

March 9, 2026

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

Re: Senate Bill 871 - Civil Actions - Punitive Damage Awards - Surcharge

Chair Smith and Members of the Committee:

Thank you for the opportunity to provide written testimony on Senate Bill 871 - Civil Actions - Punitive Damage Awards - Surcharge. On behalf of the National Association of Mutual Insurance Companies (NAMIC), we must respectfully oppose SB 871 and request an unfavorable report.

The National Association of Mutual Insurance Companies (NAMIC) is the foremost trade association representing the property/casualty insurance industry. Serving more than 1,300 member companies—including local and regional insurers as well as some of the nation’s largest carriers—NAMIC members collectively write \$467 billion in annual premiums, representing 61% of the homeowners and 53% of the automobile insurance markets. For more than 130 years, NAMIC has been the leading voice advancing public policy solutions and regulatory frameworks that promote a strong, competitive market and protect our members and their policyholders.

SB 871 would make it easier for plaintiffs to pursue punitive damages by adopting a much broader definition of “gross negligence.” This shift could open the door to punitive claims in many routine cases, driving up defense and settlement costs for insurers ultimately leading to upward pressure on insurance rates. The bill also prevents juries from being told about the State’s 50% surcharge on punitive awards, making verdicts harder to predict and increasing overall financial exposure.

Our members have a responsibility to protect policyholders from unnecessary risks and unexpected costs, and this bill could undermine that stability. While SB 871 aims to address truly egregious misconduct, its broad standards and additional surcharge could significantly raise liability costs for both insurers and policyholders. The result is likely to be higher premiums and reduced access to affordable coverage. In short, SB 871 would increase litigation, raise claim costs, and ultimately make insurance more expensive for Maryland consumers.

For these reasons, we respectfully request an unfavorable report for SB 871.



Gina Rotunno
Regional Vice President, Mid-Atlantic