

## STATE FARM INSURANCE COMPANIES

### TESTIMONY IN OPPOSITION TO SENATE BILL 683 (COURTS – WRONGFUL ACTS BY DECEASED INDIVIDUALS – ACTIONS IN REM)

Senate Bill 683 would allow a direct in rem action against a deceased individual's auto insurance policy for personal injury or death resulting from a motor vehicle accident, and provides that the "policy" is liable to the same extent as the policy would have been liable in the deceased individual was still living. The bill would also make the insurer under the policy the resident agent for the policy.

State Farm opposes SB 683. Personal injury actions are actions against an individual, not against a policy or an insurance company. Only if there is a final judgment against the insured does the insurance policy come into play to pay the judgment in accordance with the insurance policy. This does not change if the insured is deceased, because the injured party can pursue the claim against the insured's estate.

SB 683 would allow the injured person to assert a claim against the insurer before there is a final judgment against the insured. This is contrary to the longstanding rule recognized by the Maryland Supreme Court that third party tort claimants are "strangers" to the insurance policy and have no rights thereunder unless and until there is a final judgment or settlement against the insured. It is also against the firmly settled rule recognized by the Maryland Supreme Court that the existence of liability insurance is inadmissible to the issue of the insured's liability or damages because it is both irrelevant and highly prejudicial.

For these reasons, State Farm urges an unfavorable report.