



Rep. Meredith Craig
77th Ohio House District

Rep. Jim Thomas
49th Ohio House District

(Representative Meredith Craig)

Chairman Lampton, Ranking Member Tims, and members of the House Insurance Committee, thank you for the opportunity to provide sponsor testimony on House Bill 105, legislation that would protect Ohioans by strengthening the law and regulation of third-party litigation funding.

Third-party litigation funding is a financial arrangement where an outside third-party entity provides funding to a plaintiff or law firm to cover legal costs and expenses. In return, the third-party funder receives a share of the proceeds. This conduct has created a hostile business environment due, in part, to unreasonably high costs from frivolous lawsuits. It makes it difficult to reach settlements, due to the presence of a secret party with a stake in the outcome. Simply put, third-party litigation funding is bad for Ohio.

Ohio is long overdue for reform. A recent US Chamber of Commerce survey found that Ohio was the 15th worst state for lawsuit abuse.¹ HB 105 represents a necessary and balanced update to Ohio's regulatory framework governing third-party litigation funding agreements. HB 105 is based on model legislation from the National Council of Insurance Legislators, which doesn't eliminate the practice but rather provides needed transparency and accountability. Companion legislation is being considered in the Senate, led by Senators Steve Wilson and George Lang.

HB 105 modernizes Ohio's consumer and commercial litigation financing by setting forth clear, transparent, and consumer-friendly standards. It would require third-party funding agreements to be written in plain language, fully completed, and presented with clear disclosures. It requires copies of these contracts to be filed with the Court, and that they are received by the opposing party. This creates a more equal playing field.

(Representative Jim Thomas)

HB 105 establishes important limits on fees and charges. It restricts the fees and interest allowed to be charged to 10% of the original amount provided to the consumer. This will guard against excessive financial burdens that could otherwise jeopardize the economic well-being of consumers already facing legal challenges.

¹ [State Legal Climate Ranking | Institute for Legal Reform](#)

HB 105 reinforces the principles set forth in *Rancman v. Interim Settlement Funding Corp.*, preserving Ohio's longstanding commitment to preventing champerty and maintenance. It does so by carefully delineating the roles and responsibilities of commercial litigation financiers and consumer litigation funding companies, ensuring that these entities do not interfere with the independent professional judgment of legal counsel or the rights of claimants.

Additionally, HB 105 addresses emerging risks by restricting funding from foreign government entities, a critical safeguard in today's globalized financial environment. This measure protects our courts and litigants from undue foreign influence, thereby reinforcing due process and the integrity of our legal system.

According to a 2024 CNBC survey, OH is the 7th best state for business.² A important component of a strong business environment is a stable and predictable civil justice system. This bill will protect Ohioans, consumers, and businesses and help OH to improve its standing. We urge swift passage of this important legislation and would be happy to answer any questions the Committee may have.

² [America's Top States for Business: The full rankings](#)