

## **Proponent Testimony SB 19**

Chairman Manning, Vice Chair Reynolds, Ranking Member Hicks-Hudson, and members of the Senate Judiciary Committee, thank you for the opportunity to provide written proponent testimony on Senate Bill 19.

The Ohio Insurance Agents Association (OIA) is the collective voice of 1,200 independent agencies that employ nearly 11,000 Ohioans. We promote, progress, and protect the profession and the guidance only independent insurance agents provide. Independent insurance agents are trusted advisors to Ohio citizens and businesses and are responsible for servicing 85% of the commercial policies and 44% of the personal policies in the state. Independent agents offer many types of insurance – auto, health, home, life, and business insurance – from many different companies to match consumers with the best choices for their particular needs.

We are writing today in support of Senate Bill 19. We have seen across the nation an alarming increase in third-party litigation funding. In 2022, investments by companies that finance U.S. commercial lawsuits in exchange for a percentage of recoveries increased to \$3.2 billion. This capital investment by firms represents a 16% increase from 2021 and marks the largest capital investment increase in the past three years. [1]

Why is the increase in litigation funding a concern for Ohio's independent insurance agents? It is a concern because of the rise of social inflation. The Insurance Information Institute defines social inflation as "the trend of rising insurance costs due to increased litigation, plaintiff-friendly judgments, and higher jury awards." [2]

We are seeing how these judgments are having consequences for the insurance industry. This influx of funding incentivizes litigants to initiate and prolong lawsuits which then results in higher claims costs and consequently drives up insurance premiums. This can reduce the availability of liability coverage, and lead to higher uninsured legal liability risks for Ohio's businesses. Unfortunately, these costs are ultimately paid by consumers.

Senate Bill 19 introduced by Senator Wilson is a step in the right direction. By providing much-needed consumer protections this legislation will protect Ohio's consumers and businesses. First, the disclosure of financing agreements will remove the secretive party in the litigation.



This essential step creates consistency in the litigation process since insurance agreements are automatically disclosed during discovery. This is especially relevant as insurance agreements often can determine the value of the claim. Furthermore, the numerous consumer protections in the legislation protect already vulnerable Ohioans from being taken advantage of by bad actors.

Thank you for giving us the opportunity to write in support of Senate Bill 19. If you have any questions or need additional information regarding this issue, please contact me.

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[1] – [Westfleet Advisors 2022 Litigation Finance Market Report](#)

[2] – [“III” Social Inflation Study](#)