

THE CONCEPT OF DAMAGES

Compensatory Damages

The principle objective of compensatory damages, as the name implies, is to compensate the injured party(ies) for damages incurred. This is accomplished by assessing the damages in terms of money and attempting to restore the party(ies) to the same financial condition existing prior to the loss, as well as compensating the party(ies) for non-economic damages.

There are two categories of compensatory damages:

1. *Special Damages*

Special damages are the measurable dollar amounts of an actual loss. These are “out-of-pocket” costs. Damages included in the special damages category are: medical expenses, loss of earnings, rehabilitation expenses, direct damage to tangible property, and loss of use of damaged property.

EXAMPLE

Lonnie negligently operates her car and runs into Lisa. Lisa is taken to the hospital. She incurs \$2,300 in hospital and doctor bills. She misses two weeks of work at \$1,000 per week. Lisa’s car repair bill is \$2,000, plus she spends \$450 to rent a car while her auto is being repaired. Therefore, Lisa has bodily injury special damages of \$4,300. Her property special damages total \$2,450.

2. *General Damages*

General Damages are an award based on a measure of intangible damages incurred from the special damages, as well as other facts and circumstances. Intangible damages include property that cannot be seen or felt with the senses. Goodwill is considered intangible property. General damages also include pain and suffering, disfigurement, and loss of consortium. The above example is continued below, to include general damages.

EXAMPLE

Lisa’s injuries from the accident cause pain and discomfort now and into the future. She asks for \$10,000 for pain and suffering. Lisa has a scar to her knee, which makes her uncomfortable wearing shorts and skirts. She asks for an additional \$20,000. The total general damages demanded by Lisa are \$30,000.