Illinois Coalition for LEGAL REFORM

Increase Fairness, Efficiency and Predictability in our Legal System: Eliminate Prejudgment Interest

Prejudgment interest allows plaintiffs in personal injury and wrongful death lawsuits to collect interest against defendants from the time the lawsuit is filed, rather than from the time judgment is entered. The practical effects of prejudgment interest statutes can be inequitable and counterproductive and result in overcompensation, hold a defendant financially responsible for delay the defendant may not have caused, and impede settlement.

Prejudgment interest laws interfere with the fairness, efficiency and predictability of the legal system in Illinois.

Increases Financial Burden

Prejudgment interest can significantly increase total liability a defendant faces. This can be challenging for businesses or individuals who may have to pay more than the original damages awarded, even if they were not at fault or there were delays in the legal process.

Defendants may face unexpected and potentially ruinous costs if the case drags on, making it difficult to predict their financial exposure. The added uncertainty about the total amount of damages a defendant will eventually have to pay adds to the unpredictability of Illinois' legal system. This could deter businesses from operating in Illinois because they want to avoid this risk.

Punitive Nature

Prejudgment interest can feel punitive, especially if it is applied in situations where a defendant was not negligent or where the legal process was delayed through no fault of their own. It can sometimes result in a disproportionately high award, especially in complex cases.

Influences Settlements

By its nature, prejudgment interest is intended to encourage early settlement offers. As a result, even if a defendant has no interest in settling a lawsuit at an early stage, an early offer of settlement may be strategic in limiting or even precluding the amount of prejudgment interest in connection with a potential adverse verdict.