

MARYLAND EMPLOYERS FOR CIVIL JUSTICE REFORM COALITION

SUPPORTS HB 1274

Consumer Protection – Third-Party Litigation Financing

Maryland Employers for Civil Justice Reform Coalition, comprised of many of the largest employers, businesses, and health care providers in Maryland, supports HB 1274. The bill takes a thorough and balanced approach to provide consumer protection for plaintiffs in civil lawsuits and contractual transparency for defendants.

A significant feature of HB 1274 is a mandatory disclosure requirement that a party in a civil action must provide -- to all other parties and each insurer defending other parties in the civil action -- a copy of the litigation financing contract. This common-sense provision will provide full disclosure to defendants and all parties. In addition, the bill mandates an array of required provisions and safeguards to be included in the actual litigation financing contract. These provisions and safeguards afford material and much-needed protections for plaintiffs who enter into these contracts. Other provisions that will guide the conduct of cases involving third-party litigation financing will govern discovery, amendments to these contracts, and those civil actions that are filed or certified as class actions.

A further set of requirements in the bill contain express requirements and prohibitions on litigation financiers. These requirements only add to transparency and the consumer-protection intent of the bill. Nearly all of these provisions reflect existing concepts and practices in Maryland's current consumer protection statutes.

To the extent this legislation may have unintended consequences for the regulation or non-regulation of other types of lenders, the Coalition supports the addition or amendment of bill language to prevent the incidence of outcomes not intended by this legislation.

For all these reasons, the Coalition urges a favorable report on HB 1274.

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