

HOUSE INSURANCE COMMITTEE
OHIO HOUSE BILL 105, PROPONENT
March 11, 2025

Chairman Lampton and Members of the Committee,

On behalf of the National Association of Mutual Insurance Companies (NAMIC), thank you for the opportunity to submit this statement in support of House Bill 105.

The National Association of Mutual Insurance Companies consists of over 1,300 member companies, including six of the top 10 property/casualty insurers in the United States. The association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers.

NAMIC member companies write \$383 billion in annual premiums and represent 61 percent of homeowners, 48 percent of automobile, and 25 percent of the business insurance markets.

At the outset, it is imperative to establish that insurance is priced differently than virtually every other product available to consumers. Unlike nearly all products and services, the actual cost of providing insurance is unknown at the time it is offered. Because of the prospective nature of insurance pricing, it is imperative that insurers can accurately price risk and charge a commensurate premium.

The insurance industry is experiencing a new era of risk, as insurers collectively are feeling the impact of a confluence of factors including extreme weather, litigation abuse, inflation, rising reinsurance costs, and other economic pressures. Everything, everywhere, all at the same time captures the unprecedented scope of the current conditions facing insurers. It is with this in mind, that the industry and policymakers should work together to address issues that are contributing to unnecessary costs in the market.

Third-party litigation funding arrangements is such an issue that is contributing to unnecessary increased litigation costs. These agreements have countless impacts on the civil justice system and insurance market by making it difficult and more costly to settle cases, increasing the length of time for a case to settle which in turn drive up cost of litigation and insurance claims. This increased cost is then passed down through the insurance market to all consumers. House Bill 105 takes a significant step toward addressing this issue in Ohio.

House Bill 105 intends to provide a level of transparency in the litigation process by requiring disclosure of third-party litigation arrangements. The disclosure of such arrangements will allow all



parties to properly evaluate and value a claim and level the field between the plaintiffs and defendants as businesses defending lawsuits have had to disclose the existence of insurance policies for decades. Currently, third-party funding agreements are not routinely required to be disclosed in Ohio to the courts or parties involved which creates an unknown party with an interest in the outcome of the litigation. These agreements have distorted the traditional two-party litigation negotiations which places the parties on unequal footing and unnecessarily inflates costs in the market. In addition, HB 105 also prohibits funders from making decisions or otherwise having any influence on a legal case and establishes contract requirements for funding agreements.

House Bill 105 will strengthen Ohio's civil justice system by restoring balance to the legal system and begin to mitigate the inflationary impact of unnecessary lawsuit abuse.

For these reasons, NAMIC supports House Bill 105 and urges passage.

Sincerely,

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