

Proponent Testimony

HB 105

Chairman Lampton, Vice Chair Craig, Ranking Member Tims, and members of the House Insurance Committee, thank you for the opportunity to provide written proponent testimony on House Bill 105.

The Ohio Insurance Agents Association (OIA) is the collective voice of over 1,000 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 89% of the commercial policies and 46% 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 House Bill 105 and its efforts to reform Third Party Litigation Funding in Ohio.

Across the country, we have witnessed the growing impact of commercial litigation financing. In 2023, investments by companies that finance U.S. commercial lawsuits in exchange for a percentage of recoveries was \$2.7 billion.[1]

Ohio's independent insurance agents are concerned about third party litigation funding due to its role in driving 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]

The adverse impacts these judgments are having on policyholders and the insurance industry are significant. 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.

House Bill 105, introduced by Representative Meredith Craig and Representative Jim Thomas, is an essential step in safeguarding Ohio's legal system from hidden financial interests and undue influence. By prohibiting foreign entities from engaging in commercial litigation financing and enhancing transparency, this legislation will protect Ohio's consumers and businesses. Preventing foreign financial interference is vital for the integrity of our courts, especially where litigation funding could serve improper interests. The disclosure of financing agreements will remove the secretive party in the litigation and ensure transparency. 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.

For these reasons, we believe it is in every Ohioans best interest to enact House Bill 105 into law. Thank you for giving us the opportunity to write in support of House Bill 105 and if you have any questions or need additional information regarding this issue, please contact me.

George Christy
Government Affairs Manager
Ohio Insurance Agents
george@ohioinsuranceagents.com

[1] – [WestfleetInsider2023-Litigation-Finance-Market-Report.pdf](#)

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