



191 Main Street, Suite 310 – Annapolis MD 21401 – 410-268-6871

March 27, 2024

The Honorable Luke Clippinger
Chair, House Judiciary Committee,
Room 101, House Office Building
Annapolis, Maryland 21401

RE: Senate Bill 538 - Civil Actions - Noneconomic Damages - Personal Injury and Wrongful Death
UNFAVORABLE

Dear Chair Clippinger and Members of the Committee,

On behalf of the Maryland Association of Mutual Insurance Companies (MAMIC), I wish to register our strong opposition to Senate Bill 538. Senate Bill 538 is the crossfile of House Bill 83, which we opposed in both written and oral testimony before your Committee on February 7th.

I should also note that you and your colleagues on the Judiciary Committee have received a letter of opposition to this legislation from Mary Harlee, the President of Baltimore Equitable Insurance. In addition to her position as President of the oldest mutual insurer in Maryland, Ms. Harlee is a former President of our association, and MAMIC members firmly support Ms. Harlee's statements on this legislation.

It is important to note that the bill has been amended since this issue first appeared before your Committee more than a month ago. MAMIC and other insurers joined other groups in opposing the legislation as introduced, and we continue to believe that, even in its amended form, it will present a significant risk to both the reinsurance market in the state of Maryland and the already high cost of insurance for automobile, homeowners and commercial insurance policies in the State.

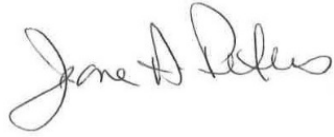
As we testified previously, the availability and affordability of reinsurance is of paramount concern to MAMIC members. Our members are small and medium-sized insurance companies, and we depend heavily on reinsurance to maintain the ability to offer our products throughout the State. We have had a stable liability insurance market in Maryland since 1986, thanks in no small part to the original legislation enacting a cap on noneconomic damages that year. Although the cap has increased substantially over that time (to nearly \$1 million today) the amendments to Senate Bill 538 would increase the current cap by almost 90% and add a larger escalator which would apply annually.

Certainly, and logically, much larger liability judgments and settlements will result in higher insurance premiums for consumers to pay. Therefore, higher insurance costs will likely go up for all policyholders should this legislation be enacted.

More difficult to quantify, but equally certain, is that the reinsurers on whom MAMIC members depend will see Maryland as a less stable market with greater risk. This could result in higher reinsurance costs or terms that make reinsurance more difficult to obtain. MAMIC is deeply concerned about these possibilities.

Respectfully, MAMIC members believe that the current legal environment in Maryland, including our law on noneconomic damages, operates to fairly compensate those who suffer these damages. It is the privilege of the General Assembly to make changes in this law if you deem it appropriate. Should you so decide, MAMIC respectfully requests a continuation of the incremental approach that has characterized such changes over the last nearly 30 years. To do otherwise risks further disruption to an insurance market that is already highly volatile, and will add to the burden of higher insurance costs that your constituents are already feeling.

Sincerely,

A handwritten signature in cursive script that reads "Jeane A. Peters". The signature is written in black ink and is positioned below the word "Sincerely,".

Jeane A. Peters, President MAMIC

cc: Bryson F. Popham, P.A.