



LEGISLATIVE POSITION:

Unfavorable

Senate Bill 538

Civil Actions - Noneconomic Damages - Personal Injury and Wrongful Death

Senate Judicial Proceedings Committee

Friday, February 16, 2024

Dear Chairman Smith and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 6,800 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

Senate Bill 538 seeks to repeal limitations on noneconomic damages in civil actions in specified personal injury or wrongful death incidents. The Maryland Chamber of Commerce is deeply concerned about the negative impact this bill would have on employers and their employees. **For employers, they will see their property and casualty insurance rates increase due to the greater liability exposure this higher limit on noneconomic damages will bring.** This is especially problematic for small businesses with razor-thin revenue margins. **For both employers and employees, they will see their healthcare costs rise as a product of physicians and hospitals passing along their increased premium rates to patients.** This cost will be even more burdensome with the consistently rising cost of insurance premiums. The National Association of Insurance Commissioners found that premium rates were lower in states that regulated the amount of noneconomic damages.¹

In the fiscal note for similar legislation introduced in the 2020 Legislative Session that would have lifted limitations on noneconomic damages, Maryland's Department of Legislative Services indicated that, "Under this bill, liability risk for small businesses, including health care providers, significantly increases." In the fiscal note for this legislation introduced in the 2023 Legislative Session, the fiscal note included that the bill would have meaningful impact on small businesses that are parties to civil actions. If passed, SB 538 could lead to more frequent excessive verdicts for a wide range of businesses and nonprofit organizations, along with lengthy appeals. With Maryland's consumers already struggling to adjust in this historic and prolonged inflation crisis, continuing to increase the cost of doing business in Maryland will devastate our small business community and deliver worse outcomes for our most vulnerable communities.

Maryland's current limits on noneconomic damages in personal injury and wrongful death cases contribute to a predictable and stable business and healthcare environment.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on **SB 538**.

¹ NAIC, Profitability by Line by State, various reports

