



February 16, 2026

The Honorable J. Sandy Bartlett, Chair
The Honorable Debra Davis, Vice Chair
House Judiciary Committee
100 Taylor House Office Building
Annapolis, Maryland 21401

Re: Opposition to House Bill 906: Punitive Damage Awards Surcharge

Dear Chair Bartlett, Vice Chair Davis, and members of the House Judiciary Committee:

Thank you for the opportunity to submit written testimony in opposition to House Bill (HB) 906, which would allow punitive damages awards in negligence cases with a showing by plaintiffs of clear and convincing proof of gross negligence, impose a 50% surcharge of any punitive-damages award on defendants, forbid the jury from knowing about the surcharge, and prohibit the surcharge from being used to lower the plaintiff's overall punitive award.

Punitive damages, unlike compensatory damages, are not intended to compensate plaintiffs for their losses; rather, they are intended to punish defendants for past bad behavior and deter future bad behavior.¹ Under current law, punitive damages are awarded only in cases where plaintiffs demonstrate defendant behavior involving "actual malice." HB 906, by contrast, would lower the standard for awarding punitive damages to "gross negligence."

On behalf of the Allstate Insurance Company enterprise, I respectfully urge the members of this Committee to issue an unfavorable report on HB 906.

1. Lowering the punitive damages standard and imposing a 50% punitive damages surcharge will increase the cost of doing business in Maryland.

Permitting plaintiffs to receive punitive damages in cases involving gross negligence, where a defendant is shown to have behaved with disregard for the rights or safety of others, combined with imposing an additional surcharge of 50% on said defendants, will prohibitively increase the cost of doing business in Maryland, particularly for small businesses and nonprofits.

Gross negligence is an overly broad standard on which to base the imposition of punitive damages, particularly where punitive damages will include a 50% surcharge. The combined effect of these changes will be to discourage businesses from operating in Maryland.

¹ Current law requires that plaintiffs be awarded compensatory damages to be eligible to receive punitive damages. [2026 Regular Session - Fiscal and Policy Note for House Bill 906.](#)

2. HB 906 would have a substantial negative effect on Maryland's economy.

According to the Maryland Department of Legislative Services (DLS) Fiscal and Policy Note, HB 906 would have a substantial negative effect on the state economy. If punitive damages are awarded against the Maryland Transit Administration (MTA), the Transportation Trust Fund expenditures will meaningfully increase. The Fiscal Note also projects an increase in other local expenditures if the bill increases litigation costs or local government payments of punitive damages and surcharges imposed against employees indemnified by their employers. DLS has also projected that the bill will have a harmful economic effect on small businesses that are made to pay punitive damages and surcharges.

3. HB 906 will substantially increase the overall costs of claims.

HB 906 will substantially increase the overall costs of claims by wholly rewriting the punitive damages standard in the state. The existing "actual malice" standard requires an evil motive or intent to injure. Changing the standard to a clear and convincing demonstration of gross negligence will make punitive damages available to an extraordinary range of plaintiffs in a wide array of cases.

Allstate appreciates the opportunity to provide written comments in opposition to the bill, and we respectfully urge Committee members to issue an unfavorable report on HB 906. Thank you for your time and consideration of this important issue.

Sincerely,



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