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Recent Developments: Pacific Mutual Life Insurance Company v. Haslip: Massive Punitive Damages Award Intended To Punish And Deter Wrongdoers In Civil Suit Did Not Violate The Due Process Clause Of The Fourteenth Amendment

JoAnne M. Breslin

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this individualized sentencing determination was cruel and unusual under the Eighth Amendment. *Id.* The Court refused, however, to extend this individualized sentencing determination beyond capital cases. *Id.* at 2702.

The Court reasoned that the death penalty “differs from all other forms of criminal punishment, not in degree, but in kind. It is unique in its total irrevocability.” *Id.* (quoting *Furman v. Georgia*, 408 U.S. 238, 306 (1972)). The Court explained that even with a sentence of life without possibility of parole, there still existed possibilities of executive clemency and legislative reduction of sentences to take effect retroactively. *Harmelin*, 111 S. Ct. at 2702. The Court further noted that the following sentences could produce only negligible differences: life with parole eligibility in twenty years, long-term sentences without eligibility of parole for a 65-year-old man, and a life sentence without parole. *Id.* The Court reasoned that regardless of the difference, no sentence could be compared with death, and, thus, the Court refused to expand individualized sentencing beyond capital cases. The Court held, therefore, that a mandatory sentence of life in prison without the possibility of parole did not violate the Eighth Amendment’s prohibition of cruel and unusual punishment.

In a strong dissent, Justice White asserted that while the Eighth Amendment contained no specific language as to a proportionality requirement, it did forbid excessive fines. *Id.* at 2709. (White, J., dissenting). Justice White noted that it would not be unreasonable to find that excessiveness should be measured according to the crime committed, concluding that imposing any punishment disproportionate to the crime committed would be a

violation of the Eighth Amendment’s cruel and unusual punishment clause. *Id.* Justice White reasoned that “[t]he death penalty is appropriate in some cases and not in others. The same should be true of punishment by imprisonment.” *Id.* at 2712.

In a plurality opinion, the Supreme Court found that a mandatory sentence did not automatically become cruel and unusual by virtue of its mandatory nature. The Court distinguished capital cases, where an individualized sentencing determination is mandatory, from all other forms of punishment, where such a determination is not required. Thus, the Court refused to extend the individualized capital sentencing doctrine beyond death penalty cases. In so doing, the Court gave great latitude to state legislatures for determination of reasonable punishments while usurping a sentencing judge’s ability to consider any mitigating factors the defendant may wish to present.

- Ellen Poris

***Pacific Mutual Life Insurance Company v. Haslip*: MASSIVE PUNITIVE DAMAGES AWARD INTENDED TO PUNISH AND DETER WRONGDOERS IN CIVIL SUIT DID NOT VIOLATE THE DUE PROCESS CLAUSE OF THE FOURTEENTH AMENDMENT.**

In *Pacific Mutual Life Insurance Co. v. Haslip*, 111 S. Ct. 1032 (1991), the United States Supreme Court held that a \$1,040,000.00 punitive damages award, which was more than four times the amount of compensatory damages claimed, did not violate the Due Process Clause of the Fourteenth Amendment. After circumventing the issue in the past, the Court finally addressed the issue

of whether due process acts as a check on undue jury discretion to award punitive damages in the absence of any express statutory limit.

Lemmie L. Ruffin, Jr. was a licensed agent for both Pacific Mutual Life Insurance Company (Pacific Mutual) and Union Fidelity Life Insurance Company (Union). After selling an insurance package to the respondents, both employees of an Alabama municipality, Ruffin misappropriated premiums paid to him by respondents’ employer for payment to Union. This caused respondent’s health insurance to lapse without their knowledge.

In May 1982, respondents filed an action in state court claiming fraud by Ruffin and seeking to hold Pacific Mutual liable under a theory of respondeat superior. Following the trial court’s charge on liability, the jury was instructed that if it determined there was liability for fraud, it could award punitive damages. The jury was further instructed that the purpose of punitive damages was not to compensate the plaintiff, but rather to punish the defendant and deter him from doing such wrong in the future.

Included among the damages was a verdict for Respondent Haslip of over one million dollars. This sum included a punitive damages award more than four times the amount of compensatory damages claimed. The Supreme Court of Alabama affirmed the trial court and specifically upheld the punitive damages award. The United States Supreme Court granted certiorari to review Pacific Mutual’s claim that the punitive damage award was the product of unbridled jury discretion and violative of its due process rights.

The Court first addressed the constitutionality of the punitive damages and outlined the common-law approach for assessing them. Under

the traditional common-law approach, the amount of the punitive award was initially determined by a jury instructed to consider the gravity of the wrong and the need to deter similar wrongful conduct. The jury's determination then was reviewed by trial and appellate courts to ensure that it was reasonable. *Haslip*, 111 S. Ct. at 1042. The Court concluded that this common-law method, determined to be constitutional by every state and federal court that has considered the issue, was not so inherently unfair as to deny due process or be per se unconstitutional. *Id.* at 1043.

The Court, however, flatly rejected the notion that the amount of punitive damages imposed would never be unconstitutional and conceded that unlimited jury or judicial discretion in fixing punitive damages may invite extreme results that would be unacceptable under the Due Process Clause. *Id.* The Court stated that it could not draw a mathematical bright line between the constitutionally acceptable and constitutionally unacceptable that would fit every case. *Id.* Instead, it was held that when a case was tried to a jury, general concerns of reasonableness and adequate guidance properly enter into the constitutional calculus. *Id.*

With these concerns in mind, the Court reviewed the punitive damages assessed against Pacific Mutual and concluded that, although large in comparison to the compensatory damage award, the award did not violate due process. This decision was based on the fact that the award was grounded on objective criteria and was subject to the full panoply of procedural protections. *Id.* at 1046.

First, the Court found the trial court's instructions placed reasonable constraints on the exercise of the jury's discretion in assessing

punitive damages. *Id.* at 1044. Although the Court found the jury instructions allowed a significant amount of discretion, such discretion was not unlimited but confined to deterrence and retribution. The instructions enlightened the jury as to the punitive damages' nature and purpose, identified the damages as punishment for civil wrongdoing of the kind involved, and explained that their imposition was not compulsory. *Id.* The Court, therefore, concluded that the instructions reasonably accommodated Pacific Mutual's interest in rational decisionmaking and Alabama's interest in meaningful individualized assessment of appropriate deterrence and retribution. *Id.*

The Court then found that the trial court's post-trial procedures, in accord with the Alabama case which espoused the test for scrutinizing such awards, ensured meaningful and adequate review of a jury's imposition of punitive damages. *Id.* Lastly, the Court determined that further review by the Alabama Supreme Court provided an additional check on the jury's or trial court's discretion and made certain that the punitive damages were reasonable in their amount and rational in light of their purpose to punish and deter. *Id.* at 1045.

In the sole dissent, Justice O'Connor opined that common-law procedures for awarding punitive damages lacked meaningful instructions to the jury and, therefore, may result in indiscriminant and potentially harmful awards. *Id.* at 1056 (O'Connor, J., dissenting). Justice O'Connor stated that the Court should have issued specific guidelines for a jury to follow when awarding punitive damages.

In *Haslip*, the Supreme Court held that the common-law method for assessing punitive damages awards were not per se unconstitu-

tional and upheld a jury's comparatively large punitive damages award. Applying a standard of reasonableness, the Court found that the specific punitive damages award, which was more than four times the amount of compensatory damages claimed, did not violate the Due Process Clause of the Fourteenth Amendment. The Court's holding was based on the fact that the jury instructions were severely limited, the trial court's post-verdict hearing ensured meaningful and adequate review of the punitive award, and the state supreme court provided an additional check for ensuring the reasonableness of the punitive damage award.

This case represents the Supreme Court's first consideration of a due process challenge to punitive damages awards and recognizes that not all such awards are necessarily constitutional. In the future, therefore, a punitive damages award could be considered excessive and unreasonable. However, the holding in this case indicates that the Court is willing to consider very large punitive damages awards as within the sphere of reasonableness.

- JoAnne M. Breslin

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