As Reported by the House Insurance Committee

136th General Assembly

Regular Session

Sub. H. B. No. 105

2025-2026

Representatives Craig, Thomas, J.

Cosponsors: Representatives Lampton, Daniels, Thomas, D., Hall, D., Deeter, King, Lorenz

| То | enact sections 1357.01, 1357.011, 1357.02, | 1 |
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| | 1357.03, 1357.04, 1357.05, 1357.06, 1357.07, | 2 |
| | 1357.08, 1357.09, and 1357.10 and to repeal | 3 |
| | section 1349.55 of the Revised Code to revise | 4 |
| | and supplement state regulations concerning non- | - |
| | recourse litigation funding agreements. | 6 |

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

| Section 1. That sections 1357.01, 1357.011, 1357.02, | 7 |
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| 1357.03, 1357.04, 1357.05, 1357.06, 1357.07, 1357.08, 1357.09, | 8 |
| and 1357.10 of the Revised Code be enacted to read as follows: | 9 |
| Sec. 1357.01. As used in this chapter: | 10 |
| (A) (1) "Advertise" means directly or indirectly | 11 |
| publishing, disseminating, circulating, or placing before the | 12 |
| public any written, oral, electronic, or printed communication | 13 |
| for the purpose of inducing a consumer to enter into a consumer | 14 |
| legal funding agreement. | 15 |
| (2) For the purposes of division (A)(1) of this section, | 16 |
| "written, oral, electronic, or printed communication" includes | 17 |
| communication by means of recorded telephone messages and | 18 |

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(2) "Consumer legal funding agreement" does not include

(G) (1) "Consumer legal funding company" means a person or

(2) "Consumer legal funding company" does not include any

entity that enters into a consumer legal funding agreement with

any agreement involving a cash payment by the consumer legal

funding company of four hundred thousand dollars or more.

a consumer.

of the following:

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| (a) A family member of the consumer; | 104 |
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| (b) A bank, lender, financing entity, or other special | 105 |
| purpose entity that provides financing to a consumer legal | 106 |
| funding company and to which a consumer legal funding company | 107 |
| grants a security interest or transfers any rights or interest | 108 |
| in a consumer legal funding agreement; | 109 |
| (c) An attorney or accountant who provides services to a | 110 |
| <pre>consumer.</pre> | 111 |
| (H) "Funded amount" means the amount of money provided to, | 112 |
| or on behalf of, the consumer in a consumer legal funding | 113 |
| agreement. "Funded amount" excludes charges. | 114 |
| (I) "Funding date" means the date on which the funded | 115 |
| amount is transferred to the consumer by the consumer legal | 116 |
| funding company by personal delivery; via wire, automated | 117 |
| clearing house, or other electronic means; or by certified or | 118 |
| registered mail. | 119 |
| (J) "Family member" means a spouse; sibling; child, | 120 |
| including adopted children and stepchildren; parent; | 121 |
| <pre>grandparent; aunt; uncle; cousin; or grandchild.</pre> | 122 |
| (K) "Legal claim" means a civil claim or cause of action. | 123 |
| (L) "Resolution date" means the date the funded amount, | 124 |
| plus the agreed upon charges, are delivered to the consumer | 125 |
| legal funding company by the consumer, the consumer's attorney, | 126 |
| or otherwise. | 127 |
| Sec. 1357.011. The general assembly, in enacting sections | 128 |
| 1357.01 to 1357.10 of the Revised Code pursuant to this act, | 129 |
| hereby declares its intent to adopt regulations concerning a | 130 |
| narrow range of consumer legal funding agreements and commercial | 131 |

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(a) Deliver the company's uncashed check to the company's

offices in person, within ten business days after the

disbursement of funds;

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| (b) Mail a notice of cancellation and include in that | 188 |
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| mailing a return of the full amount of disbursed funds in the | 189 |
| form of the company's uncashed check, or a registered or | 190 |
| certified check or money order, by insured, registered, or | 191 |
| certified United States mail, postmarked within ten business | 192 |
| days after receiving funds from the company, at the address | 193 |
| specified in the agreement for cancellation. | 194 |
| (5) The body of the agreement includes all of the | 195 |
| <pre>following statements:</pre> | 196 |
| (a) "CONSUMER'S RIGHT TO CANCELLATION: YOU MAY CANCEL THIS | 197 |
| AGREEMENT WITHOUT PENALTY OR FURTHER OBLIGATION WITHIN TEN | 198 |
| BUSINESS DAYS AFTER THE FUNDING DATE IF YOU RETURN THE FULL | 199 |
| AMOUNT OF THE DISBURSED FUNDS TO [insert name of company]." | 200 |
| (b) "THE COMPANY HAS NO ROLE IN DECIDING WHETHER, WHEN, | 201 |
| AND HOW MUCH THE LEGAL CLAIM IS SETTLED FOR. HOWEVER, YOU OR | 202 |
| YOUR ATTORNEY MUST NOTIFY THE COMPANY OF THE OUTCOME OF THE | 203 |
| LEGAL CLAIM BY SETTLEMENT OR ADJUDICATION ON OR BEFORE THE | 204 |
| RESOLUTION DATE. THE COMPANY MAY SEEK UPDATED INFORMATION ABOUT | 205 |
| THE STATUS OF THE LEGAL CLAIM BUT IN NO EVENT SHALL THE COMPANY | 206 |
| ATTEMPT TO INTERFERE WITH, CONTROL, OR INFLUENCE THE INDEPENDENT | 207 |
| PROFESSIONAL JUDGMENT OF YOUR ATTORNEY IN THE HANDLING OF THE | 208 |
| LEGAL CLAIM OR ANY SETTLEMENT THEREOF." | 209 |
| (c) "THE FUNDED AMOUNT AND AGREED UPON CHARGES SHALL BE | 210 |
| PAID FROM THE PROCEEDS OF YOUR LEGAL CLAIM, AND SHALL BE PAID | 211 |
| ONLY TO THE EXTENT THAT THERE ARE AVAILABLE PROCEEDS FROM YOUR | 212 |
| LEGAL CLAIM. YOU WILL NOT OWE [insert name of company] ANYTHING | 213 |
| IF THERE ARE NO PROCEEDS FROM YOUR LEGAL CLAIM, UNLESS YOU HAVE | 214 |
| VIOLATED ANY MATERIAL TERM OF THIS AGREEMENT OR YOU HAVE | 215 |
| COMMITTED FRAUD AGAINST [insert name of company]." | 216 |

| (d) Immediately above the place on the agreement where the | 217 |
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| consumer's signature is required: "DO NOT SIGN THIS AGREEMENT | 218 |
| BEFORE YOU READ IT COMPLETELY. DO NOT SIGN THIS AGREEMENT IF IT | 219 |
| CONTAINS ANY BLANK SPACES. YOU ARE ENTITLED TO A COMPLETELY | 220 |
| FILLED-IN COPY OF THIS AGREEMENT BEFORE YOU SIGN IT. BEFORE YOU | 221 |
| SIGN THIS AGREEMENT, YOU SHOULD OBTAIN THE ADVICE OF AN | 222 |
| ATTORNEY. DEPENDING ON THE CIRCUMSTANCES, YOU MAY WANT TO | 223 |
| CONSULT A TAX, PUBLIC OR PRIVATE BENEFIT PLANNING, OR FINANCIAL | 224 |
| PROFESSIONAL. YOU ACKNOWLEDGE THAT YOUR ATTORNEY IN THE LEGAL | 225 |
| CLAIM HAS PROVIDED NO TAX, PUBLIC OR PRIVATE BENEFIT PLANNING, | 226 |
| OR FINANCIAL ADVICE REGARDING THIS TRANSACTION. YOU FURTHER | 227 |
| ACKNOWLEDGE THAT YOUR ATTORNEY HAS EXPLAINED THE TERMS AND | 228 |
| CONDITIONS OF THIS AGREEMENT." | 229 |
| (6) The agreement contains a written acknowledgement by | 230 |
| the attorney retained by the consumer in the legal claim that | 231 |
| attests to all of the following: | 232 |
| (a) The attorney has reviewed the agreement and all | 233 |
| disclosures required by this section with the consumer. | 234 |
| (b) The attorney is being paid on a contingency basis | 235 |
| pursuant to a written fee agreement. | 236 |
| (c) All proceeds of the legal claim will be disbursed via | 237 |
| the trust account of the attorney or a settlement fund | 238 |
| established to receive the proceeds of the legal claim on behalf | 239 |
| of the consumer. | 240 |
| (d) The attorney agrees to disburse funds from the legal | 241 |
| claim and take any other steps necessary to ensure that the | 242 |
| terms of the consumer legal funding agreement are fulfilled. | 243 |
| (e) The attorney has not received a referral fee or other | 244 |
| consideration from the consumer legal funding company in | 245 |

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| (A) Pay or offer to pay a commission, referral fee, or | 275 |
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| other form of consideration to any attorney, law firm, health | 276 |
| care provider, chiropractor, or physical therapist, or to any | 277 |
| employee or agent of the foregoing, for referring a consumer to | 278 |
| the company; | 279 |
| (B) Accept any commission, referral fee, rebate, or other | 280 |
| form of consideration from an attorney, law firm, health care | 281 |
| provider, chiropractor, or physical therapist, or from any | 282 |
| employee or agent of the foregoing; | 283 |
| (C) Purposefully advertise false or misleading information | 284 |
| regarding the company's products or services; | 285 |
| (D) Refer a consumer or potential consumer to a specific | 286 |
| attorney, law firm, medical provider, chiropractor, or physical | 287 |
| therapist, or to any employee or agent of the foregoing, except | 288 |
| that, if a consumer does not have legal representation, the | 289 |
| company may refer the consumer to a state or local lawyer | 290 |
| referral service operated by a bar association or nonprofit | 291 |
| organization, or a legal aid society, as defined in section | 292 |
| 120.51 of the Revised Code; | 293 |
| (E) Fail to promptly supply copies of all complete | 294 |
| consumer legal funding agreements to the consumer and the | 295 |
| attorney representing the consumer in the legal claim; | 296 |
| (F) Knowingly enter into a consumer legal funding | 297 |
| agreement with a consumer for a legal claim respecting which the | 298 |
| consumer previously sold or assigned all or part of the | 299 |
| consumer's right to the proceeds, unless the company or the | 300 |
| consumer extinguishes the prior agreement by either repaying the | 301 |
| entire disbursed amount plus any contracted fees, or paying a | 302 |
| lesser amount expressly agreed to, in writing, by the consumer | 303 |

| and all other parties to the prior agreement. More than one | 304 |
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| company may agree, contemporaneously, to enter into a consumer | 305 |
| legal funding agreement with the same consumer for the same | 306 |
| claim so long as the companies, the consumer, and the consumer's | 307 |
| attorney consent to the agreements in writing. | 308 |
| (G) Make or influence any decision with respect to the | 309 |
| conduct of the consumer's legal claim or the settlement or | 310 |
| resolution of that legal claim, including appointing or changing | 311 |
| counsel, choice or use of expert witnesses, litigation strategy, | 312 |
| and settlement or other resolution of the claim; | 313 |
| (H) Attempt to obtain a waiver of any remedy, including | 314 |
| compensatory, statutory, or punitive damages, to which the | 315 |
| <pre>consumer might otherwise be entitled;</pre> | 316 |
| (I) Knowingly pay or offer to pay for court costs, filing | 317 |
| fees, or attorney's fees before, during, or after the resolution | 318 |
| of the legal claim; | 319 |
| (J)(1) Charge or collect from a consumer either of the | 320 |
| following in connection with a consumer legal funding agreement: | 321 |
| (a) A prepayment penalty or fee; | 322 |
| (b) A one-time service fee that exceeds seven per cent of | 323 |
| the initial funded amount. | 324 |
| (2) Charges in excess of the amount specified in division | 325 |
| (A)(3)(c) of section 1357.03 of the Revised Code and fees | 326 |
| prohibited by division (J)(1) of this section are unenforceable. | 327 |
| (K) Enter into a consumer legal funding agreement if an | 328 |
| attorney or a law firm retained by the consumer for the legal | 329 |
| claim on which the agreement is based has a financial or | 330 |
| ownership interest in the company. | 331 |

| (L) Collude with or knowingly assist a lawyer or law firm | 332 |
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| that is enticing or intends to entice a consumer to bring a | 333 |
| claim that the company knows or has reason to know is fabricated | 334 |
| or otherwise not brought in good faith. Any consumer legal | 335 |
| funding agreement resulting from a violation of this division is | 336 |
| void ab initio. | 337 |
| (M) Knowingly offer or collude to provide funding as an | 338 |
| inducement to a consumer who is presently represented by counsel | 339 |
| to terminate that engagement and engage another lawyer or law | 340 |
| firm to represent the consumer in the same matter. Any consumer | 341 |
| legal funding agreement resulting from a violation of this | 342 |
| division is void ab initio. | 343 |
| Sec. 1357.05. (A) An attorney retained by a consumer in a | 344 |
| legal claim shall not disclose confidential or privileged | 345 |
| information to a consumer legal funding company without first | 346 |
| obtaining written consent from the consumer and without first | 347 |
| ensuring that the disclosure is not prohibited by court rules, a | 348 |
| court order, or the rules of professional conduct adopted by the | 349 |
| supreme court. | 350 |
| (B) No law firm or attorney that has a financial interest | 351 |
| in a consumer legal funding company and no attorney whose family | 352 |
| member has a financial interest in a consumer legal funding | 353 |
| company shall do any of the following: | 354 |
| (1) Represent a consumer in any legal claim respecting | 355 |
| which the consumer has entered into a consumer legal funding | 356 |
| agreement with the company; | 357 |
| (2) Provide consumer legal funding directly to a consumer | 358 |
| the attorney or law firm represents; | 359 |
| (3) Refer a consumer to the consumer's retained attorney | 360 |

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| in any legal claim respecting which the consumer has entered | 361 |
| into a consumer legal funding agreement with the company. | 362 |
| (C)(1) The attorney or attorneys representing a party that | 363 |
| has entered into a consumer legal funding agreement at the time | 364 |
| the associated claim is resolved shall disclose the existence | 365 |
| and contents of the agreement to the attorney general, in a form | 366 |
| and manner prescribed by the attorney general, within fourteen | 367 |
| days after any of the following: | 368 |
| (a) The related legal claim being settled, but only if the | 369 |
| legal claim is filed in a court of competent jurisdiction prior | 370 |
| to settlement; | 371 |
| (b) A final appealable order is entered by the court; | 372 |
| (c) An adjudication or order is entered indicating that | 373 |
| the legal claim has reached the final stage at the trial court. | 374 |
| ene regar oraim nao reachea ene rimar beage ac ene errar courer | 3 / 1 |
| (2) Any party to a civil proceeding may seek a court order | 375 |
| declaring that the trial has completed for purposes of division | 376 |
| (C)(1) of this section. The court may take any necessary action | 377 |
| to enforce the requirements of that division. | 378 |
| (D) Upon receiving a disclosure under division (C) of this | 379 |
| section, the attorney general shall promptly publish the | 380 |
| contents of the consumer legal funding agreements included in | 381 |
| the disclosure to the attorney general's publicly accessible web | 382 |
| site. Prior to making the documents available, the attorney | 383 |
| general shall redact all legally required confidential | 384 |
| information from the disclosure, including any information that | 385 |
| could provide the identification of the consumer. | 386 |
| (E) Any provision of a consumer legal funding agreement | 387 |
| entered into, amended, or renewed on or after the effective date | 388 |
| of this section that prohibits or limits discovery of the | 389 |

| agreement or the parties to the agreement is void and | 390 |
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| unenforceable. | 391 |
| Sec. 1357.06. A consumer legal funding agreement places a | 392 |
| lien on the proceeds of the consumer's legal claim that | 393 |
| supersedes all subsequently perfected liens on such proceeds | 394 |
| other than liens directly related to the legal claim and | 395 |
| expressly authorized by state or federal law, such as a lien for | 396 |
| attorneys fees, a lien by the department of medicaid under | 397 |
| section 5160.37 of the Revised Code, a medicare lien under 42 | 398 |
| U.S.C. 1395y, or a workers' compensation lien under section | 399 |
| 4123.931 of the Revised Code. | 400 |
| 1123.331 Of the Nevibed Code. | 100 |
| Sec. 1357.07. (A) No consumer legal funding company shall | 401 |
| knowingly enter into a consumer legal financing agreement with a | 402 |
| person or entity that is not domiciled in the United States or | 403 |
| respecting a legal claim that is financed, directly or | 404 |
| indirectly, by a person or entity not domiciled in the United | 405 |
| States. | 406 |
| (B) No commercial litigation financier shall knowingly | 407 |
| enter into a commercial litigation financing agreement with a | 408 |
| person or entity that is not domiciled in the United States or | 409 |
| respecting a legal claim that is financed, directly or | 410 |
| indirectly, by a person or entity not domiciled in the United | 411 |
| States. | 412 |
| (C) No consumer or entity shall enter into a consumer | 413 |
| legal financing agreement or a commercial litigation financing | 414 |
| agreement with a person or entity that is not domiciled in the | 415 |
| United States. | 416 |
| | |
| (D) The general assembly declares its intent in enacting | 417 |
| this section is to achieve the legitimate state interest of | 418 |

| protecting due process rights for all litigants in the courts of | 419 |
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| this state by addressing the grave risk posed by foreign actors | 420 |
| that seek to interfere with those courts. | 421 |
| Sec. 1357.08. (A) Beginning ninety days after the | 422 |
| effective date of this section, all commercial litigation | 423 |
| financiers shall register with the attorney general prior to | 424 |
| commencing any business activity in this state. | 425 |
| (B) The attorney general shall establish a process that | 426 |
| allows commercial litigation financiers to register under this | 427 |
| section. Such registration shall include, at a minimum, all of | 428 |
| <pre>the following:</pre> | 429 |
| (1) The commercial litigation financier's company name and | 430 |
| <pre>domiciliary address;</pre> | 431 |
| (2) The names of the financier's chief executive officer | 432 |
| and chair of the board of directors, as applicable; | 433 |
| (3) A statement as to whether or not the financier is part | 434 |
| of a larger group of companies; | 435 |
| (4) An acknowledgment certified by an officer or duly | 436 |
| appointed employee of the company that the commercial litigation | 437 |
| financier's financiers have read this chapter. | 438 |
| Sec. 1357.09. (A) No claimant, attorney or law firm | 439 |
| representing a claimant, or affiliated attorney or law firm | 440 |
| shall disclose or share any documents or information with a | 441 |
| commercial litigation financier that are subject to a protective | 442 |
| or sealing order from a court. | 443 |
| (B) A commercial litigation financier shall not make any | 444 |
| decision, have any influence, or direct any decisions with | 445 |
| respect to the course of a legal claim, including decisions in | 446 |

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| agreement entered into, amended, or renewed on or after the | 476 | |
| effective date of this section that prohibits or limits | 477 | |
| discovery of the agreement or the parties to the agreement is | 478 | |
| void and unenforceable. | 479 | |
| Sec. 1357.10. The attorney general may file a complaint | 480 | |
| seeking any equitable remedy, including barring a commercial | 481 | |
| litigation financier or consumer legal funding company from | 482 | |
| doing business in Ohio, if the commercial litigation financier | 483 | |
| or consumer legal funding company is found by a court of | 484 | |
| competent jurisdiction to have violated this chapter. | 485 | |
| Section 2. That section 1349.55 of the Revised Code is | 486 | |
| hereby repealed. | 487 | |