

SITUATION REPORT

DEPARTMENT OF COMMERCE • Domestic and International Business Administration
of Domestic Commerce • Office of the Ombudsman

June 1976



PRODUCT LIABILITY: An Emerging Problem

In March 1976 the Bureau of Domestic Commerce conducted, at the request of the Executive Committee of the Economic Policy Board, a 30-day staff study of the problem of sharply increasing premiums for product liability generally and the difficulty experienced by some manufacturers in obtaining any product liability coverage.

The report of the staff study, "Product Liability Insurance - Assessment of Related Problems and Issues," concluded that data now available, although meager, clearly indicate that there is a product liability problem which is extensive and increasing. However, the lack of comprehensive data prevented specific definition of the nature and scope of the problem and therefore precluded proper analysis of the impacts of the many remedies which have been proposed.

Following the submission of the 30-day report, the formation of an Interagency Task Force was authorized, as well as an Industry Advisory Committee to conduct a comprehensive study of product liability problems. The Task Force is being chaired by the Commerce Department. Other agencies represented on the Task Force include the Departments of:

- Health, Education and Welfare
- Housing and Urban Development
- Justice
- Labor
- Transportation
- Treasury

Also represented are:

- Consumer Product Safety Commission
- Counsel of Economic Advisors
- Office of the Assistant to the President
for Economic Affairs
- Office of Management and Budget
- Small Business Administration

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The Industry Advisory Committee will include representatives of manufacturers, wholesalers, retailers, insurers, labor, consumers, the legal community, and the public at large.

The Task Force intends to incorporate in its study the results of current projects dealing with product liability planned or put into operation by Federal and State agencies, private institutions, and companies.

Among the issues it will consider are:

- ° impact of product liability problems on the economy and specific industry sectors leading ultimately to making product liability insurance coverage available at a cost that is not unduly burdensome to producers and distributors; and
- ° remedies to alleviate product liability problems without adversely affecting safety incentives and user protection, and defining the role of the Federal Government in the resolution of product liability problems.

The Interagency Task Force has been requested to submit a report to the Economic Policy Board by the end of the year.

Persons or organizations interested in making their views on product liability problems known to the Interagency Task Force can do so by writing to Director, Office of the Ombudsman, U.S. Department of Commerce, Washington, D. C. 20230.

Copies of the Bureau of Domestic Commerce Staff Study, "Product Liability Insurance - Assessment of Related Problems and Issues," can be obtained by writing to National Technical Information Service, Department of Commerce, 5285 Port Royal Road, Springfield, Virginia 22161, enclosing check or money order for \$9.50 per copy and asking for publication PB 252-204 (available in print or microfiche).

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