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February 11, 2025

Legislative Position: Unfavorable  
Senate Bill 584

Civil Actions - Noneconomic Damages - Personal Injury and Wrongful Death  
Senate Judicial Proceedings Committee

Dear Chairman Smith and members of the committee:

Established in 1950, the Associated Utility Contractors of Maryland, Inc. (AUC) is dedicated to advancing the utility contracting industry across the state. Our mission is to foster strong relationships between utility contractors and their clients, uphold the highest professional standards within the industry, and elevate the reputation of utility professionals within the business community. We actively advocate for public policies that address industry challenges and contribute to improving Maryland's overall business environment.

As the statewide association for underground utility contractors, we are writing to express opposition to SB 584, which would eliminate the cap on non-economic damages. If passed, this legislation would have far-reaching, negative implications for Maryland businesses and consumers. I urge you to oppose this dangerously misguided bill.

According to studies, non-economic damages, which involve no direct economic loss and have no precise value, are one of the leading components of so-called "nuclear" verdicts, which are typically \$10 million and more. Rightfully, many states have caps on non-economic damages and Maryland's cap is already one of the highest in the nation. Passing SB 584 and eliminating the non-economic damages cap could lead to more frequent and excessive nuclear verdicts, as well as potential bankruptcies, for Maryland businesses. It would also lead to a significant increase in frivolous lawsuits that drive up the costs of defense, settlement, and claims administration—contributing to increased legal system abuse that Maryland businesses will pay for via higher "tort taxes."

This misguided bill would also put upward pressure on insurance premiums for businesses across the state. In fact, when some lawmakers tried to remove Maryland's cap on non-economic damages last year, an analysis conducted by an independent actuarial firm found that it could have increased personal liability by as much as 19% and

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commercial auto liability by up to 30%. These increases would pile new cost burdens on the backs of Maryland businesses, at a time when we can least afford it.

Please help keep insurance rates for Maryland businesses low by rejecting SB 584. **We encourage an unfavorable report.**

Sincerely,

The Associated Utility Contractors of Maryland (AUC)