



New York City Comptroller
John C. Liu

NEWS RELEASE

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LIU RELEASES NYC CLAIMS REPORT

*Lawsuit Payouts Declined by 7% in FY 2010,
But City Agencies Can Do More to Save Taxpayers
Tort Claims Payments Once Again Topped Half a Billion Dollars*

NEW YORK, NY – New York City Comptroller John C. Liu today released his Claims Report for Fiscal Years 2009 and 2010.* The report, the first under Comptroller Liu’s tenure, provides a comprehensive examination of data regarding claims filed against the City and analyzes recent trends.

Comptroller Liu’s report shows that in FY 2010 the City paid out \$520.6 million in personal injury and property damage tort settlements and judgments; seven percent less than FY 2009, when the City paid \$559.9 million.

“City agencies generally work hard to serve our residents, but we need to collectively minimize and prevent costly settlements that continue to hover at a half-billion dollars annually.” Comptroller Liu said. “My office will continue to work with Corporation Counsel to reduce the overall cost of litigation and settlements while being fair to people who have been harmed.”

In the Mayor’s Fiscal Year 2012 Executive Budget, the City has budgeted \$655 million for the settlement of claims. Comptroller Liu testified last week that an analysis by his office deemed that number overestimated potential payouts by roughly \$50 million.

Tort Claims Detail:

The report found that the New York City Police Department (NYPD), Health and Hospitals Corporation (HHC), and the New York City Department of Transportation (DOT) accounted for 67 percent of total tort claims paid in FY 2010.

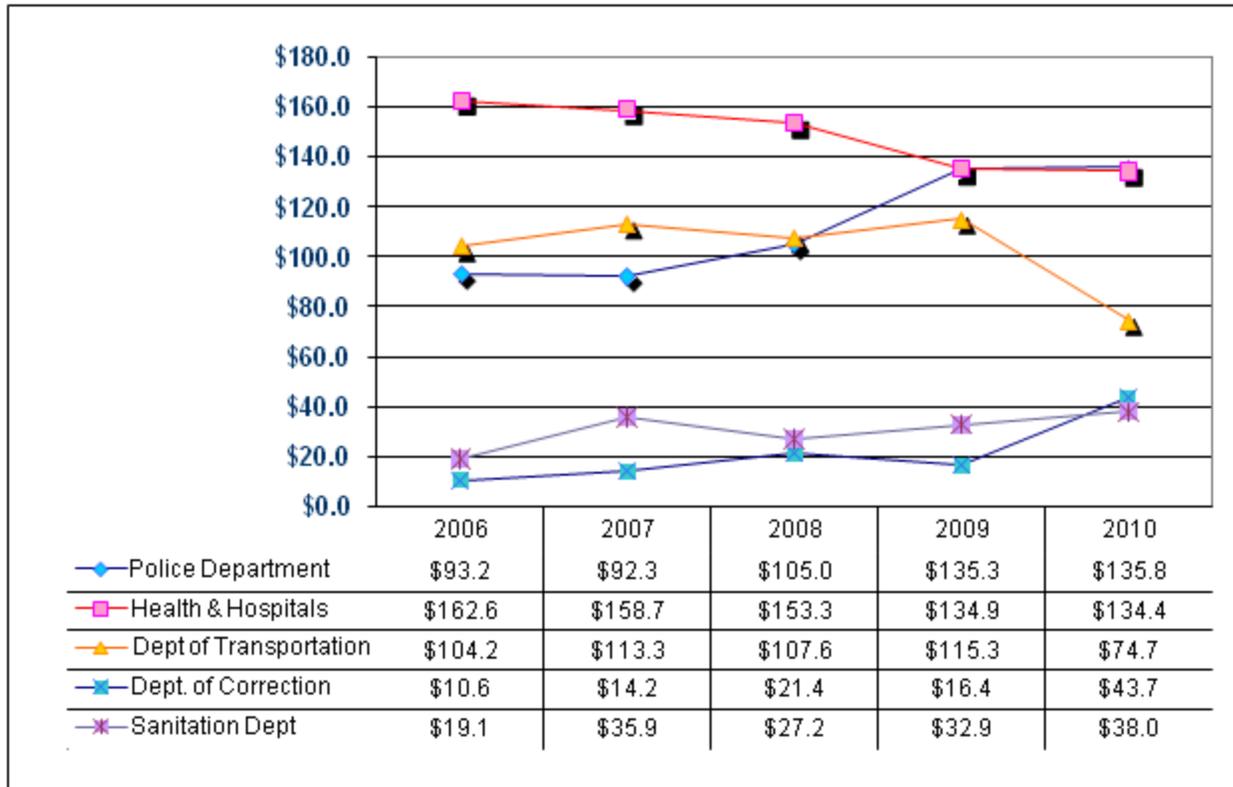
The NYPD surpassed HHC in total claims payouts for the first time in 30 years. The City paid \$135.3 million in FY 2009 and \$135.8 million in FY 2010 on behalf of the NYPD. By comparison, claims against HHC cost the City slightly less, totaling \$134.9 in FY 2009 and \$134.4 million in FY 2010.

Comptroller Liu cited HHC’s success in risk and litigation management and noted that in addition to the NYPD, the DOT and Department of Education (DOE) may benefit from a pilot program replicating the HHC model of proactive management to reduce the costs incurred by the

City. The Comptroller also suggested the Mayor’s Management Report track and publish agency claims data.

“This would better highlight agency efforts with regards to claims and civil litigation, and identify areas where greater risk management is needed,” Comptroller Liu said. “By posting this information the City will increase fiscal accountability.”

**Dollar Value of Settlements by Agencies with Highest Claim Costs in FYs 2006 – 2010
(in Millions)**



Non-Tort Claims:

The Comptroller’s Office also settles non-tort claims. These claims include disputes between contractors and City agencies, salary claims, and Department of Education tuition claims. In FY 2010, non-tort payments jumped to \$165.1 million, up from \$94.5 million the year before. The primary cause of this increase is DOE tuition reimbursement settlements, which totaled \$132.9 million in FY 2010.

DOE tuition reimbursement claims arise when the City is unable to provide the necessary resources to special needs students. As a result, these students attend private schools for instruction and the City pays the tuition after a claim is filed. Comptroller Liu has recommended that the DOE take a more proactive view of their risk management programs to help drive down these costs.

Additional Findings:

- The Comptroller’s Office early settlement of claims is estimated to have saved the City \$17.2 million in FY 2009 and \$18.2 million in FY 2010, by working in cooperation with other City agencies and streamlining processes.
- In FY 2010, 2,286 defective sidewalk claims were filed against the City, the lowest number in a decade. As a City Councilman, Comptroller Liu authored and was the prime sponsor of Local Law 49, which amended the City Administrative Code in relation to liability for sidewalk claims. As a result of the legislation, the City has seen a significant decrease in the amount of taxpayer funds paid out to settle these claims.
- The Comptroller’s Office re-evaluated its agreement with Cybersettle, an electronic settlement program, and determined that the same goal could be accomplished more efficiently by in-house staff than through an outside consultant — saving the City \$600,000 annually.
- The Comptroller’s Office collected a record \$1.3 million as part of its Affirmative Claims program, in which the office pursues monetary reimbursement from companies who damage City property.
- Personal injury claims accounted for 98 and 99 percent of tort settlements in FY 2009 and FY 2010 respectively.
- The cost of civil rights claims increased 67 percent in FY 2010 to \$78.7 million, largely due to a December 2009 class action settlement of \$33 million that challenged strip search procedures in Corrections Department facilities.
- Working with the State Attorney General, the Comptroller’s Office was able to secure \$95,000 for a crime victim under the Son of Sam Law, which allows crime victims the opportunity to receive portions of monetary settlements awarded to those convicted of the crime.

Filing an eClaim:

As a result of legislation signed into law on March 24, 2010, the City is required to accept Notices of Claim via electronic means. As a result of the legislation, the New York City Comptroller’s Office successfully designed, developed and implemented the “eClaim” system within six months of the law, which allows a claimant to electronically file a claim and attach all necessary supporting documentation.

Background:

Under the New York City Charter, the Comptroller is responsible for settling and adjusting claims for and against the City. The report on claims data is published every two years.

*Data may not include all claims against the City that will ultimately be settled due to a time lag between when a settlement occurs and when settlements and updates are entered into the claims database. For the purpose of this report, “settlement and judgment costs,” liabilities,” “expenditures” or “amounts paid” are used interchangeably with “recorded settlements and judgments.”

Comptroller Liu credited Deputy Comptroller for Legal Affairs and General Counsel Ricardo Morales, as well as the Bureau of Law and Adjustment for their efforts in compiling the report.

The full report can be viewed at www.comptroller.nyc.gov.