

**SENATE JUDICIARY COMMITTEE**  
**OHIO SENATE BILL 19, PROPONENT**  
**December 6, 2023**

Chairman Manning and Members of the Committee,

On behalf of the National Association of Mutual Insurance Companies<sup>1</sup> (NAMIC), thank you for the opportunity to submit this statement in support of Senate Bill 19.

NAMIC is a national property and casualty insurance trade association comprised of more than 1,500 member companies, including seven of the top 10 property/casualty insurers in the United States. The association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers.

At the outset, it is imperative to establish that insurance is priced differently than virtually every other product available to consumers. Unlike nearly all products and services, the actual cost of providing insurance is unknown at the time it is offered. Because of the prospective nature of insurance pricing, it is imperative that insurers can accurately price risk and charge a commensurate premium.

The insurance industry is experiencing a new era of risk, as insurers collectively are feeling the impact of a confluence of factors including extreme weather, litigation abuse, inflation, rising reinsurance costs, and other economic pressures. Everything, everywhere, all at the same time captures the unprecedented scope of the current conditions facing insurers. It is with this in mind, that the industry and policymakers work together to address issues that are contributing to unnecessary costs in the market. Third-party litigation funding arrangements make it hard and more costly to settle cases which in turn drive up cost of litigation and insurance claims for everyone. Senate Bill 19 takes the first step to addressing this issue.

Senate Bill 19 intends to provide a level of transparency in the litigation process by requiring disclosure of third-party litigation arrangements. The disclosure of such arrangements will allow all parties to properly evaluate and value a claim and level the field between the plaintiffs and defendants as businesses defending lawsuits have had to disclose the existence of insurance policies for decades. Currently, third-party funding agreements are not routinely required to be disclosed in Ohio to the courts or parties involved which creates an unknown party with an interest in the outcome of the litigation. These agreements have distorted the traditional two-party litigation negotiations which

<sup>1</sup> NAMIC member companies write \$391 billion in annual premiums and represent 68 percent of homeowners, 56 percent of automobile, and 31 percent of the business insurance markets. Through its advocacy programs NAMIC promotes public policy solutions that benefit member companies and the policyholders they serve and fosters greater understanding and recognition of the unique alignment of interests between management and policyholders of mutual companies.



places the parties on unequal footing and unnecessarily inflates costs in the market.

Senate Bill 19 will strengthen Ohio's civil justice system by restoring balance to the legal system and begin to mitigate the inflationary impact of lawsuit abuse.

For these reasons, NAMIC supports Senate Bill 19 and urges passage.

Sincerely,

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