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February 27, 2026

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

RE: House Bill 1298 - *Third-Party Litigation Financing - Licensing and Regulation*- **FAVORABLE**

Dear Chair Valderrama and Members of the Committee,

On behalf of the Maryland Association of Mutual Insurance Companies (MAMIC), we strongly support House Bill 1298.

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.

Since 1977, lawyers have been permitted to advertise their services in all states. Insurers are frequent targets for litigation by personal injury attorneys. This bill, however, is not about lawyer advertising. Rather, it addresses a little-known but growing phenomenon: third-party litigation financing. This practice permits plaintiff attorneys to secure personal injury clients by offering their services at no or very low cost to the client.

Litigation, however, is expensive to conduct and maintain. Costs are inevitable, and for that reason many plaintiff attorneys have begun to use sophisticated methods to pay for the cost of litigation. These methods include financing by third parties with no stake in the litigation outcome other than sharing in the proceeds of the litigation itself. One result is that the real stakeholder – the injured party who employs an attorney to pursue a claim – may have his interests subordinated to the person or entity providing the funds for the litigation.

The bill does not prohibit the practice of third-party litigation financing. Rather, it requires a “litigation financier,” as defined in the bill, to be licensed under the Financial Institutions Article of the Maryland Code. The bill also includes robust disclosure requirements for litigation financing contracts. The purpose of House Bill 1298 is both to require appropriate regulation of litigation financing and, equally important, notification to all necessary parties of its existence.

MAMIC respectfully believes that the protections set forth in House Bill 1298 are both appropriate and timely, and provide necessary protection for those persons engaged in civil litigation where insurance proceeds represent a primary source of recovery.

For these reasons, MAMIC respectfully requests a favorable report on House Bill 1298.

Thank you for your consideration.

Melissa Shelley
President, MAMIC

cc: Bryson Popham