OHIO CHAMBER OF COMMERCE LEGISLATIVE UPDATE

Ohio Chamber Continues Push for Reforms to Third Party Litigation Financing

Before the House Insurance Committee last week, the Ohio Chamber testified in support of House Bill 105. The bill is companion legislation to Senate Bill 10, and it makes needed reforms to Ohio’s third-party litigation financing law. Third-party litigation financing occurs when outside investment firms or companies specializing in the industry advance a litigant money before the resolution of a lawsuit in exchange for the right to receive a portion of any ultimate settlement amount or award. These financing agreements are not subject to interest rate caps and other consumer protections, since re-payment of the advance is contingent upon a party receiving proceeds from a lawsuit.

Under House Bill 105, as with the Senate bill, parties entering into third-party financing agreements must disclose their presence to other parties. This disclosure brings transparency to these sometime nefarious funding agreements that often drive up cost and prolong litigation. That transparency is also important since these funders are currently secretive parties with an interest in litigation.

House Bill 105 will help businesses develop litigation strategies with actual knowledge of who has an interest in their claims, creating parity in our civil justice system since insurance agreements – which often dictate the value of a claim – are automatically disclosed during the discovery process.

Ohio's legal and business climates also stand to benefit from this legislation, because its reforms will bolster the predictability of our civil courts by removing secretive funders with a financial interest in the outcome of a claim.

You can read the Ohio Chamber's testimony here and watch it by clicking here.