



February 24, 2025

Hon. Nathan Manning and Members of the Committee
Committee on Judiciary
Ohio Senate

RE: SB 10 – Revise Non-Recourse Litigation Funding Agreement Regulations - SUPPORT

Dear Chair Manning and Members of the Committee:

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by approximately 1,200 property and casualty insurance companies, including many who write business in Ohio. Working hand-in-hand with our member companies and Ohio state and local law enforcement, we help to detect, prevent, and deter insurance crimes.

Insurance fraud is not a victimless crime. A 2022 study conducted placed total U.S. insurance fraud at \$308.6 billion. Fraudsters will exploit every avenue, forum, and opportunity to bilk consumers and their insurers to line their own pockets, which ultimately increases costs for everyone. Unfortunately, the courtroom is not immune. Fraudsters and their affiliates have engaged in predatory and abusive litigation tactics and employed tools to advance—and conceal—their aims. NICB is concerned that, absent additional transparency and accountability, litigation financing can serve as a facilitator of fraud.

For example, NICB recently assisted the U.S. Department of Justice's investigation and prosecution of a massive trip-and-fall fraud scheme in New York, which defrauded businesses and their insurance providers of more than \$31 million. This organized insurance fraud scheme included deliberate, unnecessary surgeries performed on victims simply to drive insurance claims and lawsuits upward. The surgeries, as well as other medical procedures, were funded by litigation financing companies. The financiers also paid the fraud scheme organizers and participants referral fees for each patient who signed a funding agreement, charged the patients (who were overwhelmingly low income) absurdly high interest rates, and the majority of the proceeds awarded in the fraudulent lawsuits went right back to the financiers themselves.

Senate Bill 10 would provide important consumer protections and much-needed transparency and accountability on third-party litigation financing, including mandating plain language notices within funding agreements, a prohibition on litigation funding companies from dictating the strategy or outcome of a case, the mandatory disclosure of financing agreements to all involved parties, and more. These reforms, among others, will help protect consumers and provide regulators with critical information to identify and combat fraudulent activities. **Accordingly, NICB respectfully requests your support for SB 10.**

Thank you for your consideration of our views. As always, please consider NICB a resource and partner in the fight against insurance crime. If you have any questions or need additional information, please contact me at hhandler@nicb.org or 312-771-3974.

Sincerely,

A handwritten signature in blue ink that reads "Howard Handler".

Howard Handler, Senior Director
Strategy, Policy and Government Affairs