



House Bill 105 – Revise Non-Recourse Litigation Funding Agreements

Proponent Testimony

Ohio Senate Judiciary Committee

May 20, 2026

Chair Manning, Vice Chair Reynolds, Ranking Member Hicks-Hudson, and members of the Ohio Senate Judiciary Committee, my name is Jacob Flowers, and I have the pleasure of serving as the Assistant State Director for NFIB in Ohio. I am here today on behalf of our nearly 21,000 members to express support for House Bill 105, legislation to bring transparency to third party litigation funding agreements in Ohio.

For reference, NFIB is a small business trade association founded over 80 years ago that is dedicated to representing the interests of small and independent businesses across our state and nation. NFIB's mission is to promote the right of our members to own, operate, and grow their businesses. NFIB members come from all industry sectors and from each of the 88 counties across Ohio. Our average member has 20 or fewer employees and has less than \$2 million in annual gross receipts.

Third party litigation funding (TPLF) has been a growing practice since the early 2000s where third-party investors and large hedge funds are investing in speculative lawsuits to receive a portion of the settlement after trial. These agreements are broken down into two categories, consumer legal funding and commercial litigation financing, and agreements are non-recourse, meaning investors recoup only if a plaintiff wins at trial or agrees to a settlement.

Currently in Ohio there is no requirement to disclose if a case is receiving funding from a third-party investor, which has led to the creation of a secretive and opaque billion-dollar industry that most people are unaware exists.

House Bill 105 aims to implement necessary transparency requirements by ensuring disclosure of a funding agreement after conclusion of a case and implements important consumer protections that ensure plaintiffs are not being taken advantage of.

Small business owners who often lack in-house legal counsel and plaintiffs considering these agreements both stand to benefit from greater transparency. Legal proceedings can be both lengthy and expensive, and there is no shortage of examples of these third-party investors overstepping boundaries and influencing or prolonging the ultimate resolution. HB 105 establishes both the role of a funding company and a plaintiff, as well as terms for when a violation of the agreement occurs.



Additionally, House Bill 105 requires all third-party funding companies to register with the Attorney General before conducting business in Ohio and includes a ban on all funding companies outside of the United States.

NFIB believes House Bill 105 strikes an appropriate balance of ensuring plaintiffs can pursue litigation, while also enhancing the ability of small businesses to grow and thrive.

We respectfully ask the committee for favorable consideration of House Bill 105. NFIB may consider a floor vote on House Bill 105 a Key Small Business Vote for the 136th General Assembly.

Sincerely,

A handwritten signature in black ink that reads "Jacob Flowers". The signature is written in a cursive, flowing style.

Jacob Flowers
Assistant State Director