

Maryland Motor Truck Association



NOTHING WITHOUT
TRUCKING

HEARING DATE: March 5, 2025

BILL NO/TITLE: HB1099: Civil Actions - Punitive Damage Awards - Surcharge

COMMITTEE: House Judiciary

POSITION: **Oppose**

Maryland Motor Truck Association (MMTA) respectfully opposes this legislation, which would lower the standard for uncapped punitive damages in the state, while also imposing a 50% surcharge on these awards.

MMTA is extremely concerned about efforts to lower the standard for punitive damages given the rise in nuclear verdicts over \$10 million that have plagued the trucking industry in recent years. The American Transportation Research Institute completed a study in 2020 to better understand the impact of rising verdicts on trucking. The research evaluated 600 cases between 2006 and 2019. In the first five years of data, there were 26 cases over \$1 million involving heavy-duty trucks. In the last five years, there were nearly 300 cases. The number of verdicts over \$10 million nearly doubled in that time. According to CaseMetrix, the average verdict against a trucking company in 2012 was about \$2.6 million. In 2017, that figure was just over \$7 million. Today it exceeds \$27 million.

The impacts on motor carriers of these nuclear verdicts have included bankruptcy filings, businesses closing, and unsustainable higher insurance premiums as fewer insurance companies are willing to provide insurance to the trucking industry. Over the past few years carriers such as Nationwide E&S and Zurich have exited the truck insurance market, making it more and more difficult for the trucking industry to deliver the products our businesses and citizens need.

Punitive damages are an extreme remedy and should remain such. According to the U.S. Chamber of Commerce, awarding these damages occurs in only about one quarter of nuclear verdicts; however, when they are given they are often for extraordinary amounts. These "send-a-message" verdicts are frequently uncollectable, particularly when imposed on a small business. "Nevertheless, a business facing litigation must consider the cost of a lengthy appeal that will follow...even if a court ultimately overturns the judgment or reduces the award to a fraction of its original size. When a mega nuclear verdict is reduced or uncollectable, plaintiffs' lawyers often still tout the award in television, social media, and website advertising to solicit clients to bring new cases."

Data shows that in about 75% of serious injury or fatal crashes involving a car and a truck, the fault of the accident was with the car driver. However, the risk of inflated verdicts has been shown not only to result in higher settlement payments, but also settlements where the liability of the trucking company itself is questionable. As a result, many trucking companies have now resorted to the added cost of installing dashboard cameras to their fleets to protect their drivers and businesses.

Should the committee elect to move forward with this legislation and lower the standard for punitive damage awards, MMTA urges the state to add caps similar to those in surrounding jurisdictions like Virginia, West Virginia, and Washington DC.

For the reasons noted above, MMTA asks for an unfavorable report.

About Maryland Motor Truck Association: Maryland Motor Truck Association is a non-profit trade association that has represented the trucking industry since 1935. In service to its 1,000 members, MMTA is committed to support, advocate and educate for a safe, efficient and profitable trucking industry in Maryland.

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