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February 22, 2021

The Honorable William C. Smith, Jr, Chairman  
Judicial Proceedings  
2 East Miller Senate Office Building  
Annapolis, MD 21401

RE: SB 670 – Courts – Civil Jury Trials – Amount in Controversy - Opposed

Dear Chairman Smith, Senator Waldstreicher and Members of the Committee,

On behalf of the Maryland Association of Mutual Insurance Companies (MAMIC), I respectfully request an unfavorable report on Senate SB 670 - Courts – Civil Jury Trials – Amount in Controversy.

By way of background, MAMIC is comprised of eleven mutual insurance companies that are headquartered in Maryland and neighboring states. Approximately one-half of our members are domiciled in Maryland, and are key contributors and employers in our local communities. Together, MAMIC members offer a wide variety of insurance products and services and provide coverage for thousands of Maryland citizens. As mutual insurers, MAMIC members are owned entirely by our policyholders, and any profits earned are either retained by the company or returned to policyholders in the form of dividends. By contrast, stock insurers are owned by shareholders. Profits generated by a stock insurer are distributed to investors who may or may not have a policy of insurance with the company.

This bill increases from \$15,000 to \$30,000 the limit under which a party to a civil action may not demand a jury trial in Maryland courts. The current statutory limit of \$15,000 has been in place for a number of years, and affords litigants a fair, reasonable, and predictable framework for the orderly conduct of litigation. There is no public policy reason supporting a change at this time.

From a practical standpoint, increasing the limit as prescribed has the potential to harm insurers and their ability to successfully and adequately defend and indemnify their policyholders/insureds in lawsuits filed against them. Specifically, it drastically limits the ability to obtain additional discovery. Under the existing rules of civil procedure, discovery is limited to only 15 interrogatories for District Court matters. On the other hand, Circuit Court matters (for jury trials) permit far more expansive discovery. The additional information gleaned through discovery permits insurers the opportunity to fully defend and indemnify their policyholders and can potentially lead to favorable settlements or outcomes at trial for all parties involved. To that end, the mitigation of damages during litigation prevents the increase of insurance rates and allows for better competition in the marketplace for consumers. SB 670 is potentially harmful for these reasons.

Thank you for your consideration of our views on this legislation, and we again request that this bill be given an unfavorable report.

Sincerely,

Robert F. Glass, CPCU, ARM, MBA  
President