

Testimony of Harrison Hosker
American Legal Funding Association
Senate Judiciary Committee,
6/18/2025

Chairman Manning, Vice-Chair Reynolds, Ranking Member Hicks-Hudson and members of the Senate Judiciary Committee, thank you for allowing me to address the committee. My name is Harrison Hosker, and I am with the American Legal Finance Association (ALFA), and must respectfully oppose this legislation as written.

By way of introduction, ALFA is the oldest trade association representing the nation's most significant participants in the Consumer Legal Funding industry. One of ALFA's first actions was to establish industry standards. The cornerstone of these best practices is transactional transparency, along with clear and concise contractual agreements for consumers. A condition of membership in ALFA is that members must adhere to the ALFA Best Practices.

ALFA Best Practices include:

- Prohibiting any of the funds being used for the costs of the litigation or attorney fees
- Prohibiting the funding company from being involved in any decisions relating to the litigation
- Prohibiting funding companies from paying any referral fees
- Prohibiting funding companies from using false or misleading advertising and
- Requiring attorney acknowledgment of all funding.

ALFA has worked tirelessly across the country to enact common-sense consumer legal funding legislation that protects consumers and allows this vital funding option to remain available. We greatly appreciate the hard work of the sponsor, members of this committee, and members of the legislature in taking the time to meet with us and make improvements to this legislation, ensuring it better protects Ohio citizens and maintains the availability of this funding option. We want to thank the sponsor for adopting several of our proposed suggestions, which provide clarity and

certainty for the industry and its victims in this state. However, ALFA must still oppose this legislation as written due to the rate provision prescribed.

If enacted as written, this legislation would effectively end all consumer legal funding in this state and would only further create and foster unfairness in Ohio courtrooms. The rate prescribed on page 12 of this legislation would make it impossible for legal funding consumer companies to do business in this state. The committee must understand that the funding company entirely bears the financial risk of these transactions, and that up to 20% of funding results in no recovery or settlement for substantially less than the expected amount. If the victim loses their case, the consumer owes nothing, and the legal funding company loses all its money. Our preference is that there is no rate cap in this legislation; however, if the committee, sponsor, and legislature deem that one is necessary, we suggest that aligning the rate language with the National Conference of Insurance Legislators (NCOIL) Model Act and neighboring states like Indiana's and Tennessee's consumer legal funding statutes.

I again commend the committee and the sponsor for taking up this issue. Again, if this committee is committed to proper consumer protection, we encourage you to consider our suggestions and adopt legislation that effectively protects consumers. I would again like to thank the committee for allowing me to submit this testimony; ALFA stands ready to assist the committee in enacting sound consumer protection legislation that allows this vital funding option to remain available for victims.