

February 27, 2026

The Honorable Kriselda Valderrama, Chair
House Economic Matters Committee
231 Taylor House Office Building
Annapolis, Maryland 21401

Re: NAMIC Support for HB 1298 - Third-Party Litigation Financing – Licensing and Regulation

Chair Valderrama and Members of the Committee,

On behalf of the National Association of Mutual Insurance Companies (NAMIC), I am reaching out to express our support for House Bill 1298 - Third-Party Litigation Financing – Licensing and Regulation by Delegate Andre Johnson.

The National Association of Mutual Insurance Companies (NAMIC) is the foremost trade association representing the property/casualty insurance industry. Serving more than 1,300 member companies—including local and regional insurers as well as some of the nation’s largest carriers—NAMIC members collectively write \$467 billion in annual premiums, representing 61% of the homeowners and 53% of the automobile insurance markets. For more than 130 years, NAMIC has been the leading voice advancing public policy solutions and regulatory frameworks that promote a strong, competitive market and protect our members and their policyholders.

The insurance industry is navigating a new era of heightened risk, driven by a convergence of challenges including extreme weather events, litigation abuse, inflation, rising reinsurance costs, and broader economic pressures. In light of these realities, it is essential for the industry and policymakers to work collaboratively to address the factors that are contributing to unnecessary costs within the market.

Third-party litigation funding arrangements are contributing to unnecessary increases in litigation costs. These agreements have countless impacts on the civil justice system and insurance market by making it difficult and more costly to settle cases, increasing the length of time for a case to settle which in turn drive up cost of litigation and insurance claims. This increased cost is then passed down through the insurance market to all consumers.

HB 1298 intends to provide a level of transparency in the litigation process by requiring disclosure of third-party litigation arrangements. This allows parties, insurers, and the courts to understand when a third-party financier has a financial stake in the case - information that is critical for evaluating damages, assessing settlement positions, and ensuring that litigation is not influenced by outside profit motives.

HB 1298 also establishes a clear regulatory structure for third-party litigation financing by requiring litigation financiers to be licensed under the Maryland Consumer Loan Law or relevant installment loan provisions. This requirement ensures that entities engaging in litigation financing are subject to the same oversight and accountability as other lenders in the state.

The bill further strengthens Maryland's legal framework by defining litigation financing as a loan for legal purposes, which brings these products under existing consumer-protection safeguards. This helps protect consumers from excessive fees, unclear repayment obligations, and predatory terms that may be embedded in litigation financing contracts.

The bill also makes litigation financing agreements discoverable, increasing transparency around financial incentives. This helps prevent inflated settlement demands and reduces unnecessary or prolonged disputes.

Together, these measures promote a more predictable and efficient legal environment for insurers and the business community, while aligning Maryland with the broader national trend toward regulating third-party litigation financing.

For these reasons, NAMIC strongly supports HB 1298 and respectfully requests a favorable report.

Sincerely,



Gina Rotunno
Regional Vice President, Mid-Atlantic