

## **Proponent Testimony**

### **SB 10**

Chairman Manning, Vice Chair Reynolds, Ranking Member Hicks-Hudson, and members of the Senate Judiciary Committee, thank you for the opportunity to provide written proponent testimony on Senate Bill 10.

The Ohio Insurance Agents Association (OIA) is the collective voice of over 1,000 independent agencies that employ nearly 11,000 Ohioans. We promote, progress, and protect the profession and the guidance only independent insurance agents provide. Independent insurance agents are trusted advisors to Ohio citizens and businesses and are responsible for servicing 89% of the commercial policies and 46% of the personal policies in the state. Independent agents offer many types of insurance – auto, health, home, life, and business insurance – from many different companies to match consumers with the best choices for their particular needs.

We are writing today in support of Senate Bill 10 and its efforts to reform Third Party Litigation Funding in Ohio. Across the country, we have witnessed the growing impact of commercial litigation financing. In 2023, investments by companies that finance U.S. commercial lawsuits in exchange for a percentage of recoveries was \$2.7 billion.[1]

Why is the growing impact of third-party litigation funding a concern for Ohio's independent insurance agents? It is a concern because of the rise of social inflation. The Insurance Information Institute defines social inflation as "the trend of rising insurance costs due to increased litigation, plaintiff-friendly judgments, and higher jury awards." [2]

The adverse impacts these judgments are having on policyholders and the insurance industry are significant. This influx of funding incentivizes litigants to initiate and prolong lawsuits which then results in higher claims costs and consequently drives up insurance premiums. This can reduce the availability of liability coverage, and lead to higher uninsured legal liability risks for Ohio's businesses. Unfortunately, these costs are ultimately paid by consumers.

Senate Bill 10 introduced by Senator Wilson and Senator Lang is a crucial measure to protect Ohio's legal system from undue influence and hidden financial interests. By prohibiting foreign entities from engaging in commercial litigation financing and by requiring greater transparency, this legislation will protect Ohio's consumers and businesses. Preventing foreign financial interference is vital for the integrity of our courts, especially where litigation funding could serve improper interests. The disclosure of financing agreements will remove the secretive party in the litigation and ensure transparency. This essential step creates consistency in the litigation process since insurance agreements are automatically disclosed during discovery. This is especially relevant as insurance agreements often can determine the value of the claim.



For these reasons, we believe it is in every Ohioans best interest to enact Senate Bill 10 into law. Thank you for giving us the opportunity to write in support of Senate Bill 10 and if you have any questions or need additional information regarding this issue, please contact me.

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[1] – [WestfleetInsider2023-Litigation-Finance-Market-Report.pdf](#)

[2] – [“III” Social Inflation Study](#)