



OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Legislative Budget
Office

Substitute Bill Comparative Synopsis

Sub. H.B. 105

136th General Assembly

House Insurance

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This table summarizes how the latest substitute version of the bill differs from the two preceding versions. It addresses only the topics on which the three versions differ substantively. It does not list topics on which the three bills are substantively the same.

H.B. 105 (As Introduced)	Sub. H.B. 105 (I_136_0706-1)	Sub. H.B. 105 (I_136_0706-3)
Terminology		
Refers to “consumer litigation funding agreements” and “consumer litigation funding companies” (R.C. 1357.01(F) and (G)).	Changes the terms to “consumer legal funding agreements” and “consumer legal funding companies” (R.C. 1357.01(F) and (G), with conforming changes throughout the bill).	Same as I_136_0706-1 (R.C. 1357.01(F) and (G), with conforming changes throughout the bill).
Defines “consumer” as a “natural person or estate for a decedent with a legal claim” (R.C. 1357.01(E)).	Limits the definition, and application of the bill’s consumer agreement regulations, to natural persons (not estates) with a pending	Same as I_136_0706-1 (R.C. 1357.01(E)).

H.B. 105 (As Introduced)	Sub. H.B. 105 (I_136_0706-1)	Sub. H.B. 105 (I_136_0706-3)
<p>Excludes advances from a consumer's "immediate family," defined as a "spouse; sibling; child, including adopted children and stepchildren; parent; grandparent; or grandchild," from the bill's regulations (R.C. 1357.01(G)(2)(a) and (J)).</p>	<p>claim who reside or are domiciled in Ohio (R.C. 1357.01(E)).</p> <p>Similar, but changes the term to "family member" and expands the definition to include aunts, uncles, and cousins (R.C. 1357.01(G)(2)(a) and (J)).</p>	<p>Same as I_136_0706-1 (R.C. 1357.01(G)(2)(a) and (J)).</p>
Consumer legal funding agreements		
<p>Requires certain elements of a consumer agreement to be printed in at least 12-point bold type (R.C. 1357.02(A)(4) and (6)).</p>	<p>No provision.</p>	<p>No provision.</p>
<p>Requires a consumer agreement to specify that the funded amount and associated charges are to be paid <i>only</i> from the proceeds of the legal claim (R.C. 1357.02(A)(6)(c)).</p>	<p>Similar, but removes the word "only" (R.C. 1357.02(A)(6)(c)).</p>	<p>Same as I_136_0706-1 (R.C. 1357.03(A)(5)(c)).</p>
<p>Specifies that any violation of the bill's requirements concerning the contents of a consumer agreement renders the agreement unenforceable by the company, the consumer, or any successor in interest to the agreement (R.C. 1357.02(C)).</p>	<p>Similar, but specifies that only a <i>willful</i> violation renders an agreement unenforceable (R.C. 1357.02(C)).</p>	<p>Same as I_136_0706-1 (R.C. 1357.03(C)).</p>

H.B. 105 (As Introduced)	Sub. H.B. 105 (I_136_0706-1)	Sub. H.B. 105 (I_136_0706-3)
Requires consumer agreements to be written in a clear and coherent manner using common language that enables the average consumer making a reasonable effort under ordinary circumstances to read and understand its terms without the assistance of an attorney or other professional <i>(R.C. 1357.02(A)(1))</i> .	Same as "As Introduced" <i>(R.C. 1357.02(A)(1))</i> .	No provision.
Consumer legal funding companies		
No provision.	No provision.	Requires consumer legal funding companies to register with the Attorney General before commencing business activities in Ohio <i>(R.C. 1357.02)</i> .
No provision.	No provision.	Requires the Attorney General to establish a registration process which must include: <ul style="list-style-type: none"> ▪ The company's name and address; ▪ The name of the company's CEO and Chair of the Board of Directors; ▪ A statement as to whether the company is part of a larger group of companies; ▪ An acknowledgement that the company's financiers have read the bill <i>(R.C. 1357.02)</i>.

H.B. 105 (As Introduced)	Sub. H.B. 105 (I_136_0706-1)	Sub. H.B. 105 (I_136_0706-3)
Prohibits a consumer litigation funding company from charging or collecting fees in excess of 10% of the funded amount per year <i>(R.C. 1357.03(J)(1)(b))</i> .	Instead prohibits a consumer legal funding company from charging a one-time service fee that exceeds 7% of the initial funded amount <i>(R.C. 1357.03(J)(1)(b))</i> .	Same as I_136_0706-1 <i>(R.C. 1357.04(J)(1)(b))</i> .
No provision.	Prohibits a consumer legal funding company from colluding with or knowingly assisting a lawyer or law firm in enticing a consumer to bring a claim that the company knows or has reason to know is fabricated or otherwise not in good faith. Declares any resulting consumer legal funding agreement void ab initio. <i>(R.C. 1357.03(L))</i>	Same as I_136_0706-1 <i>(R.C. 1357.04(L))</i> .
No provision.	Prohibits a consumer legal funding company from knowingly offering or colluding to provide funding as an inducement to a consumer who is presently represented by counsel to terminate that engagement and engage another lawyer or law firm to represent the consumer in the same matter. Declares any resulting consumer legal funding agreement void ab initio. <i>(R.C. 1357.03(M))</i> .	Same as I_136_0706-1 <i>(R.C. 1357.04(M))</i> .
Attorneys and law firms		
No provision.	Prohibits a law firm or attorney that has a financial interest in a consumer legal funding company, or any attorney whose family	Same as I_136_0706-1 <i>(R.C. 1357.05(B)(3))</i> .

<p>H.B. 105 (As Introduced)</p>	<p>Sub. H.B. 105 (I_136_0706-1)</p>	<p>Sub. H.B. 105 (I_136_0706-3)</p>
<p>Requires an attorney representing a consumer who is a party to a consumer agreement to certify that the attorney has not provided tax, public or private benefit planning, or financial advice regarding the transaction <i>(R.C. 1357.02(A)(7)(f))</i>.</p>	<p>member has such a financial interest, from doing any of the following:</p> <ul style="list-style-type: none"> ▪ Representing the consumer in any legal claim respecting which the consumer has entered into a consumer legal funding agreement with the company; ▪ Providing consumer legal funding directly to a consumer the attorney or law firm represents; ▪ Referring a consumer to the consumer’s retained attorney in any legal claim respecting which the consumer has entered into a consumer legal funding agreement with the company <i>(R.C. 1357.04(B)(3))</i>. <p>Same as “As Introduced” <i>(R.C. 1357.02(A)(7)(f))</i>.</p>	<p>Instead requires the attorney to agree to follow all applicable rules of professional conduct adopted by the Ohio Supreme Court in all aspects of the transaction <i>(R.C. 1357.03(A)(6)(f))</i>.</p>
<p>Commercial litigation financiers</p>		
<p>Excludes from the definition of “commercial litigation financier” any charitable organization that is tax exempt under Section</p>	<p>Same as “As Introduced” <i>(R.C. 1357.01(C)(2))</i>.</p>	<p>Expands the exclusion to include all nonprofit organizations that are tax exempt under Section 501(c) of the Internal Revenue Code,</p>

H.B. 105 (As Introduced)	Sub. H.B. 105 (I_136_0706-1)	Sub. H.B. 105 (I_136_0706-3)
<p>501(c)(3) of the Internal Revenue Code and persons that fund such a charitable organization so long as the organization represents the claimant on a pro bono basis (R.C. 1357.01(C)(2)).</p> <p>No provision.</p> <p>No provision.</p>	<p>No provision.</p> <p>No provision.</p>	<p>not just those that are organized for charitable purposes (R.C. 1357.01(C)(2)).</p> <p>Requires commercial litigation financiers to register with the Attorney General before commencing business activities in Ohio (R.C. 1357.08).</p> <p>Requires the Attorney General to establish a registration process which must include:</p> <ul style="list-style-type: none"> ▪ The financier’s name and address; ▪ The name of the financier’s CEO and Chair of the Board of Directors; ▪ A statement as to whether the financier is part of a larger group of companies; ▪ An acknowledgement that the financier’s financiers have read the bill (R.C. 1357.08).
Agreements with foreign persons or entities		
<p>Prohibits a consumer litigation funding company or a consumer litigation financier from entering into an agreement with a person or entity not domiciled in the U.S. or respecting a legal claim that is directly or</p>	<p>Similar to the As Introduced version but adds a mental state – <i>knowingly</i> – to the prohibition (R.C. 1357.06(A) and (B)).</p>	<p>Same as I_136_0706-1 (R.C. 1357.07(A) and (B)).</p>

H.B. 105 (As Introduced)	Sub. H.B. 105 (I_136_0706-1)	Sub. H.B. 105 (I_136_0706-3)
<p>indirectly financed by such a person or entity (<i>R.C. 1357.06(A) and (B)</i>).</p> <p>No provision.</p> <p>Specifies that the purpose of the prohibitions is to protect due process rights for all litigants in Ohio courts by addressing the grave risk posed by foreign actors that seek to interfere with those courts by supporting meritless cases, overwhelming dockets, and profiting from litigation (<i>R.C. 1357.06(C)</i>).</p>	<p>No provision.</p> <p>Same as “As Introduced” (<i>R.C. 1357.06(C)</i>).</p>	<p>Prohibits a consumer or entity from entering into a consumer legal funding agreement or a commercial litigation financing agreement with a person or entity that is not domiciled in the United States (<i>R.C. 1357.07(C)</i>).</p> <p>Similar to “As Introduced” but removes the language about “supporting meritless cases, overwhelming dockets, and profiting from litigation” (<i>R.C. 1357.07(D)</i>).</p>
Discovery of consumer agreements		
<p>Specifies that consumer litigation funding agreements and all parties to them are presumed to be subject to discovery in any civil proceeding (<i>R.C. 1357.04(D)</i>).</p>	<p>Instead specifies that a consumer legal funding agreement is presumed to be subject to discovery if a court orders a party to the legal claim to disclose of the existence or contents of any insurance agreement or if a party to the legal claim discloses the existence or contents of an insurance agreement without a court order or directive (<i>R.C. 1357.04(C)(1)</i>).</p>	<p>Similar to I_136_0706-1, but limits application to agreements in excess of \$25,000 (<i>R.C. 1357.05(C)(1)</i>).</p>

H.B. 105 (As Introduced)	Sub. H.B. 105 (I_136_0706-1)	Sub. H.B. 105 (I_136_0706-3)
No provision.	Requires a party that has entered into a consumer legal funding agreement that is presumed subject to discovery to “without delay,” disclose the contents of and parties to the agreement to all other parties to the legal claim (R.C. 1357.04(C)(2)).	Similar to I_136_0706-1, but limits application to agreements in excess of \$25,000 (R.C. 1357.05(C)(1)).
Requires a consumer to disclose whether they have entered into a consumer litigation funding agreement within 30 days after receiving a request from a party to the legal claim or an insurer with a duty to defend a party to the legal claim (R.C. 1357.04(B)(1) and (2)).	Same as “As Introduced” (R.C. 1357.04(B)(1) and (2)).	Similar to “As Introduced,” but limits application to agreements in excess of \$25,000 (R.C. 1357.05(B)(1) and (2)).
No provision.	No provision.	Requires the party to a consumer legal funding agreement, the proceeds of which do not exceed \$25,000, to disclose the agreement to the Attorney General within 14 days after the legal claim is settled (but only if it is filed in a court prior to settlement), a final appealable order is entered by the court, or an adjudication order is entered indicating that the legal claim has reached the final stage at trial court (R.C. 1357.05(D)(1)).
No provision.	No provision.	Allows any part to a civil proceeding to seek a court order declaring that the trial has completed for the purposes of the bill’s disclosure requirement (R.C. 1357.05(D)(3)).

H.B. 105 (As Introduced)	Sub. H.B. 105 (I_136_0706-1)	Sub. H.B. 105 (I_136_0706-3)
No provision.	No provision.	Specifies that the proceeds of the agreement are determined in the aggregate and that a party to the legal claim cannot avoid compliance with the bill's general disclosure requirements by breaking the proceeds into multiple agreements (<i>R.C. 1357.05(D)(4)</i>).
No provision.	No provision.	Requires the Attorney General to publish the agreement on a publicly accessible website after redacting any information that is legally required to be kept confidential (<i>R.C. 1357.05(D)(5)</i>).
Specifies that consumer litigation funding agreements disclosed or discovered under the bill are presumed to be inadmissible as evidence (<i>R.C. 1357.04(E)</i>).	Same as "As Introduced" (<i>R.C. 1357.04(E)</i>).	Similar to "As Introduced," but eliminates the presumption and, instead, states that the agreements are inadmissible (<i>R.C. 1357.05(F)</i>).
Stipulates that the bill's discovery provisions apply "notwithstanding any contrary provision of the agreement" (<i>R.C. 1357.04(C)</i>).	Instead specifies that any provision of a consumer legal funding agreement entered into, amended, or renewed on or after the bill's effective date that prohibits or limits discovery of the agreement or the parties to the agreement is void and unenforceable (<i>R.C. 1357.04(D)</i>).	Same as I_136_0706-1 (<i>R.C. 1357.05(E)</i>).
Discovery of commercial agreements		
Requires a claimant or their attorney to provide any commercial litigation financing agreement at the time the legal claim is	Same as "As Introduced" and also stipulates that a commercial litigation financing agreement is presumed to be subject to	Same as I_136_0706-1 (<i>R.C. 1357.09(C) and (D)</i>).

H.B. 105 (As Introduced)	Sub. H.B. 105 (I_136_0706-1)	Sub. H.B. 105 (I_136_0706-3)
<p>asserted, without awaiting a discovery request, to all named parties to the legal claim and all insurers that may have a potential duty to defend or indemnify a named party to the legal claim <i>(R.C. 1357.07(C))</i>.</p> <p>No provision.</p>	<p>discovery if a court orders a party to the legal claim to disclose of the existence or contents of any insurance agreement or if a party to the legal claim discloses the existence or contents of an insurance agreement without a court order or directive. Requires a party that has entered into a commercial litigation financing agreement that is presumed subject to discovery to “without delay,” disclose the contents of and parties to the agreement to all other parties to the legal claim. <i>(R.C. 1357.07(C) and (D).)</i></p> <p>The utility of the commercial agreement discovery requirements added by I_136_0706-1 is unclear given that disclosure requirement retained from the As Introduced version appears to be more robust.</p> <p>Specifies that any provision of a commercial litigation financing agreement entered into, amended, or renewed on or after the bill’s effective date that prohibits or limits discovery of the agreement or the parties to the agreement is void and unenforceable <i>(R.C 1357.07(E))</i>.</p>	<p>Same as I_136_0706-1 <i>(R.C. 1357.09(E))</i>.</p>