

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

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FISCAL IMPACT STATEMENT

LS 6063
BILL NUMBER: SB 5

NOTE PREPARED: Oct 24, 2011
BILL AMENDED:

SUBJECT: Funding of Lawsuits.

FIRST AUTHOR: Sen. Head
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

- A. It establishes a procedure by which a company may provide a loan to the plaintiff in an action in exchange for the contingent right to receive a part of the potential proceeds of the action.
- B. It provides that a violation of the conditions under which a loan may be offered to a plaintiff constitutes a deceptive act subject to enforcement by the Attorney General.

Effective Date: July 1, 2012.

Explanation of State Expenditures: Plaintiffs in personal injury cases involving state and local governments might be less willing to settle cases if they 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.

Tort Payments, Settlements and Judgments (in \$M.) Made By State of Indiana							
	Account No.	2006	2007	2008	2009	2010	2011
Tort Payments *	18730	\$4.80	\$10.40	\$5.60	\$4.14	\$3.76	\$6.50
Tort Settlements & Judgements **	18740	\$1.14	\$1.02	\$0.98	\$0.93	\$0.90	\$1.15
Totals		\$5.94	\$11.42	\$6.58	\$5.07	\$4.66	\$7.65
* 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: *Registration Fee* – Any added revenue will depend on how many new companies register in Indiana to provide loans to persons who are in litigation. The costs incurred by the Office of Attorney General to register these new companies is not known. The Violent Crimes Victim Compensation Fund is a funding source for reimbursing persons who are victims of violent crimes, and their spouses and dependents, for a portion of the costs of their injuries.

Explanation of Local Expenditures: This bill could make early claims settlements less common. (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.

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