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

My name is Kiera Sullivan, and I am Co-President of Continental Express, Inc., an asset-based truckload carrier and full-service logistics company headquartered in Sidney, Ohio. Continental Express operates a fleet of approximately 550 trucks and 1,300 trailers, and employs more than 750 hardworking men and women. Continental is a second-generation, family-owned business, and we specialize in transporting refrigerated food products across the United States. In addition to representing Continental Express, I am here representing the Ohio Trucking Association and its over 774 members who similarly operate within Ohio and contribute significantly to the state's economy. I am also an attorney by trade. We strongly support HB 105, as we believe it is essential for ensuring transparency and fairness in Ohio's legal system, particularly concerning third party litigation funding.

Third party litigation funding involves outside entities providing money to plaintiffs or their counsel in exchange for a cut of the proceeds resulting from litigation or settlement. Currently, third-party litigation funding is permitted in Ohio but is largely unregulated, which raises significant concerns.

At its core, this practice is not only predatory by nature, but it can incentivize the filing of non-meritorious claims and can lead to the prolonging of lawsuits, often resulting in exaggerated damages. When a plaintiff or their attorney receives upfront funding for litigation, they become indebted to the third-party funder. This external financial interest can pressure plaintiffs to continue litigation, even when their injuries may not warrant further claims. For instance, a plaintiff who has already recovered or has only minor injuries may feel compelled to seek ongoing medical treatment in order to meet the expectations of the funder and secure a settlement or verdict that exceeds the funding amount. This is simply not right.

Adding to this concern, third party litigation funding agreements often come with excessive interest rates and fees. Foreign actors may invest in these arrangements, and in some cases, attorneys representing plaintiffs in the underlying legal proceeding may even have financial interests in the litigation funding companies themselves. This creates conflicts of interest and undermines the integrity of the legal process.

As a trucking company owner and having spent 15 years involved in both the law and the trucking industry, I have seen firsthand the rising costs associated with lawsuits, settlements, verdicts, insurance premiums, and, frankly, frivolous litigation. This is a problem in both the state of Ohio and more broadly across the country.

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According to the U.S. Chamber of Commerce Institute for Legal Reform, tort costs in the United States amounted to an alarming \$529 billion in 2022, which represents 2.1% of the nation's GDP—roughly \$4,207 per American household! From 2016 to 2022, tort costs grew at an annual rate of 7.1%, well above the 3.4% average inflation rate. The U.S. Chamber of Commerce also reported that from 2020 to 2023, the average plaintiff's verdict against a trucking company was over \$27 million, with the median award being \$759,875. Settlement amounts have also significantly increased across the board.

This escalation of costs and litigation abuse is concerning, and I strongly believe that regulation of third-party litigation funding is an important step toward addressing the problem. House Bill 105 does not seek to ban third-party litigation funding arrangements, but it introduces critical regulations, including:

1. Requiring written agreements that are clear and easy to understand.
2. Limiting fees and interest to no more than 10% of the original amount provided to the consumer.
3. Prohibiting funding companies from influencing legal strategies or settlement decisions.
4. Ensuring that consumers will owe nothing if no proceeds result from the civil claim.
5. Prohibiting foreign entities from financing claims.
6. Banning the payment of referral fees or commissions between funding companies, attorneys, and healthcare providers.
7. Preventing funding companies from entering into agreements if the attorney or law firm involved has a financial interest in the company.
8. Prohibiting false or misleading advertising by litigation financing companies.

These provisions are essential to maintaining fairness and transparency within our legal system, and to ensuring that litigation is driven by legitimate claims rather than financial incentives from third-party funders that currently have the ability to contribute to lawsuit abuse, corruption and unethical practices.

In conclusion, House Bill 105 is a critical step toward reducing predatory practices, the prevalence of frivolous lawsuits and controlling the rising costs of litigation that burden Ohio businesses and families alike. By implementing these regulations, we can help foster a legal environment that prioritizes justice and fairness, rather than exploitation for profit. I urge you to support HB 105 for the betterment of Ohio's legal system and economy.

Thank you for your time and consideration. I would be happy to answer any questions you may have.

Very Truly Yours,

Kiera M. Sullivan
Co-President
Continental Express, Inc.