SENATE, No. 908

STATE OF NEW JERSEY

INTRODUCED MARCH 7, 1996

By Senators RICE, SINAGRA, Kenny, McGreevey, Bryant, Lipman, Girgenti, Codey, Lynch, O'Connor, Adler, Martin, LaRossa and Matheussen

AN ACT concerning punitive damages and amending P.L.1995, c. 142.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. Section 6 of P.L.1995, c.142 (C.2A:15-5.14) is amended to read as follows:

6. a. Before entering judgment for an award of punitive damages, the trial judge shall ascertain that the award is reasonable in its amount and justified in the circumstances of the case, in light of the purpose to punish the defendant and to deter that defendant from repeating such conduct. If necessary to satisfy the requirements of this section, the judge may reduce the amount of or eliminate the award of punitive damages.

b. No defendant shall be liable for punitive damages in any action in an amount in excess of five times the liability of that defendant for compensatory damages or**[**$350,000**]** <u>$1,000,000</u>, whichever is greater.

c. The provisions of subsection b. of this section shall not apply to causes of action brought pursuant to P.L.1993, c.137 (C.2A:53A-21 et seq.), P.L.1945, c.169 (C.10:5-1 et seq.), P.L.1989, c.303 (C.26:5C-5 et seq.) or P.L.1992, c.109 (C.2A:61B-1), or in cases in which a defendant has been convicted pursuant to R.S.39:4-50 or section 2 of P.L.1981, c.512 (C.39:4-50.4a).

(cf: P.L.1995, c.142, s.6)

2. This act shall take effect immediately and shall apply to causes of action filed on or after the effective date of this act.

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined <u>thus</u> is new matter.

STATEMENT

This bill increases the current cap on punitive damages to provide that no defendant shall be liable for punitive damages in any action in an amount in excess of five times the liability of that defendant for compensatory damages or $1,000,000, whichever is greater. The current law caps punitive damages at five times compensatory damages or $350,000, whichever is greater.

Raises cap on punitive damages to the greater of five times compensatory damages or $1 million.