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For Immediate Release
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State Senator Tommy Williams Files Bill to Create Voluntary Compensation Plans to Further Reduce Civil Litigation in Texas

Measure would allow companies to provide quick and non-adversarial compensation for legitimate damage claims to speed up relief to victims and avoid expensive and lengthy litigation costs.

AUSTIN, TX – Today, State Senator Tommy Williams (R-Woodlands) filed SB 21 creating Voluntary Compensation Plans to handle legitimate damage claims in a fair and timely manner. The measure would allow victims to receive and retain a greater portion of compensation in lieu of litigation.

“Voluntary Compensation Plans provide victims quick, fair and non-adversarial compensation for legitimate claims,” stated Sen. Williams. “These plans are another form of alternative dispute resolution and can reduce expensive, risky, and emotionally-draining litigation. I’m also honored to have the support of both the Texas Civil Justice League and Texans for Lawsuit Reform.”

Under the bill's framework, a Voluntary Compensation Plan (VCP) can be established by either victims or defendants to speed up compensation payments to victims of an accident or an allegedly defective product. Accepting compensation from a VCP is also voluntary.

Studies show that 50 to 60 percent of amounts expended by defendants in civil cases cover attorneys, expert witnesses, and pretrial discovery fees. Establishing a Voluntary Compensation Plan could eliminate most of these expensive transaction costs.

“Voluntary Compensation Plans will allow victims to quickly recover damages, so they can keep more of the compensation instead of lengthy litigation and a majority of compensation going to trial lawyers and the courts,” Williams concluded.

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Key components of the bill include:

- A Voluntary Compensation Plan (VCP) can be created by any potentially liable person or group of persons.
- Accepting compensation from the plan is purely voluntary.
- A VCP must be established quickly after a serious event to ensure the process is not used merely as a method to delay litigation.
- Once established, the plan creator is entitled to a temporary abatement of litigation to allow plaintiffs and potential plaintiffs to consider accepting compensation from the plan in exchange for releasing the company from liability.
- If a plaintiff pursues litigation and the amount recovered in litigation is less than 80 percent of the amount the plan would have paid plaintiff, the plaintiff must pay the company's attorney fees and court costs.
- A lawyer representing a plaintiff or potential plaintiff must inform his or her client:
 - of the establishment of the plan,
 - that the plaintiff or potential plaintiff can contact the plan administrator without the lawyer's involvement, and
 - that it is unlawful for the attorney to receive or contract to receive a fee in excess of five percent of the amount received by a plaintiff from the plan.
- The fact that a company established a plan, considered establishing a plan, or planned for establishing a plan would be inadmissible and non-discoverable.
- The fact that a plaintiff or potential plaintiff sought information from a plan administrator or considered accepting the compensation offered through a voluntary compensation plan would also be inadmissible.

Senator Williams represents Senate District 4 covering all or portions of Jefferson, Orange, Chambers, Liberty, Harris and Montgomery Counties. Williams serves as Chairman of the Senate Transportation and Homeland Security Committee and as a member of the Finance, State Affairs, International Relations & Trade Committees and the Senate Select Committee on Redistricting.

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