

House Judiciary Committee

SB 538: Civil Actions – Noneconomic Damages – Personal Injury and Wrongful Death

UNFAVORABLE | March 25, 2024

Chair Clippinger and Members of the House Judiciary Committee:

On behalf of the National Association of Mutual Insurance Companies¹ (NAMIC) thank you for the opportunity to submit this statement to express our opposition to Senate Bill 538 and request an unfavorable report.

NAMIC consists of nearly 1,500 member companies, including seven of the top 10 property/casualty insurers in the United States. The association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers.

The current environment in each state and nationally for property/casualty insurers is incredibly challenging. The insurance industry is experiencing a new era of risk, as insurers collectively are feeling the impact of a confluence of factors including extreme weather, litigation abuse, inflation, rising reinsurance costs, and other economic pressures. Everything, everywhere, all at the same time captures the unprecedented scope of the current conditions facing insurers. It is with this in mind, that the industry and policymakers work together to address issues that are contributing to unnecessary costs in the market. Increasing damages caps, such as Senate Bill 538, will create inconsistent and unfair judgements that become outlier verdicts and create one of the highest cost drivers for the Maryland insurance market.

Senate Bill 538 would significantly increase the existing limitations on noneconomic damages in civil actions for personal injury or wrongful death. The current cap, which has been in places for over 25 years, is \$935,000 with an annual increase \$15,000 which is planned to increase to \$950,000 on October 1, 2024. SB 538 would increase the cap to \$1.75 million on October 1, 2024, with an annual increase of \$20,000 to October 1, 2025, a significant increase in a 12-month period. Maintaining reasonable damages caps provide for a more stable insurance marketplace where damages and insurance costs can be modeled and are predictable.

For these reasons, NAMIC continues to oppose Senate Bill 538 and respectfully requests an unfavorable report of the bill.

Sincerely,



Matthew Overturf, NAMIC Regional Vice President
Ohio Valley/Mid-Atlantic Region

¹ NAMIC member companies write \$357 billion in annual premiums and represent 69 percent of homeowners, 56 percent of automobile, and 31 percent of the business insurance markets. Through its advocacy programs NAMIC promotes public policy solutions that benefit member companies and the policyholders they serve and fosters greater understanding and recognition of the unique alignment of interests between management and policyholders of mutual companies.