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### 2026 State Legislative & Regulatory Preview

As a new legislative year begins, here's a look at the state legislative and regulatory issues Government Relations will be tracking across ERIE's footprint in 2026. These issues can have a direct impact on ERIE, our Policyholders, and the stability of the insurance marketplace.

Several themes cut across nearly every jurisdiction:

**Fighting Legal System Abuse** – Legal system abuse continues to drive higher costs for consumers and businesses, with third-party litigation financing (TPLF) turning lawsuits into investment vehicles rather than tools for justice. As outside funders claim a growing share of recoveries, litigation becomes more frequent, more expensive, and less focused on compensating injured parties. ERIE supports reforms that improve transparency, curb abuse, and restore balance and fairness to the civil justice system.

**Protecting Risk-Based Pricing** – Risk-based pricing keeps insurance affordable and fair by aligning premiums with risk. While long accepted by regulators, this approach is often misunderstood, particularly when actuarially sound factors intersect with other attributes in ways that can be perceived as unfairly discriminatory. Political and external pressures continue to drive efforts to restrict or ban proven underwriting and rating variables, making preservation of objective, data-driven pricing essential.

**Tackling Auto Insurance Cost Drivers** – Auto insurance premiums continue to be influenced by rising repair and replacement costs, higher medical expenses, vehicle theft, supply chain pressures, dangerous driving behavior, and legal system abuse. Advances in vehicle technology have increased repair complexity and severity, while speeding, distraction, and impaired driving continue to drive crash frequency. Insurers are advocating for safer roads, fraud prevention, stronger supply chains, and tools such as telematics and usage-based insurance to help reduce risk and control costs.

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### Pennsylvania

Divided government prevails in Pennsylvania, with the Senate controlled by Republicans and the House and Governor's office controlled by Democrats. This political split continues to limit legislative productivity and slow progress on controversial issues, often

requiring bipartisan compromise to advance meaningful legislation.

### ***Priority Issues***

- **Online Auto Insurance Verification** – ERIE supports legislation to establish an online auto insurance verification system based on the Insurance Industry Committee on Motor Vehicle Administration (IICMVA) model. A House-passed bill is now awaiting Senate action, and PennDOT's support has elevated this issue as a top proactive priority for this session.
  - **Abusive Towing Practices** – Abusive and predatory towing practices persist due to inconsistent enforcement. Legislation advancing criminal penalties and enhanced enforcement authority remains an industry priority.
  - **UM/UM Stacking Reform** – Mandatory stacking of uninsured and underinsured motorist coverage increases costs and limits consumer choice. Industry-supported legislation would allow policyholders to opt out, though trial bar opposition continues to block progress.
  - **Public Adjuster Law Updates** – The Insurance Department has proposed updates aligned with national models. Public adjusters have increased lobbying efforts in opposition while the industry continues to support modernization and clarification.
  - **Workers' Compensation Issues** – While the current political climate makes broad reform difficult, legislative action may be needed depending on an upcoming Pennsylvania Supreme Court decision on pharmacy pricing.
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### **District of Columbia**

The D.C. Council remains firmly Democratic with an increasingly progressive policy focus. Mayor Muriel Bowser is not seeking reelection, and an open mayoral race may shift priorities. DISB remains accessible but continues to pursue initiatives such as a private passenger auto data call examining potential unintentional bias.

### ***Priority Issues***

- **Condominium Insurance Cost Shifts** – Proposed changes would significantly increase deductibles borne by individual unit owners.
  - **Cybersecurity Oversight** – Proposed legislation would impose new data security and reporting requirements following cyber events.
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### **Illinois**

Illinois remains a stronghold for Democrats, with control of all statewide executive offices and supermajorities in both legislative chambers. The state continues to present challenges for insurers due to strong trial bar and labor influence, with an ongoing regulatory focus on rate review concepts.

### ***Priority Issues***

- **Property and Casualty Insurance Rate Review** – ERIE continues to oppose legislation to impose prior approval or excessive government control over insurance rates. Similar approaches in other states have led to market disruption and reduced availability.

- **Underwriting and Rating Factor Bans** – Efforts to ban long-established underwriting and rating factors continue to surface and remain a persistent threat in Illinois. ERIE will continue to defend actuarially sound pricing practices.
  - **Insurance Affordability Study** – The Secretary of State may continue to seek legislative authority to lead a study on the affordability and availability of mandated auto insurance, including the use of zip codes, credit scores, and age in ratemaking.
  - **Right to Invoke Appraisal in Auto Claim Disputes** – Introduced legislation would expand appraisal rights to third-party claimants in auto claim disputes. The industry has expressed concerns about increased fraud, abuse, and higher claim costs.
  - **Auto Theft Coverage Mandates** – The DOI will likely pursue legislation that would restrict insurers’ ability to apply certain theft-related exclusions, raising concerns about increased losses and unintended consequences.
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## Indiana

Republicans continue to control Indiana state government, holding supermajorities in both legislative chambers and all statewide elected offices. The Department of Insurance maintains a balanced and collaborative regulatory environment.

### *Priority Issues*

- **Legal System Abuse Reform** – Comprehensive civil justice reform has been introduced, addressing issues such as noneconomic damage caps, premises liability, and public nuisance claims. While the bill is expected to narrow due to the short session, it has initiated meaningful discussion.
  - **Aerial Imagery Restrictions** – Legislation has been introduced that would significantly restrict insurers’ use of aerial imagery in underwriting and nonrenewal decisions. ERIE and industry partners oppose these restrictions due to concerns about underwriting accuracy and increased costs.
  - **Risk-Based Pricing** – Proposals continue to surface that would restrict insurers’ ability to use proven underwriting and rating tools. ERIE remains engaged in defending actuarially sound risk-based pricing practices.
  - **Data Transparency / Notice of Material Change** – Amendments to the 2023 notice of material change law are under consideration as implementation timelines continue to shift. Industry trades are working with the Department of Insurance to seek a reasonable and workable path forward.
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## Kentucky

Republicans hold veto-proof supermajorities in both the House and Senate, while Democratic Governor Andy Beshear is serving the second half of his second term. Trial bar influence continues to shape the legislative environment on civil justice issues. Regulators maintain open communication with the industry despite occasional policy differences.

### *Priority Issues*

- **PIP Reform** – Industry-priority legislation to apply reasonable medical fee schedules to personal injury protection claims is again being considered. These reforms are intended to help control medical costs that directly impact auto insurance premiums.
- **Legal System Abuse Reform** – The business and insurance community is supporting legislation aimed at improving fairness and predictability in the civil

justice system. Expected provisions include phantom damages, comparative fault, and third-party bad faith.

- **Contractor Fraud** – Legislation is being considered to further strengthen consumer rights in contracts, tighten public adjuster statutes, and expand the Attorney General’s enforcement authority.
- **Distracted Driving and Roadway Safety** – ERIE continues to support strengthening distracted driving laws to reduce crash severity and frequency.

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## Maryland

Democrats continue to hold supermajorities in both legislative chambers and control of the executive branch, creating a challenging environment for insurers and the broader business community. The Maryland Insurance Administration remains focused on improving operations, including addressing filing backlogs and modernizing the consumer complaint process.

### *Priority Issues*

- **Non-Economic Damages Cap Repeal** – ERIE remains actively engaged in opposing attempts to increase or repeal Maryland’s noneconomic damages caps in personal injury and wrongful death cases.
- **Punitive Damages Expansion** – The industry continues to oppose a proposal to expand punitive damages standards and impose state surcharges on punitive awards. The bill would inject new uncertainty into the civil justice system and significantly increase litigation exposure.
- **Workers’ Compensation – Occupational Disease & Exclusive Remedy** – Several bills would expand occupational disease presumptions and narrow the exclusive-remedy doctrine, threatening to increase costs and undermine predictability.
- **Third-Party Litigation Financing**– Industry-supported legislation would regulate litigation financing as consumer lending, bringing transparency, disclosure, and oversight to these arrangements.
- **MAIF Assessment** – Another assessment of private passenger auto insurers is expected due to the financial condition of the Maryland Auto Insurance Fund.
- **Roofing Solicitation Reform** – Legislation amended with industry and regulator input seeks to curb abusive post-disaster contractor practices. The bill strengthens consumer protections and reinforces anti-fraud safeguards in the claims process.

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## New York

Democrats control all statewide elected offices and maintain strong majorities in both legislative chambers, with progressive lawmakers exerting significant influence. Staffing shortages and filing backlogs at the Department of Financial Services (DFS) continue to present regulatory challenges, contributing to delays and uncertainty for insurers.

### *Priority Issues*

- **Third-Party Litigation Financing (TPLF)** – A 2025 law regulating TPLF introduced several consumer protections but omitted key disclosure provisions. ERIE will continue working with industry partners to promote greater transparency.

- **Wrongful Death** – Legislation to allow unlimited noneconomic damages in wrongful death actions was vetoed for the fourth time in late 2025. Similar legislation is expected to be reintroduced, and industry trades will again work to defeat the bill.
  - **Penalizing Staged Construction Accidents** – Organized fraud rings staging construction accidents under New York’s scaffold law continue to drive inflated claims and litigation costs. ERIE supports legislation to establish felony penalties for staging construction accidents to deter fraud and reduce abuse.
  - **Residential Insurance Affordability and Availability** – Legislative hearings and policy discussions continue around residential insurance availability and affordability. ERIE will engage on any proposals that may affect market stability or coverage options for consumers.
  - **Auto Insurance Affordability** – The governor’s budget proposal includes both problematic provisions and positive measures aimed at addressing legal system abuse in auto claims. ERIE will work with industry partners to educate policymakers on cost drivers and effective solutions.
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## North Carolina

North Carolina remains politically split, with Republican majorities in both legislative chambers and first-term Democratic Governor Josh Stein. Although the 2026 legislative session does not formally begin until April, interim dynamics and budget negotiations continue to influence issue development.

### *Priority Issues*

- **Third-Party Litigation Financing** – The industry continues to seek legislation to increase transparency and regulate litigation financing as consumer lending. These efforts are aimed at reducing legal system abuse and protecting consumers.
  - **Defense of Contributory Negligence** – Trial bar efforts to replace North Carolina’s contributory negligence system with comparative fault are expected to resurface. Maintaining the current system remains an industry priority. Industry trades will continue to educate lawmakers on the potential cost impacts of such a change.
  - **Workers’ Compensation** – Ongoing negotiations between the business community and plaintiffs’ bar focus on benefit levels and statutory definitions. Unlike past cycles, these discussions have not followed a stakeholder agreement model.
  - **Rate Making Process** – The Department of Insurance and Rate Bureau continue discussions on modernizing and streamlining rate filings. Improvements could reduce administrative delays and help ensure rates better reflect current loss trends and market conditions.
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## Ohio

Republicans maintain full control of Ohio state government, and cooperation between the House and Senate has improved under new leadership. The Department of Insurance maintains a constructive and collaborative working relationship with the industry.

### *Priority Issues*

- **Third-Party Litigation Financing (TPLF)** – The House passed legislation in late 2025 to regulate TPLF and restrict foreign investment in lawsuits. Ohio’s two-year session allowed the bill to “carry over” to 2026 and it now awaits Senate consideration.

- **Non-Economic Damage Caps** – Proposals to increase Ohio’s caps on noneconomic damages continue to surface. These caps play an important role in controlling lawsuit costs and maintaining insurance affordability.
  - **Compensatory Damages for Damaged Vehicles** – The industry opposes trial bar-backed proposals to expand compensatory damages in vehicle damage claims in ways that could allow double recovery and increase claim severity.
  - **Towing and Repair Shop Consumer Protections** – ERIE-priority legislation seeks to prevent repair facilities from holding vehicles and consumers hostage through excessive fees or restrictive contracts. The bill would limit abusive assignment-of-benefits practices and excessive storage charges.
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## Tennessee

Republicans control the governor’s office and have supermajorities in both legislative chambers in a generally balanced and collaborative regulatory environment.

### Priority Issues

- **Non-Economic Damage Caps** – Trial bar-backed legislation to double statutory noneconomic damage caps is expected. Such an increase would significantly raise litigation costs and increase insurance premiums.
  - **Evidence for Civil Actions** – Proposals seek to substantially increase the amount of medical bills presumed reasonable in civil actions. These changes would increase settlement pressure and legal costs.
  - **Roadway Safety** – Legislation that would weaken Tennessee’s hands-free driving law is expected. ERIE and industry partners continue to oppose efforts to undermine proven roadway safety measures.
  - **Firearm Insurance Discount Mandates** – Proposals requiring insurers to offer recurring discounts tied to firearm storage practices may return, raising concerns about actuarial soundness and unintended premium impacts.
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## Virginia

Virginia enters 2026 following significant Democratic gains, including control of statewide offices and expanded legislative majorities. Governor Abigail Spanberger was sworn in on January 17. The Virginia Insurance Commissioner is a non-political appointed position, so the regulatory environment is expected to remain fair and collaborative under the unchanged leadership.

### Priority Issues

- **Class Action Lawsuits** – Legislation allowing state-level class actions is expected to return.
- **Industry Tax Increases** – Industry-opposed bills have been introduced to increase the fire insurance assessment on certain insurers.
- **Public Adjusters** – An industry-supported Bureau bill would prohibit any person who does not hold a valid public adjuster license from soliciting, investigating, negotiating, adjusting, or providing advice to a policyholder, in relation to a first party claim for real or personal property of a policyholder.
- **Roofing** – Legislation was introduced to prohibit insurers from refusing or canceling coverage based solely on the age or condition of the roof. It would also limit certain advertisements and conduct by contractors.

- **Aerial Imagery** – A bill was introduced to prohibit an insurer from refusing to renew a policy to insure an owner-occupied dwelling based on information obtained using aerial or satellite imagery. The bill would also require the insurer to offer to renew if the insured provides documentation that any identified conditions have been cured.
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## West Virginia

West Virginia continues to operate under Republican supermajority control in an accessible and responsive regulatory environment.

### *Priority Issues*

- **Public Adjuster Reform** – ERIE-priority legislation to establish licensing and conduct standards for public adjusters will again be sought by the industry. The bill is modeled on laws enacted in other states to prevent claims abuses.
  - **Jury Anchoring** – Industry-supported legislation would prohibit attorneys from suggesting specific dollar amounts for noneconomic damages during trial. This reform would reduce inflated jury awards and improve fairness.
  - **Collateral Source Disclosure** – Long-sought industry proposals would allow juries to consider collateral source payments when determining damages. This reform would improve transparency and reduce double recovery.
  - **BRIM Mine Subsidence Reform** – Conflicting statutes governing mine subsidence coverage and claims handling continue to create confusion. Industry-supported reforms would clarify responsibilities among insurers, BRIM, and claimants.
  - **Valued Policy Reform** – While full repeal is unlikely, targeted reforms to the Valued Policy Law are expected. These efforts aim to preserve consumer protections while addressing cost and market concerns.
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## Wisconsin

Wisconsin operates under divided government, with Democratic Governor Tony Evers and Republican majorities in both legislative chambers. Narrower partisan margins have limited prospects for sweeping reforms, though targeted legislation continues to move forward.

### *Priority Issues*

- **Assignment of Benefits (AOB) Abuse** – ERIE will continue to support legislation addressing abusive AOB practices that inflate claims and undermine the insurance contract. These reforms would strengthen consumer protections and reduce fraud.
  - **Venue Shopping and Legal System Abuse** – Industry-supported legislation seeks to limit forum shopping by clarifying venue standards. These efforts aim to reduce litigation costs and discourage abuse.
  - **Third-Party Litigation Financing** – Lawmakers are considering expanding Wisconsin’s litigation funding disclosure law to include limits on civil litigation advances and prohibit foreign investment.
  - **Public Adjuster Oversight** – Despite prior reforms, concerns remain regarding out-of-state public adjusters exploiting gaps in enforcement. ERIE will continue to seek strengthened oversight and enforcement mechanisms.
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## **Secondary States**

ERIE is authorized to add Delaware, Missouri, South Carolina, and Vermont as secondary states to workers' compensation and has filed for approval in Georgia. Government Relations is monitoring legislative and regulatory proposals related to workers' compensation in all five states, including the following.

### ***Delaware***

Legislators are considering adjustments to the death benefit statute and an increase in the workers' compensation insurance credit available to businesses.

### ***Georgia***

Current issues include PEO/statutory employer legislation and efforts to exclude auto accidents from an employer's experience modification calculation.

### ***Missouri***

Workers' compensation issues may surface through proposals on employer liability, workplace-safety standards, and sector-specific exposures. Multiple bills have been proposed that would add or modify fee schedules, administrative processes, and benefit structures.

### ***South Carolina***

Bills under consideration address issues ranging from procedural transparency to benefit amounts and administrative processes. The Workers' Compensation Commission is also considering updates to the Medical Services Provider Manual.

### ***Vermont***

The Department of Financial Regulation is looking to update the workers' compensation medical fee schedule for the first time since 2006 and has proposed revising late fees and establishing a process to request medical case management services. Meanwhile, the legislature is considering a bill that would modify the process by which injured workers request vocational rehabilitation services.