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February 7, 2025

The Honorable Williman C. Smith Jr.
Chair, Senate Judicial Proceedings Committee
2 East Miller Senate Office Building
Annapolis, Maryland 21401

RE: Senate Bill 584 - Civil Actions - Noneconomic Damages - Personal Injury and Wrongful Death
UNFAVORABLE

On behalf of the Insurance Agents & Brokers of Maryland (IA&B) I am writing in opposition to Senate Bill 584. IA&B is a trade association comprised of nearly 200 independent agencies, employing approximately 1,800 licensed Maryland insurance producers, which are located in and doing business throughout the Maryland and the surrounding states.

The Committee is well aware of significant natural disasters, from fires in California to hurricanes in the Southeast, that have caused enormous losses to Americans and their property. Those same losses have depleted the capacity of the insurance industry to make people whole again.

This legislation presents a different hazard: by eliminating a law that has governed liability awards in Maryland for over 40 years, Senate Bill 584 introduces substantial uncertainty to the ability of insurance companies to fulfill their obligations and maintain a reasonable price for doing so. At a minimum, the General Assembly should require the Maryland Insurance Commissioner, which serves, in a very real sense, as your expert on the functioning of the insurance market, to examine the potential impact this legislation may have in Maryland.

As just one example, insurers that rely heavily on reinsurance (i.e., insurance for insurance companies), may find that reinsurance is more difficult to obtain and more expensive if this bill were to pass. That result, we submit, is unacceptable when, as now, insurance has already been subject to substantial inflationary pressure.

Although the insurance market is cyclical and expectedly fluctuates between what are known as hard and soft markets, we are currently in the midst of an insurance crisis that has been unparalleled in recent decades. These crisis conditions have been driven primarily by a corresponding increase in the frequency and severity of claims, which itself has been driven by several factors, including inflation, supply chain issues, severe weather events, litigation abuse, and counterproductive regulatory measures. Many of these factors are uncertain and uncontrollable, but the regulatory environment is not one of them.

Homeowners, auto, and commercial liability insurance have become increasingly difficult to afford. The removal of the cap on noneconomic damages, as proposed under Senate Bill 584, would only serve to further increase the severity of losses in liability claims, which will result in even higher premiums for your constituents in an already hard market.

For these reasons, IA&B urges an unfavorable vote on Senate Bill 584.

Very truly yours,

A handwritten signature in dark ink, reading "Bryson Popham". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Bryson Popham

cc: Kip White, President IA&B
John Savant, IA&B Government Relations