MPL | MEDICAL PROFESSIONAL LIABILITY ASSOCIATION

Testimony of the Medical Professional Liability Association to the House of Representatives Judiciary Committee Senate Substitute to SB 54 March 11, 2025

The Hon. Susan Humphries, Chair
The Hon. Laura Williams, Vice Chair
The Hon. Dan Osman, Ranking Member

On behalf of the Medical Professional Liability (MPL) Association and its more than four dozen domestic medical professional liability insurers and self-insured members, thank you for the opportunity to submit testimony on efforts to enact third-party litigation funding requirements in the Senate substitute to SB 54.

By way of introduction, the MPL Association is the nation's leading trade association representing insurance companies, risk retention groups, captives, trusts, and other entities owned and/or operated by their policy holders, as well as other insurance carriers with a substantial commitment to the MPL line. MPL Association members insure more than 2.5 million healthcare professionals around the world— doctors, dentists, oral surgeons, nurses and nurse practitioners, podiatrists, and other healthcare providers. MPL Association members also insure more than 3,000 hospitals and 50,000 medical facilities and group practices globally.

MPL Association members are committed to ensuring a fair and equitable system of justice for both healthcare professionals and those who suffer from adverse outcomes resulting from medical procedures. For this reason, they support numerous reforms to reduce litigation and make our justice system more efficient and effective. Unchecked third-party litigation funding, however, may have exactly the opposite effect, drawing out litigation and making resolution far more difficult to achieve.

This is especially true when such funding arrangements are hidden from those involved in pending litigation. In this regard, we specifically wish to express our support for SB 54's requirement that such funding arrangements are disclosed to all parties in a lawsuit.

When parties to an MPL lawsuit attempt to achieve an appropriate resolution, it is important that all the facts are available to both parties. If a plaintiff owes a substantial portion of a potential award or settlement to a third party, that is a critical fact that will undoubtedly play a role in influencing the course of negotiations aimed at resolving the claim. If the defense is unaware of such an arrangement, however, it is impossible to

accurately assess the plaintiff's needs. This can lead to both needless confusion and frustration as negotiations play out.

The disclosure requirement in the new Section 60-226(3)(B)(i)(b) is an important step in addressing this issue. Requiring that third-party litigation funding arrangements are revealed up front will ensure that the already complicated nature of MPL claims negotiations is not further complicated by relevant financial interests remaining hidden from opposing parties. Especially given that current law already requires information about a defendant's insurance agreement(s) to be made available to the claimant, it follows suit that fairness requires information about a third-party litigation funding agreement to be made available to other parties to the claim as well.

We appreciate this opportunity to comment on the Senate substitute to HB 54. Should you have any questions or need further information, please do not hesitate to contact me at 240.813.6139 or via email at mstinson@MPLassociation.org.

Thank you.

Michael C. Stinson
Vice President, Public Policy and Legal Affairs