

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6909**

**BILL NUMBER:** HB 1206

**NOTE PREPARED:** Jan 4, 2012

**BILL AMENDED:**

**SUBJECT:** Third-Party Lawsuit Lending.

**FIRST AUTHOR:** Rep. Culver

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill prohibits a loan to a plaintiff in an action in exchange for the contingent right to receive a part of the potential proceeds of the action.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:** Plaintiffs in personal injury cases involving state and local governments might be more willing to settle cases earlier in the process if they cannot receive money up front from other sources. The number of cases that this bill could affect is not known.

**Background-** The table below shows the amounts that the Office of the Attorney General paid in tort claims cases between FY 2006 and 2011.

By State of Indiana						
	Account No.	2007	2008	2009	2010	2011
Tort Payments *	18730	\$10,397,714	\$5,604,646	\$4,136,311	\$3,758,429	\$6,546,968
Tort Settlements & Judgements **	18740	\$1,017,907	\$975,939	\$929,170	\$897,006	\$1,151,021
Totals		\$11,415,621	\$6,580,585	\$5,065,481	\$4,655,435	\$7,697,989
* Tort payments are approved by the Attorney General after a plaintiff files a tort claim notice and staff in the Attorney General examine the claim and approve the payments.						
** Tort settlements and judgments are paid when the Attorney General denies the claim and the case proceeds to court.						

**Explanation of State Revenues:** If the Attorney General sues a party for accepting a third-party payment under this bill, a civil penalty of not more than \$10,000 could be assessed. Any revenue collected from this penalty would be deposited into the state General Fund. ( IC 4-8.1-1-3)

**Explanation of Local Expenditures:** This bill could make early settlements more common if plaintiffs cannot rely on third-party lenders to assist them during negotiations and possible trial. (See *Explanation of State Expenditures.*)

**Explanation of Local Revenues:**

**State Agencies Affected:** Office of the Attorney General.

**Local Agencies Affected:** Counties and municipalities.

**Information Sources:** Auditor of State.

**Fiscal Analyst:** Mark Goodpaster, 317-232-9852.