



## Say No to Senate Bill 474 and House Bill 476

### WHAT ARE NON-ECONOMIC DAMAGES?

Non-economic damages are financial awards during lawsuits for things such as pain or mental anguish. These are subjective categories that can't be measured.

These are different from economic damages, which can be measured and documented.

### WHY DID MARYLAND CREATE A CAP FOR NON-ECONOMIC DAMAGES?

Maryland's caps on non-economic damages keep litigation from getting out of control, while allowing victims to receive compensation when they are injured.

Maryland first capped non-economic damages in 1986 at \$350,000. This limit increases every year by \$15,000. It is now \$965,000.

Maryland chose to cap non-economic damages because they are difficult to measure. Maryland also allows a broader range of non-economic damages to be awarded than neighboring states. A reasonable cap on damages balances the desire to compensate victims with the need to preserve a stable business climate and control consumer costs.

An analysis conducted by an independent actuarial firm in 2024 found that increasing the non-economic damages cap to \$1.75 million could increase personal auto premiums by as much as 19% and commercial auto premiums by up to 30%.

### HOW WOULD REMOVING THE CAP IMPACT AVERAGE MARYLANDERS?

Maryland's long list of non-economic damages would likely raise prices for a broad variety of goods and services for Maryland residents, adding to the intense economic stress that many households already feel.

A Maryland family pays an average of about \$5,000 per year in hidden costs that are driven by excessive lawsuits.<sup>1</sup> Some call this a "tort tax."

Maryland is already in the top 15 most expensive states for lawsuits as measured by its "tort tax." Uncapping non-economic damages would move it higher up that list, increasing the "tort tax" on Maryland families.

<sup>1</sup>According to data from The Perryman Group.





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to get engaged with our effort  
to say **NO** to higher caps on  
non-economic damages.

## HOW WOULD TAKING AWAY THE CAP IMPACT OUR STATE LEGAL SYSTEM?

The U.S. has a growing problem with excessive litigation. Private investors, including hedge funds, have increasingly looked at lawsuits as an investment tool, through something called Third-Party Litigation Financing (TPLF). TPLF is now a \$16 billion industry in the U.S.

Maryland's limit on non-economic damages is a protection against TPLF, because it means businesses and insurers don't have to brace for "nuclear verdicts" of \$10 million or more, or even "thermo-nuclear verdicts" of \$100 million or more.

## COALITION MEMBERS

- Allstate
- APCIA
- ATRA
- Chubb
- Erie Insurance
- FedEx Corporation
- Funk & Bolton
- GEICO
- Independent Insurance Agents of MD
- Liberty Mutual
- Maryland Building Association
- Maryland Chamber of Commerce
- Maryland Defense Counsel
- Maryland Retailers Alliance
- Maryland Employers for Civil Justice Reform Coalition
- Maryland Hospital Association
- Maryland Hotel Lodging Association
- Maryland Motor Coach Association
- Maryland Motor Truck Association
- Maryland Transportation Builders & Materials Association
- MedChi
- Medical Mutual Liability Insurance Society of Maryland
- Medical Professional Liability Association
- NAMIC
- Owner Operator Independent Drivers Association
- Professionals Advocate Insurance Company
- Sentry
- The Doctors Company
- Travelers
- UPS
- USAA
- WMDA/CAR: Service Station and Automotive Repair Association and Council of Automotive Repair (DC, MD, DE)
- Zurich

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