

Department of Legislative Services  
Maryland General Assembly  
2008 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 577

(Delegate Simmons)

Judiciary

Judicial Proceedings

---

Preservation of Right to Jury or Judge Trial Act

---

This bill provides that any provision in an insurance contract with a consumer that requires arbitration is void and unenforceable. The bill does not apply to a provision that establishes an appraisal process to determine the value of property.

The bill only applies prospectively to causes of action arising on or after the January 1, 2009 effective date.

---

Fiscal Summary

**State Effect:** None. The bill would not materially affect State operations or finances.

**Local Effect:** Any increase in the workload of the circuit courts as a result of new jury trials can be handled with existing resources.

**Small Business Effect:** Minimal.

---

Analysis

**Current Law:** A written agreement to submit any existing controversy to arbitration or a provision in a written contract to submit to arbitration any future controversy that arises between the parties is valid and enforceable and is irrevocable. An exception is provided for grounds that exist at law or in equity for the revocation of a contract.

Although the federal Arbitration Act generally preempts state laws when the underlying activity under consideration involves interstate commerce, under the McCarran-Ferguson

Act of 1945, regulation of the insurance business is exempt from certain federal statutes to the extent that it is regulated by the states.

**Background:** Approximately 23 other states have enacted similar legislation.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Judiciary (Administrative Office of the Courts), Department of Legislative Services

**Fiscal Note History:** First Reader - February 19, 2008  
ncs/jr Revised - House Third Reader - March 18, 2008  
Revised - Enrolled Bill - April 24, 2008

---

Analysis by: Jennifer K. Botts

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510