

U.S. Supreme Court Sets New Constitutional Limits on Punitive Damages

News

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Brief of *Amicus Curiae*, The Business Roundtable, *State Farm Mut. Auto Ins. Co. v. Campbell*
(No. 01-1289)

On April 7, 2003, the U.S. Supreme Court set new constitutional limits on punitive damages in a ruling that the business community hailed as a major victory in the long-running effort to shield corporate defendants from unconstrained jury awards.

A \$145 million punitive damages award atop a \$1 million compensatory award in a bad faith insurance case is grossly excessive in violation of due process, the Court ruled. Applying the three “guideposts” from its *BMW v. Gore* ruling, it found the award mismatched to the defendant insurer’s degree of reprehensibility, and disproportionate to the insured’s actual harm and the analogous civil penalties under state law.

Among the *amicus curiae* briefs filed in this case, *State Farm Mut. Auto Ins. Co. v. Campbell* is one submitted by The Business Roundtable - an association of the chief executives of major U.S. corporations. The association retained Malcolm E. Wheeler, a recognized national expert in the theory and practice of punitive damages, to prepare this brief. Wheeler is a partner at WTO.

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