



2026 WRITTEN TESTIMONY

THIRD-PARTY LITIGATION FINANCING - LICENSING AND REGULATION

SB 894 / HB 1298 - UNFAVORABLE

SB894/HB1298, Third-Party Litigation Financing – Licensing and Regulation, undermines consumers' ability to seek justice by imposing excessive restrictions on third-party litigation financing (TPLF). This bill creates unnecessary barriers for consumers who rely on litigation financing to afford legal representation and access the courts. If enacted, SB894/HB1298 would disproportionately harm individuals facing financial hardship while benefiting corporate defendants and insurance companies.

1. Restricting Consumer Access to Justice

Litigation financing allows consumers—particularly those with limited resources—to pursue valid claims by providing them and their attorneys access to necessary financial resources. SB894/HB1298 places undue burdens on this practice by imposing excessive disclosure requirements and fiduciary duties on lawyers representing injured consumers and litigation financiers, which will discourage much-needed financial support. Without access to these resources, many consumers will be unable to afford representation, effectively denying them their right to justice.

2. Unwarranted Disclosure Mandates Invade Consumer Privacy

SB894/HB1298 mandates that litigation financing contracts be disclosed to opposing parties and insurers, an unnecessary intrusion into consumers' financial arrangements. This requirement not only violates privacy, but also provides strategic advantages to well-funded defendants, allowing them to exploit a plaintiff's financial position during litigation. **The Maryland Association for Justice (MAJ)** opposes this provision, noting that it grants defense counsel undue leverage, improperly positioning them as arbiters of compliance, rather than the judge.

3. Protecting Corporations and Insurers at the Expense of Consumers

SB894/HB1298 serves the interests of deep-pocketed corporate defendants and insurers who want to minimize their financial liability. Many consumers face powerful adversaries with extensive legal teams and resources. Without litigation financing, these individuals will be unable to sustain lengthy legal battles, preventing them from obtaining the true value of their claims.

4. Improperly Invades the Province of the Court

SB894/HB1298 requires disclosure of information without determination by the court as to the discoverability of such information. The court's role in litigation includes discovery issues. The legislation would improperly invade the province of the court and perhaps unconstitutionally violate the separation of powers doctrine. Further, the disclosure only places a burden on the consumer, not the defendant and/or insurance company, demonstrating the one-sided intent of this legislation.

Conclusion

SB894/HB1298 is framed as a consumer protection measure, but its practical effect will be to deny consumers the financial tools they need to fight for their rights in court. This bill will widen the justice gap, favoring wealthy defendants at the expense of everyday Marylanders. State and federal judges already have the authority to regulate TPLF through discovery rules, making these new disclosure mandates redundant and harmful. For these reasons, MAJ strongly opposes SB894/HB1298 and urges policymakers to reject this anti-consumer legislation.

Maryland Association for Justice urges an UNFAVORABLE Report on SB 894 / HB 1298.

About Maryland Association for Justice

The Maryland Association for Justice (MAJ) represents over 1,250 trial attorneys throughout the state of Maryland. MAJ advocates for the preservation of the civil justice system, the protection of the rights of consumers and the education and professional development of its members.

10440 Little Patuxent Parkway, Suite 250
Columbia, MD 21044
(410) 872-0990 | FAX (410) 872-0993
info@mdforjustice.com
mdforjustice.com