



SENATE BILL 10 – (THIRD PARTY LITIGATION FUNDING)

PROPONENT TESTIMONY- OHIO SENATE JUDICIARY COMMITTEE

FEBRUARY 26, 2025

Chairman Manning, Vice Chair Reynolds, Ranking Member Hicks-Hudson and members of the Ohio Senate Judiciary Committee, my name is Chris Ferruso, and I serve as State Director for NFIB. I am here on behalf of our nearly 21,000 members to express support for Senate Bill 10, legislation requiring disclosure of civil litigation, advance arrangements in lawsuits and prohibiting financing of such arrangements from foreign entities. We believe Senate Bill 10 provides important consumer protections, ensures transparency to the parties involved in litigation, and protects the integrity of Ohio courts from foreign interference. NFIB has long advocated for a stable, predictable legal climate, and we believe Senate Bill 10 helps with this goal.

For reference, NFIB is a small business trade association founded over 80 years ago that is dedicated to representing the interests of small and independent businesses across our state and nation. NFIB's mission is to promote the right of our members to own, operate and grow their businesses. NFIB members come from all industry sectors and each of the 88 counties across Ohio.

Senate Bill 10 is a bill that levels the playing field for the opposing parties in a lawsuit, for both consumer and commercial arrangements. This bill requires disclosure of third-party financing arrangements to the defendants' counsel, much like disclosure of insurance policies to plaintiffs. For consumer arrangements, these must be provided within 30 days of written request by any party to the litigation. For commercial arrangements, disclosure must occur in a similar fashion.

The litigation process can be lengthy, and plaintiffs may face financial challenges while awaiting the disposition of their lawsuit. Some plaintiffs elect to sign an arrangement to provide resources to help pay bills and cover other expenses while their lawsuit is pending. Senate Bill 10 does not ban this practice; however, it does create a commonsense framework to ensure the interests of the actual parties to a

lawsuit are what dictate the outcome, not a third-party who is making a speculative gamble in hopes of a large payday.

Senate Bill 10 sets up numerous protections for consumer arrangements by dictating what must be provided in a contract to a consumer including: requiring the contract to be fully filled in with consumer initials on each page, disclosure of both one-time and recurring charges and an explanation of how those charges accrue, and acknowledgement by the consumer's attorney of the contract and provisions contained within.

Senate Bill 10 also restricts some actions of consumer litigation funding companies providing further consumer protections. Some examples include prohibiting: paying a referral fee to an attorney or medical provider, accepting referral fees from attorneys or medical providers, and making or influencing any decision on the conduct of the consumers' legal claim or settlement.

Senate Bill 10 also contains legislative intent language that prohibits any financing agreement with foreign persons or entities. This language aims to protect the integrity of Ohio's courts from foreign actors who may overwhelm dockets and profit from litigation.

NFIB believes Senate Bill 10 strikes an appropriate balance of ensuring plaintiffs can pursue litigation, while also ensuring that litigation is driven by the plaintiff, their attorney, and the merits of the case; not dictated by the financial motivation of a third-party, which may prolong a case resulting in increased costs across the legal system. Senate Bill 10 will increase transparency, enhance consumer protection, and protect against foreign influence in Ohio's courts.

We respectfully ask the committee for favorable consideration of Senate Bill 10. I am happy to try and address any questions. Thank you.