



191 Main Street, Suite 310 – Annapolis MD 21401 – 410-268-6871

March 4, 2025

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, Maryland 21401

RE: Senate Bill 985- Consumer Protection - Third-Party Litigation Financing– FAVORABLE

Dear Chair Beidle and Members of the Committee,

We are writing in support of Senate Bill 985.

MAMIC is comprised of 12 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.

MAMIC companies represent an important component of the property and casualty insurance industry in Maryland. They are among the oldest providers of this vital insurance – one of our members was founded in 1794 and has offered its products continually since that date. Perhaps most important, mutual insurers are owned by their policyholders, which means the Maryland citizens who are our customers. MAMIC members are a stable, predictable presence in an industry that, at times, can be subject to disruptive economic forces that may damage insurance consumers.

One such force that has grown in recent years is the practice of litigation financing. As defined in the bill, this means the lending of money to plaintiffs in civil litigation in return for a share of the proceeds of such litigation. The recent growth of litigation financing has included such funders as sovereign wealth funds, and threatens to disrupt the orderly conduct of dispute resolution for insurance claims.

Senate Bill 985 places reasonable conditions for disclosures that must be included in any litigation financing contract. It also creates a fiduciary duty owed by a litigation financier to each member participating in class action litigation. It prohibits certain practices as well, such as the payment of a commission, referral fee or rebate, and related practices. Finally, it provides that the State Attorney General will enforce the provisions of the law.

MAMIC strongly believes that the protections set forth in this legislation are timely and needed benefits for persons engaged in civil litigation where insurance proceeds represent a primary source of recovery.

For these reasons, we strongly urge you to support Senate Bill 985.

Sincerely,

Melissa Shelley, President

cc: Bryson F. Popham