment is due, instead of the 14-day notice previously required.

For Information Only—You & the Law is published by Louisiana Association for Justice for use by subscribers and their clients. You & the Law does not have any official or legal authority, and the information contained within should not be acted upon without professional advice.

You & the Law © 2009, LAJ

W
LAW
of the
YOU
NO

THE GLENN ARMENTOR
LAW CORPORATION
A Professional Law Corporation
300 STEWART STREET
LAFAYETTE, LA 70501