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on matters affecting or involving the industry.

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***Proponent Testimony—SB 10 Third Party Litigation Funding (Wilson—Lang)***  
***Michael D. Farley, Esq., Vice President, Government Affairs and General Counsel***

Chair Manning, Vice Chair Reynolds, Ranking Member Hicks-Hudson, and members of the Senate Judiciary Committee, thank you for the opportunity to testify in support of Senate Bill 10.

I am Michael Farley, and I have the distinct honor to serve as the Vice President, Government Affairs and General Counsel for the Ohio Insurance Institute (“OII”). The OII is a trade and information association of more than 55 Ohio-based property and casualty insurance companies and related affiliate organizations. OII members write approximately 90% of auto insurance in Ohio and 81% of home insurance. And OII members write more than three-quarters of the commercial insurance in the state.

SB 10 and the idea of addressing the crisis of corporations using the courtroom as a lottery ticket have been around for several years. Sen. Wilson and Sen. Lang have been strong proponents for reforming this process, instilling a basic level of transparency, and restoring balance to litigation in Ohio courts.

**TRANSPARENCY**

The substitute version of Senate Bill 10 embraces the need for transparency in commercial funding agreements. This transparency is essential to restoring some level of equality amongst parties.

Under Ohio Civ.R. 26(B)(2), a plaintiff is entitled to learn “the existence and contents of any insurance agreement under which any person carrying on an insurance business may be liable to satisfy part or all of a judgment.” SB 10 seeks to place the same requirement on parties that are involved with third party litigation funding. This simple act of transparency will level the informational playing field.

I find it telling that the drafters of Ohio Civ.R. 26(B)(2) discussed the rationale of adopting the Rule in the early 1970s. The rationale stated as an argument for transparency is: “***The rule adopts the philosophy that before trial discovery of the existence and contents of insurance will aid in realistic evaluation and settlement.***”

The overarching purpose of SB 10 is to promote this transparency, place parties in equal bargaining positions, and protect consumers.

Secretive partners in litigation promote extended litigation. Extended litigation imposes significant costs on all Ohioans, from running businesses to supporting their own households. These secretive parties come to the litigation with the purpose of making a profit.

Litigation is intended to solve discreet problems between litigants. It is not designed to present an opportunity for corporations not party to the litigation to profit from the dispute.

I leave you with the words of President Abraham Lincoln: “Discourage litigation. Persuade your neighbors to compromise whenever you can. Point out to them how the nominal winner is often a real loser—in fees, and expenses, and waste of time. As a peacemaker the lawyer has a superior opportunity of being a good man. There will still be business enough.”

Please note that Lincoln did not actually say in the alternative “Let those that would profit from the ultimate litigation, discourage compromise through their practice of inserting themselves into disputes they are not party to.”

Thank you, Mr. Chairman, for the opportunity to testify. I am happy to answer any questions.