



2003 Legal Dispute Study

Institute for Advanced Dispute Resolution

April 2003



Table of Contents

	<u>Page</u>
Introduction	3
Methodology	4
Highlights	5
Survey Findings	8
Overall Views Toward Legal Disputes	9
Awareness of Arbitration	19
Choosing Arbitration	24
Questionnaire	36

Introduction

- The objective of this study was to ascertain adult Americans' awareness, knowledge, attitudes and experience regarding arbitration as an option for resolving disputes.
- The study updates a similar survey conducted for the Institute for Advanced Dispute Resolution by RoperASW in 1999.

Methodology

- Findings presented in this report are based on telephone interviews with a random cross-section of 1,036 adult Americans, ages 18 and older. The findings are projectable to this population within a margin of sampling error of +/- 3 percentage points. Subgroups have a larger margin of sampling error.
- Interviewing was conducted during the period of April 17-19, 2003.
- Responses were weighted by demographic factors including age, sex, geographic region and race to ensure reliable and accurate representation of the total population, 18 years of age and older.

Highlights

- **Lawsuits Are Not the Only Recourse.** A majority of Americans do not believe that a lawsuit is their only recourse for resolving a dispute over money or that it is always necessary to hire a lawyer.
- **Top-of-Mind Awareness of Arbitration Low.** Relatively few are aware, however, on an unaided basis, of other formal procedures that are available. Of those people who think that a lawsuit is not the only recourse to solving a dispute, just 12% mention arbitration and 10% mention mediation. These numbers are down slightly from levels registered in 1999 (down 5 points for arbitration and 3 points for mediation).

Highlights

- **Majority Aware of Arbitration when Prompted, But Fewer than in 1999.** When prompted, the number who are aware of arbitration as a legal means to resolve disputes over money rises substantially, bringing awareness (unprompted and prompted) to more than two-thirds (66%). This represents a decrease from 79% registered in 1999.
- **Arbitration Favored by Two Thirds.** Given a description of how the arbitration process works, the majority of Americans say they would choose arbitration over filing a lawsuit to resolve a dispute about money (64%). This number rises 10 points when people are informed of the cost advantage in taking a dispute to arbitration rather than filing a lawsuit. Very few (6%) report ever having used arbitration (down from 8%).

Highlights

- **Propensity to Sue Holds Steady.** Americans remain predisposed to sue over money owed. Eight in 10 adults say they would sue over some amount of money owed (80% compared with 85% in 1999). Just 6% say they would never sue. Starting with \$100 and moving up incrementally, a number of Americans said they would sue at one point or another, with more than half (54%) saying they would sue over being owed \$5000.
- **Yet Few Have Actually Sued.** Relatively few have actually resolved a dispute over money by filing a lawsuit. Nearly one third (32%) say they have paid a bill to avoid a dispute or lawsuit. Just 9% have filed a lawsuit over money.

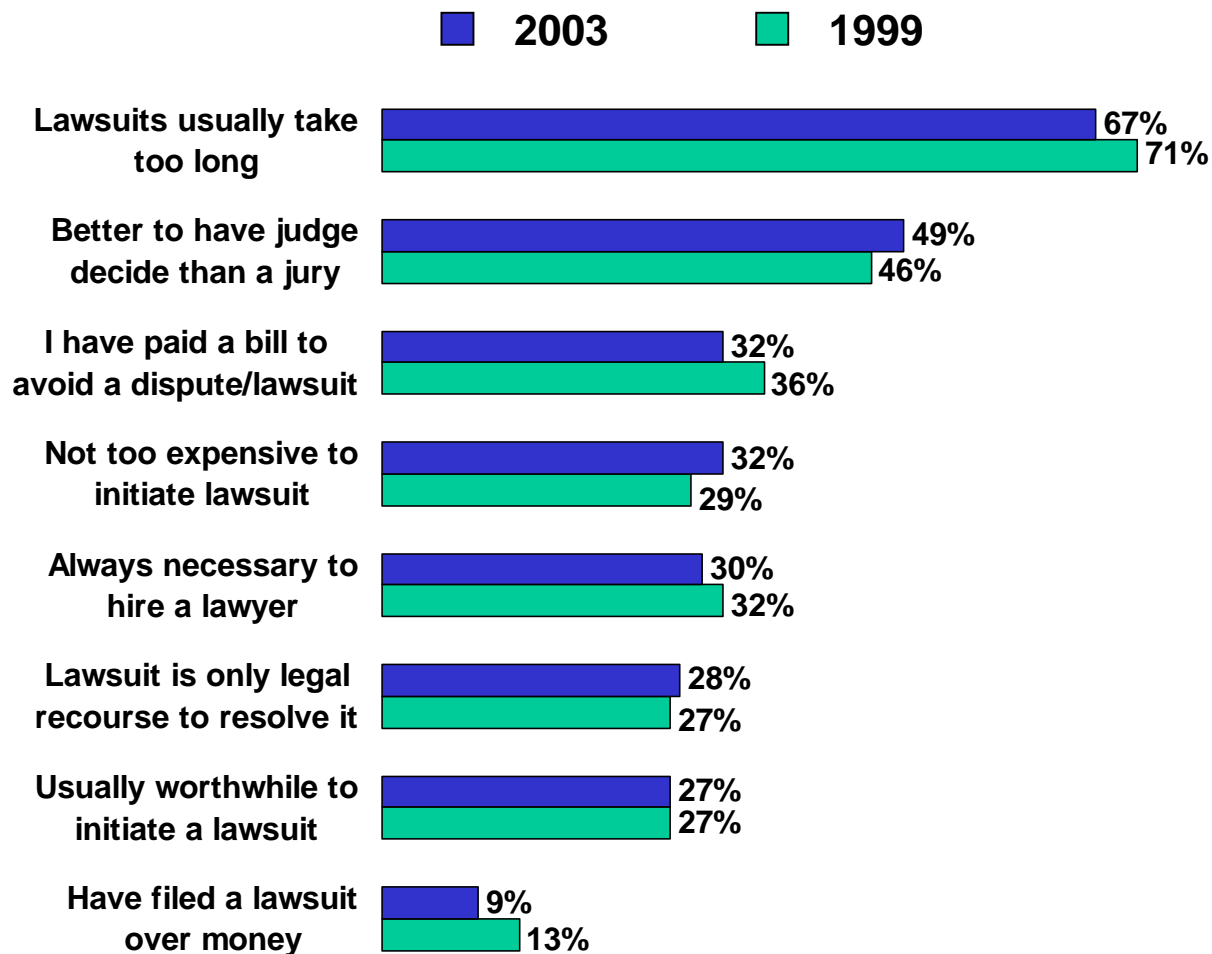
Survey Findings

Overall Views Toward Legal Disputes

- Fewer than one-third believe that it is always necessary to hire a lawyer (30%); that a lawsuit is their only recourse (28%); and that it is usually worthwhile to initiate lawsuit (27%).
- Two-thirds (67%) feel that lawsuits usually take too long. One half (49%) think that it is better to have a judge decide the issue than a jury.
- While just one third think that a lawsuit is not too expensive (32%), fewer than 1 in 10 Americans (9%) report having filed a lawsuit, down from 13% in 1999. One third (32%) have paid a bill to avoid a dispute or lawsuit.

“With which, if any, of the following statements do you completely or somewhat agree?” [Q.1]

Base: All Adults, 18 and older. Percent saying they agree completely/somewhat with the statements.



Overall Views Toward Legal Disputes

- When looked at by demographic characteristics, the study finds that less educated Americans are more likely than college graduates to feel that it is always necessary to hire a lawyer (38% vs. 20%); that a lawsuit is their only recourse (34% vs. 18%); and that it is usually worthwhile to initiate lawsuit (33% versus 20%).
- However, slightly more college grads than less educated Americans (10% compared to 7%) actually report having filed a lawsuit.

“With which, if any, of the following statements do you completely or somewhat agree?” [Q.1]

Base: All Adults, 18 and older. Percent saying they agree completely/somewhat with the statements

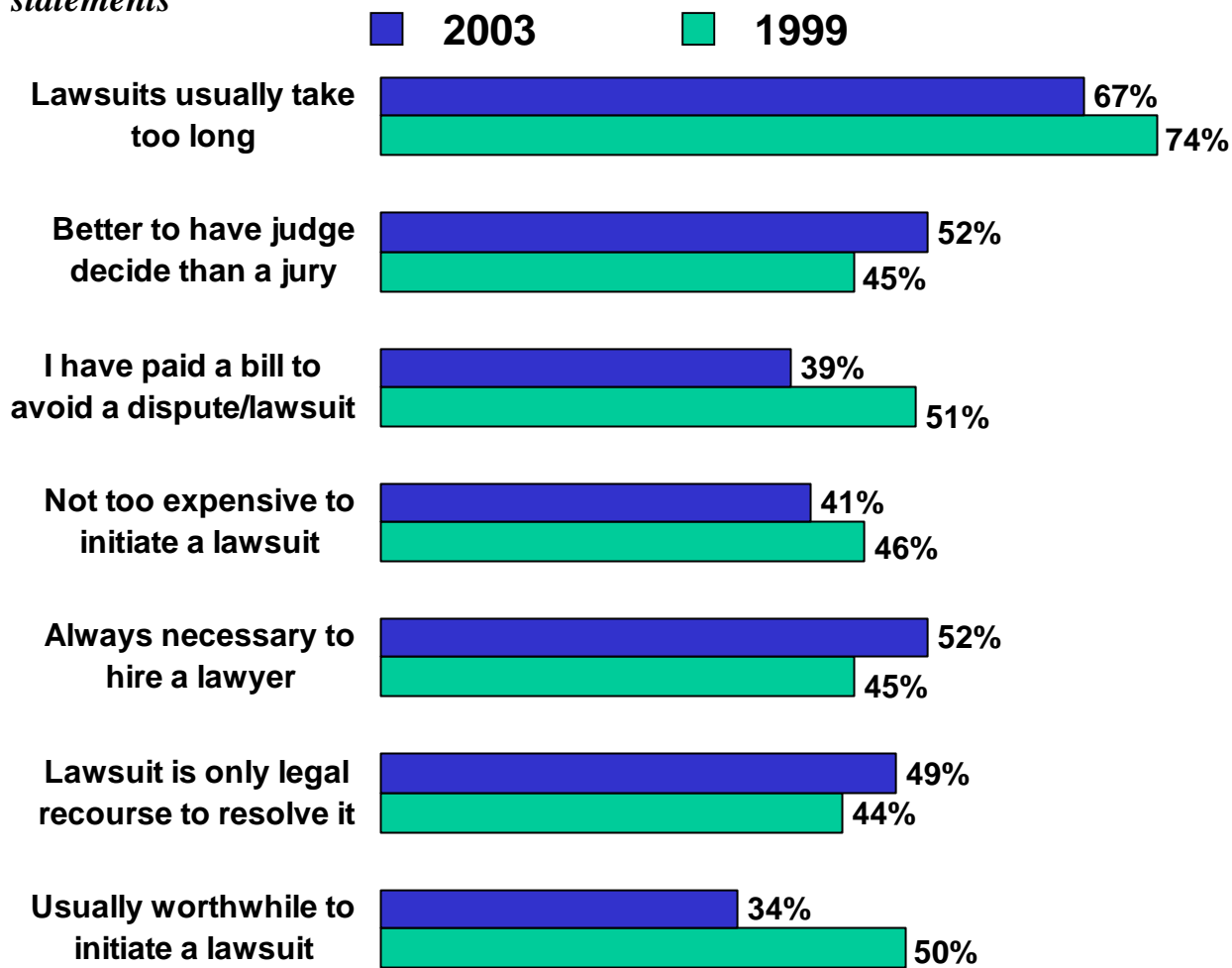
	Total		High School or less		College Graduate	
	<u>2003</u>	<u>1999</u>	<u>2003</u>	<u>1999</u>	<u>2003</u>	<u>1999</u>
Lawsuits usually take too long	67	71	69	70	66	75
Better to have a judge decide than a jury	49	46	54	46	47	49
I have paid a bill to avoid a dispute/lawsuit	32	36	34	40	27	29
Not too expensive to initiate a lawsuit	32	29	33	32	32	27
Always necessary to hire a lawyer	30	32	38	37	20	25
Lawsuit is only legal recourse to resolve it	28	27	34	33	18	19
Usually worthwhile to initiate a lawsuit	27	27	33	31	20	22
Have filed a lawsuit over money	9	13	7	11	10	12

Overall Views Toward Legal Disputes

- Trend data show that, among those Americans who have actually filed a lawsuit, views toward the lawsuits are shifting. Among those who have filed a lawsuit, fewer today than in 1999 believe that it is usually worthwhile to initiate lawsuit (34% versus 50%).
- However, at the same time, those who have filed a lawsuit feel more strongly today than they did in 1999 that it is always necessary to hire a lawyer (52% vs. 45%); and that a lawsuit is their only recourse (49% vs. 44%).

“With which, if any, of the following statements do you completely or somewhat agree?” [Q.1]

Base: Those who have filed a lawsuit. Percent saying they agree completely/somewhat with the statements



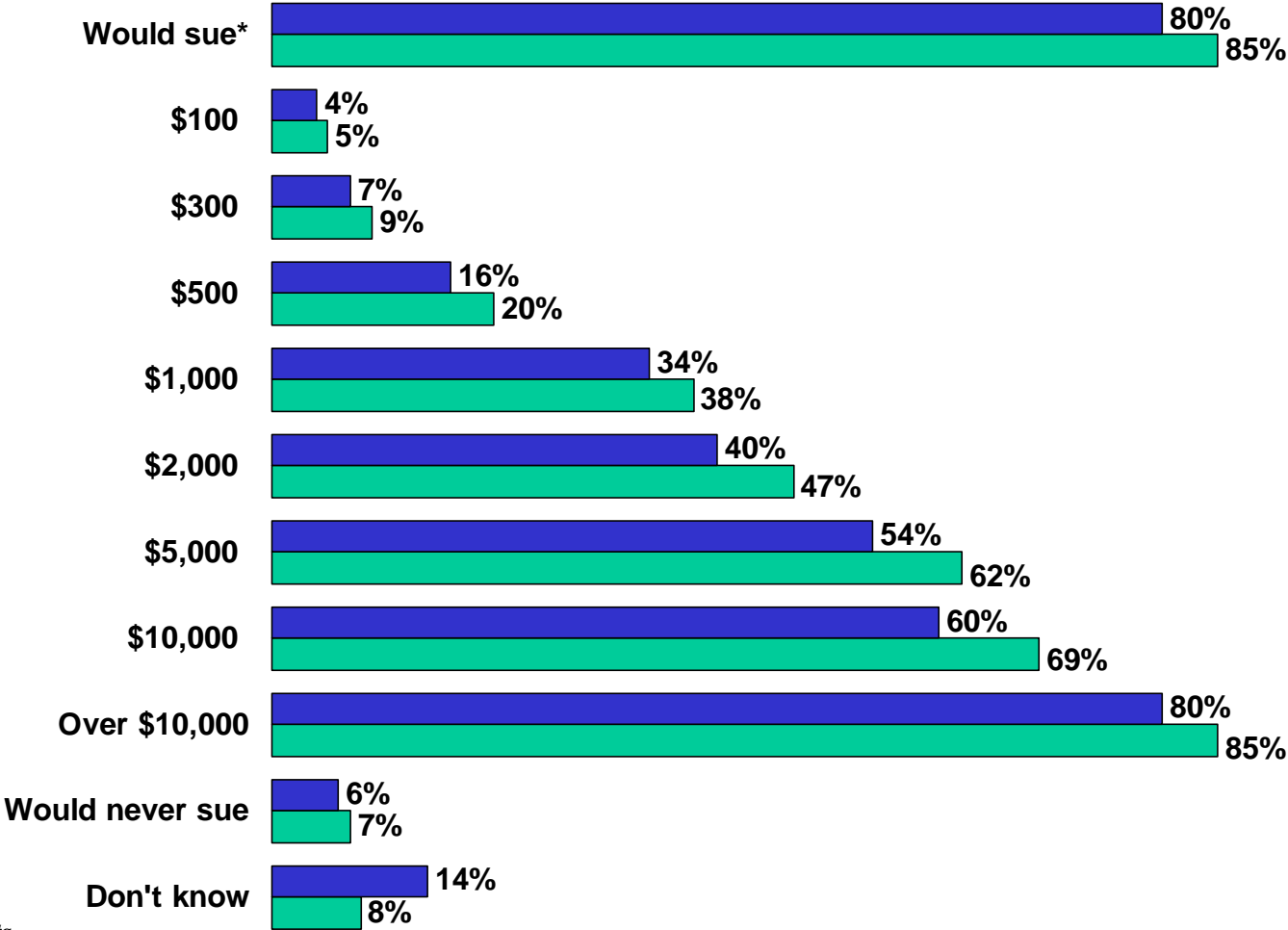
Propensity to Sue

- As was the case in the 1999 survey, the study finds that in a dispute about money, an overwhelming number of Americans say they would sue. The disputed dollar amount drives people's predisposition to sue.
- For example, if the amount is over \$10,000, more than 8 in 10 (85%) will sue; at \$5000 in dispute, more than half (54%) would sue. If the amount is \$100 to \$300, fewer than 1 in 10 would sue.
- Just 6% say they would never sue regardless of the amount of money in dispute.

“If you could, what is the least amount of money for which you would sue ?” [Q.2]

Base: All adults, 18 and older

2003 1999



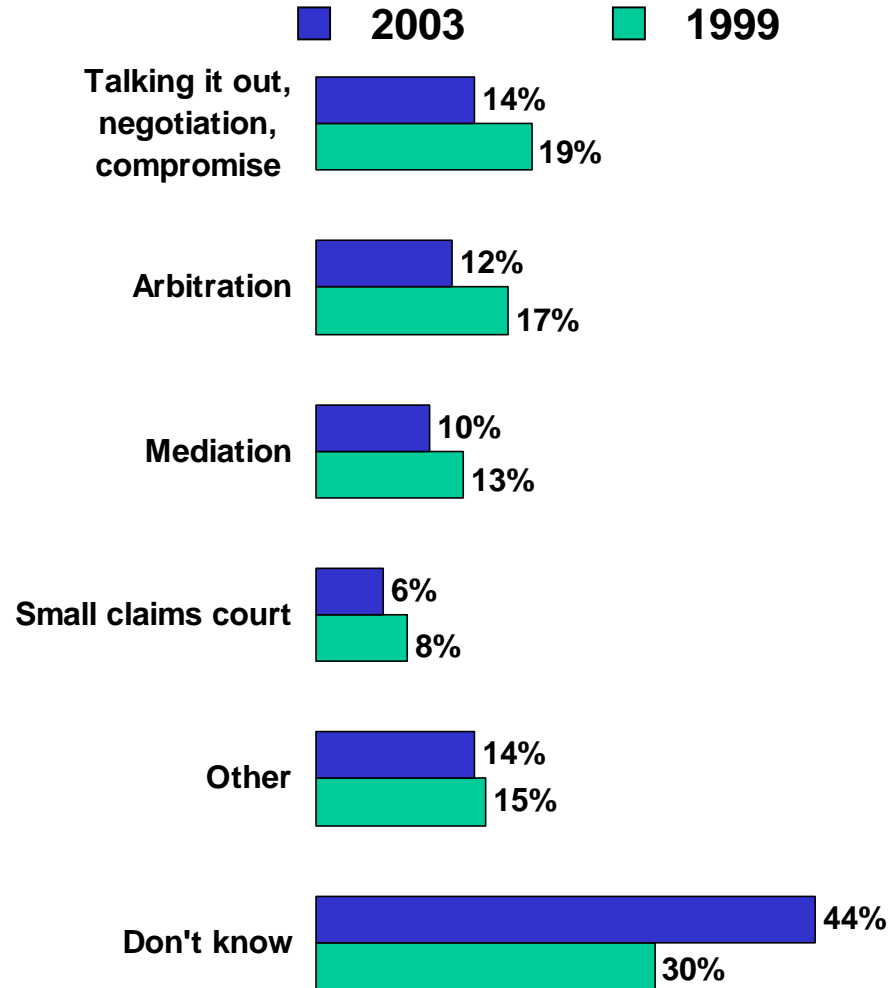
*Cumulative percents

Options Other Than Lawsuits

- Almost three-quarters of adults believe that a lawsuit is not the only recourse to solve a dispute about money.
- As was true in 1999, the most often mentioned alternative to a lawsuit is some form of talking it out, negotiation or compromise between the parties (14%).
- Arbitration receives the 2nd highest number of mentions, yet just 12% name it as an option (down from 17% in 1999). Mediation follows, cited by 10% (down 3 points).
- The plurality of people who believe there are alternatives to using a lawsuit to solve a dispute, however, say they don't know or unsure of what the actual alternatives might be (44% up 14 points from 1999).

“What means are available to people to resolve legal disputes over money other than a lawsuit?” [Q.3]

Base: All adults, 18 and older, who believe a lawsuit is not their only recourse

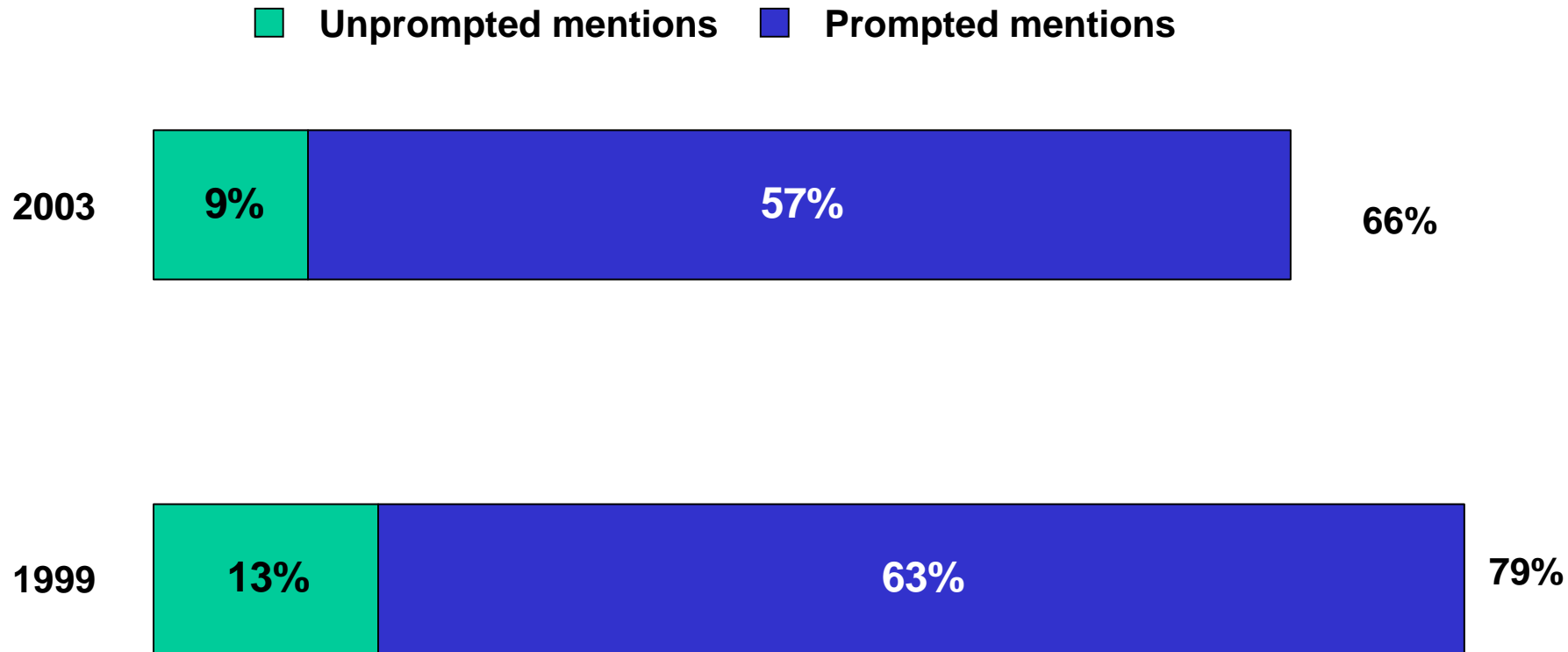


Awareness of Arbitration

- As the previous chart showed, when those believing they have options other than lawsuits think of alternate means, some volunteer the idea of arbitration
- When the remaining people are asked whether they have ever heard of arbitration, total awareness (unprompted plus prompted scores) increases substantially, bringing the total number of Americans saying they are aware of arbitration as a means to resolving legal disputes to two-thirds (66%)
- This level of awareness, however, represents a decrease from 1999 levels of awareness (66% vs. 79%).

“What means are available to people to resolves legal disputes over money other than lawsuit?” [Q.3] “Have you ever heard of arbitration as a means of resolving legal disputes, or not?” [Q.4]

Base: All adults, 18 and older

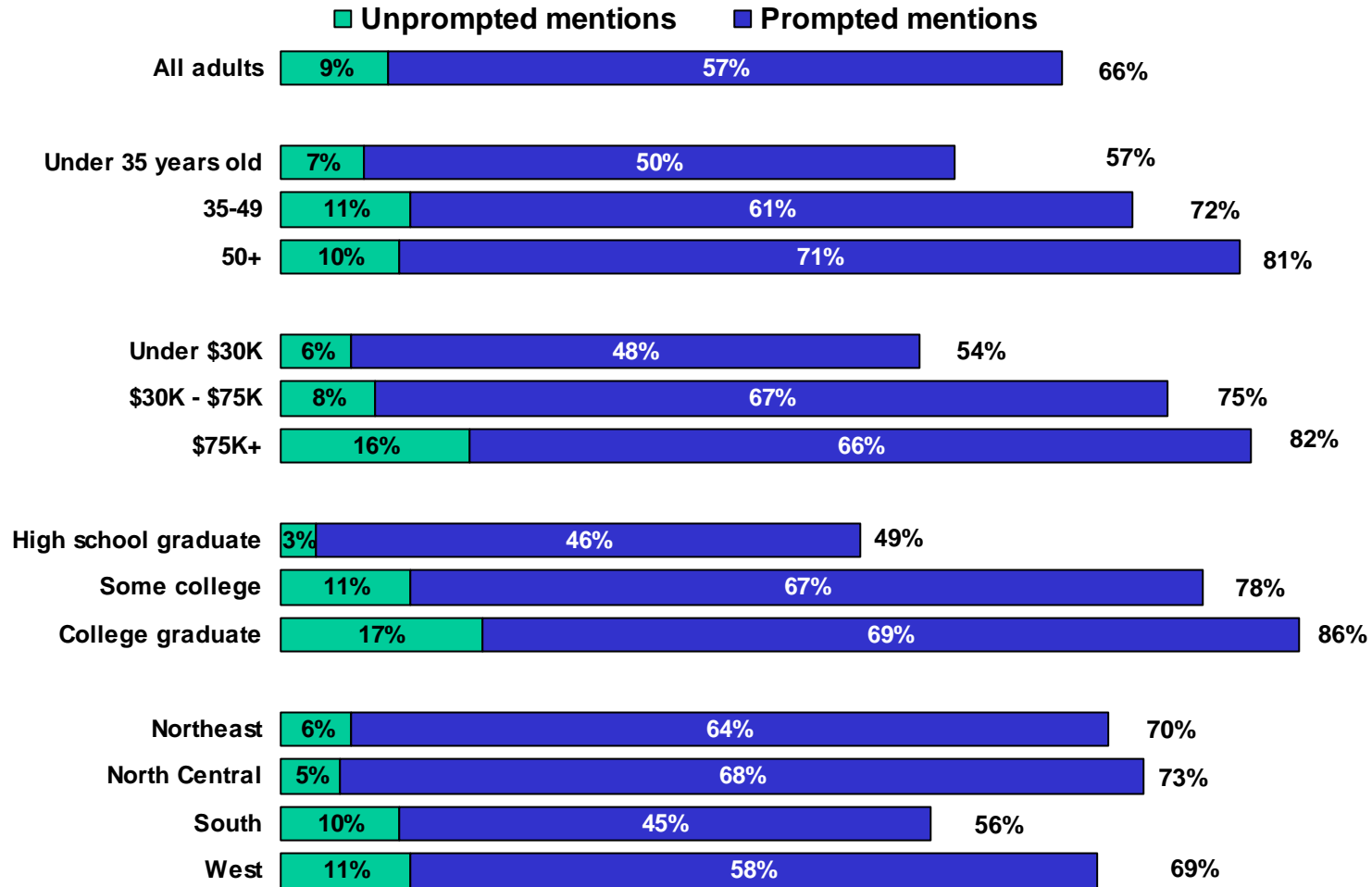


Awareness of Arbitration

- As the accompanying chart shows, total awareness of arbitration (unprompted plus prompted scores) is highest among the older, more educated, and wealthiest segments of the public. This was also the case in the 1999 survey.
- Total awareness is low in the South.

“What means are available to people to resolves legal disputes over money other than lawsuit?” [Q.3] “Have you ever heard of arbitration as a means of resolving legal disputes, or not?” [Q.4]

Base: All adults, 18 and older. Percent aware of arbitration.



Awareness of Arbitration

- It is also worth noting that when those who were aware of arbitration were asked to describe in their own words what they thought arbitration is, nearly half (48%) mentioned something related to having a 3rd party involved to mediate or resolve a dispute.
- The second most common description of arbitration related to reaching a compromise, resolution or working things out, cited by 15%.

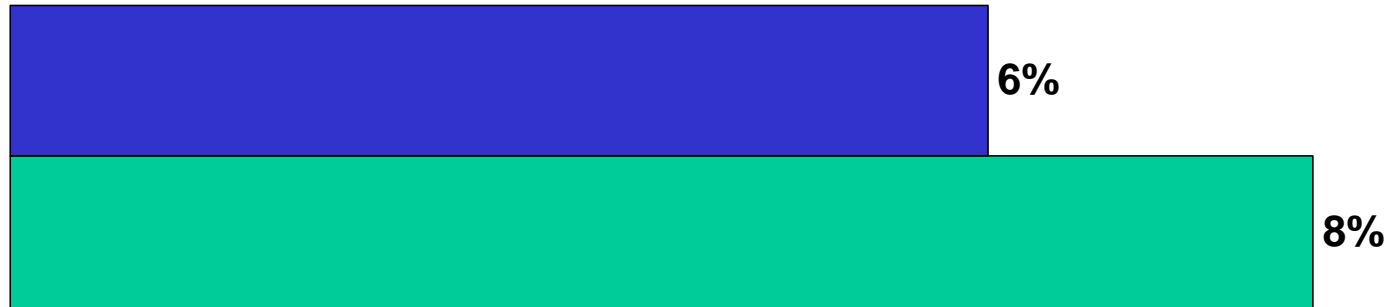
Have Used Arbitration

- Just 6% of the public has used arbitration in a dispute over money. This level is slightly lower than it was in the 1999 survey, when it registered at 8%.
- Experience with taking a dispute to arbitration is low across all subgroups, with the least likely to have used in being those with a high school education (4%); adults under age 35 (5%); and Southerners (5%).

“In arbitration two parties, etc....Have you ever used arbitration in a legal dispute, or not?” [Q. 6]

Base: All adults, 18 and older. Percent ever using arbitration.

■ 2003 ■ 1999

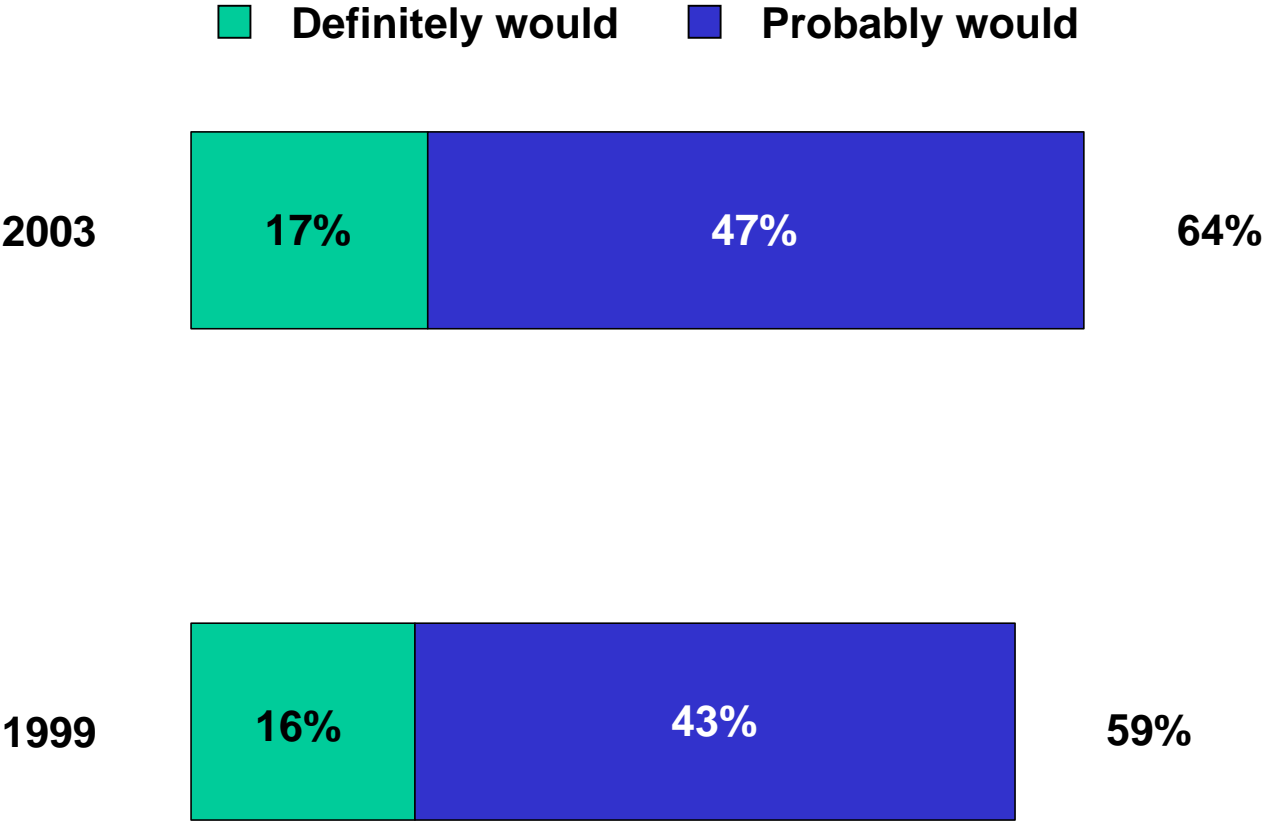


Choosing Arbitration Over a Lawsuit

- Two-thirds of Americans (64%) would choose arbitration over a lawsuit if the disputed amount of money is worthwhile to them.
- This represents an increase of 5 points since 1999 in the number who say they would be likely to take a legal dispute over money to arbitration rather than filing a lawsuit.

“If you had a legal dispute over (amount in Q.1), which one of the following statements best describes the likelihood of your taking it to arbitration versus filing a lawsuit?” [Q.7]

Base: All adults, 18 and older. Percent who definitely/probably would take it to arbitration.

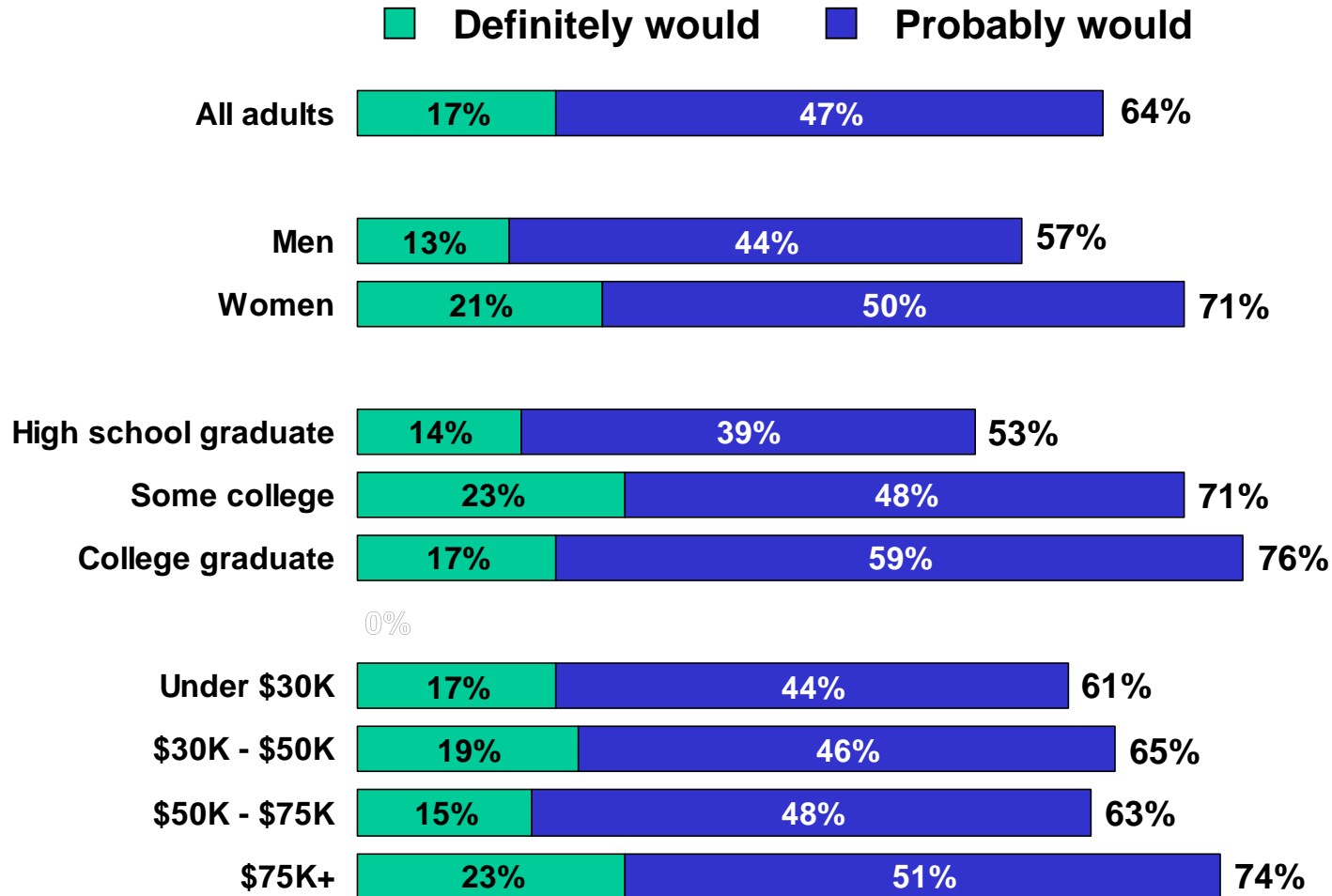


Choosing Arbitration Over a Lawsuit

- A look at demographic subgroups finds similar patterns to those noted in 1999. Women are much more likely than men to say they would pick arbitration over a lawsuit to resolve a legal dispute (71% of women versus 57% of men).
- College graduates are more likely to opt for arbitration than high school graduates (76% vs. 53%). In terms of income, those in the highest income bracket are the most likely to say they would opt for arbitration rather than filing a lawsuit (74%).

“If you had a legal dispute over (amount in Q.1), which one of the following statements best describes the likelihood of your taking it to arbitration versus filing a lawsuit?” [Q.7]

Base: All adults, 18 and older. Percent who definitely/probably would take it to arbitration.

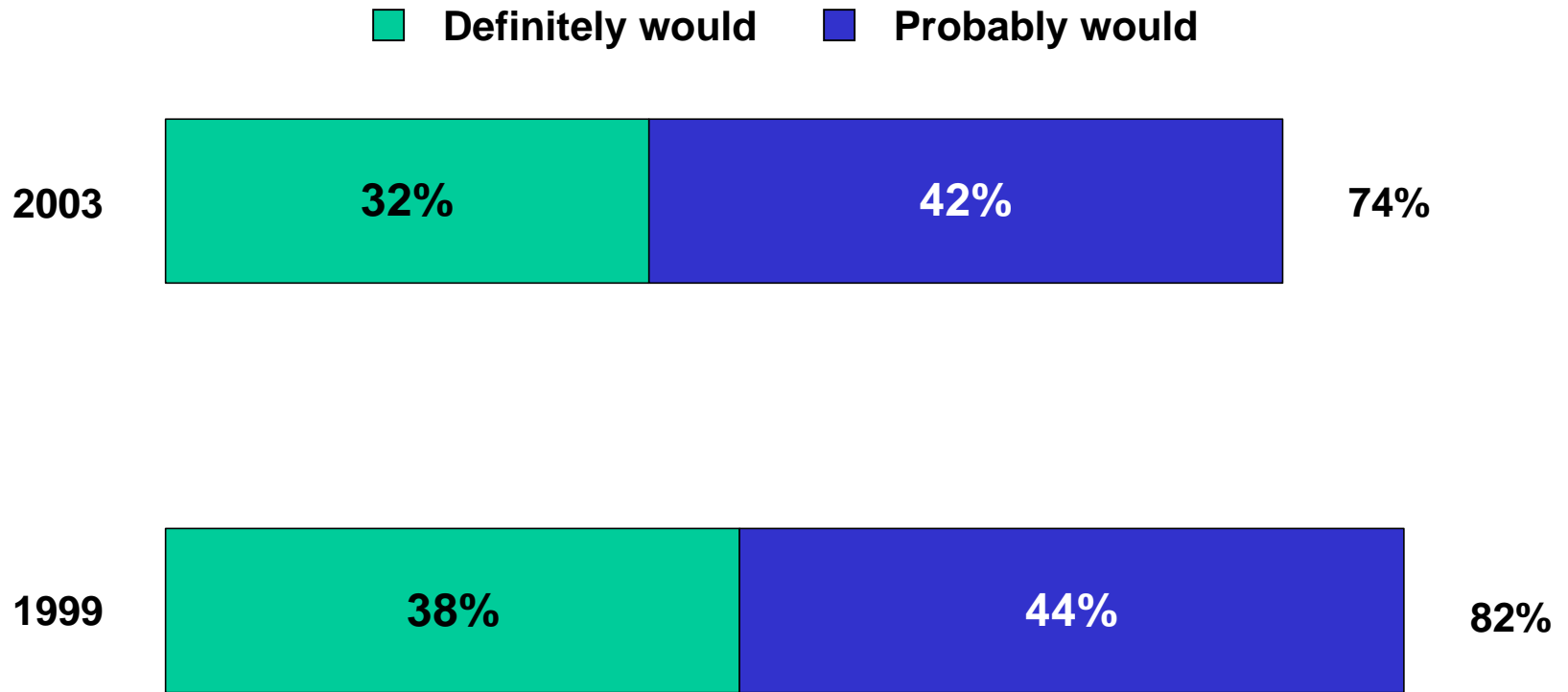


Choosing Arbitration Over a Lawsuit

- Interest in settling a dispute with arbitration rather than a lawsuit increases substantially when people are made aware that the cost of arbitration is 75% less than a lawsuit: The number of adults opting for arbitration over a lawsuit increases 10 points, from 64% to 74%.
- A similar increase in interest in arbitration was seen in 1999 upon people learning of the relative costs of each option.

“If the cost of arbitration was 75% less than the cost of a lawsuit, which of the following statements best describes the likelihood of your taking this dispute to arbitration versus going to court ?” [Q.8]

Base: All adults, 18 and older. Percent who definitely/probably would take it to arbitration.

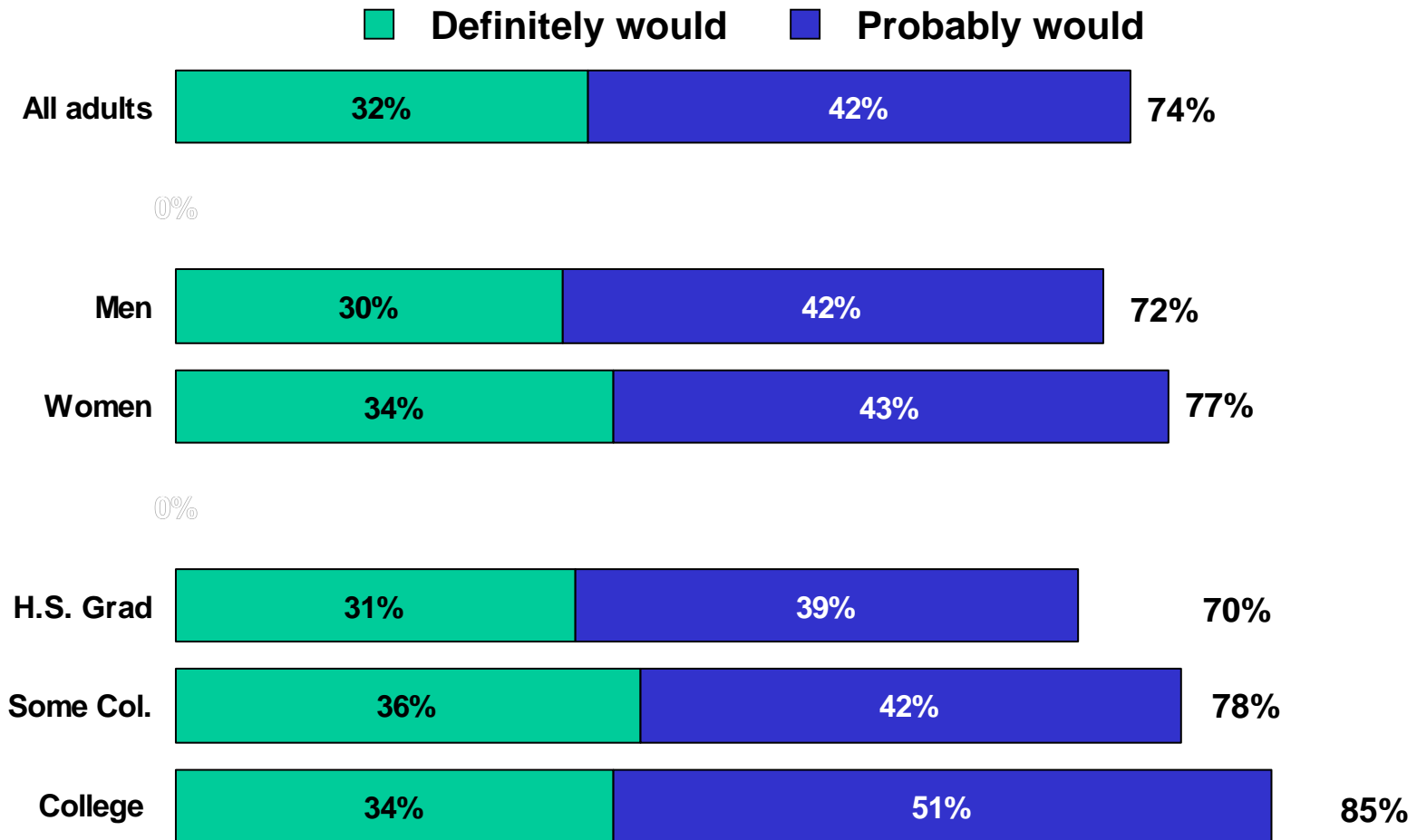


Choosing Arbitration Over a Lawsuit

- A look at demographic subgroups finds that, once learning about the relative costs, the predisposition to choose arbitration increases across all segments, including men and high school graduates, who were less prone to choose arbitration originally.

“If the cost of arbitration was 75% less than the cost of a lawsuit, which of the following statements best describes the likelihood of your taking this dispute to arbitration versus going to court ?” [Q.8]

Base: All adults, 18 and older. Percent who definitely/probably would take it to arbitration.



Choosing Arbitration Over a Lawsuit

- Americans still opting for a lawsuit after learning about the cost savings of arbitration are, not surprisingly, stronger supporters of filing lawsuits. They, more than those who would opt for arbitration, believe that: it is usually worthwhile to initiate a lawsuit (39% to 26%); lawsuits are the only legal resource to resolve a dispute (41% to 26%); and that it is always necessary to hire a lawyer (42% to 28%).
- Interestingly, those who would opt for arbitration and those who would opt for a lawsuit are equally likely to have filed a lawsuit in the past.

“With which, if any, of the following statements do you completely or somewhat agree?” [Q.1]

Base: All Adults opting for arbitration. All adults opting for lawsuits. Percent saying they agree completely/somewhat with the statements.

