House Insurance Committee
Interested Party Testimony
House Bill 105
March 25, 2025

Chairman Lampton, Vice Chair Craig, Ranking Member Tims and members of the House Insurance Committee, thank you for the opportunity to offer interested party comments on House Bill 105, which would revise non-recourse litigation funding agreements. My name is Doug Friedman, and I am with Chiropractic Strategies Group.

While we understand the intent of HB 105 is to protect the due process rights of all litigants in Ohio courts, the unintended consequences that will result will increase the number of cases forced to go to trial, and further victimize economically disadvantaged consumers, many of whom are our patients. As you might imagine, many people come to a chiropractor soon after a car accident, to treat their resulting soft tissue injuries like whiplash. Car accident injuries are not just emotionally traumatic, they can also have long-term physical and economic repercussions.

While these people deal with their injuries, they are talking to their auto insurance company, or the insurer of the driver who is at fault in the accident. These people are just trying to get their lives back on track and the damage to their vehicles repaired. Now imagine that this person no longer has a working vehicle, and they are not sure how they are going to get to work, go to the doctor or even get groceries. The at-fault driver's insurer frequently delays acceptance of liability, slowing down the process of getting their car fixed. It also means in a very real sense that this person is being victimized again because the insurer knows this person does not have the money to fix their car. If the person needs interim financial help, there are not a lot of places to turn. Often it is a third-party non-recourse advance company that steps in to help these individuals with short-term costs until they can reach a settlement with the at-fault driver's insurance. Frequently an injured person will turn to an attorney to help negotiate a settlement. That ensures a reasonable financial settlement for all parties. In the vast majority of cases these disputes do not end in court.

However, under this bill a consumer is required to disclose to an insurance company that the consumer has entered into a third-party financing agreement after receiving a written request to do so. Even if the advance is a small amount of money, that advance will have to be disclosed. Once an insurance company is aware that third-party financing has been provided they know that the victim in the accident is under pressure to get a settlement done quickly. As a negotiating tactic, the insurance company will begin to delay and slow down the settlement negotiation to put pressure on the already victimized claimant. When the insurer squeezes the settlement procedure, the victim's attorney will be forced to litigate in order to get the insurance company to make a reasonable offer. That will tie up an already overburdened court system by making more cases go through the process toward trial. Many will settle, but this will needlessly clog court dockets, raise negotiation costs, and hurt those consumers that can least afford it.

This results in medical providers not receiving payment for services rendered more timely, and at unreasonable discounts as insurance companies and plaintiffs' attorneys look to minimize the final payout amount to medical providers.

Certainly, our chiropractors are impacted since they are not paid timely, but it can also make it difficult for consumers to get the services they are seeking. Providers might be forced to require

payment from the consumer, payment that otherwise would be covered by the insurance settlement with the result being consumers either cannot get the services they need or end up spending their own resources. This creates a particular difficulty in low-dollar situations with third-party financing, where the consumer is often struggling to make ends meet and cannot afford to take on the added costs that should, and would otherwise, be covered by insurance companies but for the knowledge that third-party financing is at play.

To be clear, these auto accidents do not result in the high-dollar settlements that you have heard proponents talk about and what we believe HB 105 aims to regulate. What CSG wants to address in HB 105 are the lowest dollar civil suits – where non-recourse funding amounts are $10,000 and under. CSG respectfully requests that HB 105 be amended for both commercial and consumer transactions to make sure those who truly need third-party financing still have access to it without repercussions from insurance companies with limitless resources:

> HB 105 Lines 42 – 47:
> (D)(1) "Commercial litigation financing agreement" means, with respect to any civil action or group of civil actions, a written agreement that meets all of the following:
>
> > (a) A third party agrees to provide funds <u>of more than ten thousand dollars</u> to a named party or a law firm that represents a named party in the civil action or group of civil actions.
>
> HB 105 Lines 96 – 99:
> (2) "Consumer litigation funding agreement" does not include any agreement involving a cash payment by the consumer litigation funding company <u>under ten thousand dollars or more than</u> four hundred thousand dollars ~~or more~~.

Chiropractic Strategies Group believes this will preserve the integrity of the bill while also preventing an unintended negative consequence for those who truly need help fighting a fair fight. We thank you again for the opportunity to offer our thoughts on HB 105, and we hope you will take our suggested changes into consideration.