



Property Casualty Insurers
Association of America

Advocacy. Leadership. Results.

To: The Honorable Kelvin Atkinson, Chair
Senate Committee on Commerce, Labor and Energy

From: Mark Sektan, Vice President

Re: **SB 361: Unfair Lending Practices**
PCI Position: Support

Date: Saturday, April 6, 2013
9:00 a.m., Room 2134

Honorable Chair Atkinson and Members of the Committee:

The Property Casualty Insurers Association of America (PCI) is pleased to support SB 361 which would prohibit a consumer lawsuit loan company from entering into a consumer loan transaction with respect to a legal action in which the consumer is a party. This type of predatory lending is generally referred to as litigation financing and has been spreading across the country. PCI represents more than 1,000 member property/casualty insurers which write over \$190 billion in annual premiums, 40 percent of the property/casualty premiums written in the United States. 364 of our members provide insurance in Nevada, writing almost \$1.4 billion in premiums annually (in 2011), comprising 37.6 percent of the Nevada property/casualty insurance market.

SB 361 puts the consumer first, ahead of litigation funding companies and personal injury attorneys. It protects consumers from unfair loans that leave them owing the entire contracted amount if there is just one dollar of settlement or judgment. SB 361 will prevent situations where losing at trial is better for a consumer than a settlement. In an actual case involving an unregulated lawsuit lender, a woman borrowed \$200,000, agreeing to pay "\$600,000 and a large percentage of any future recovery" (emphasis in court decision) upon settlement or judgment. She would not discuss the \$1 million settlement reached by attorneys for both sides, having concluded that she needed \$1,200,000 to break even. According to the court, *a million dollars would have left less than 5 percent for the consumer*:

More than 60% to litigation funding company (\$ 600,000 +)
More than 35% to plaintiff attorney (\$ 350,000 +)
Less than 5% to consumer (\$ <50,000)

SB 361 would stop this form of "loan sharking". Lawsuit lenders have said publicly that these loans average 2-4 percent interest per month. What they don't say is that 4 percent monthly becomes 60 percent annually. The New York Times revealed that "lawsuit lenders often exceed 100 percent per year." (see attached chart).

SB 361 will also help control the costs of litigation. In the example above, litigation financing increased the minimum acceptable settlement by at least 20 percent. Without SB 361, this increased cost could become be a litigation tax on all of our state's consumers through higher costs for goods and services and an additional burden on state and local governments who are struggling to control costs while protecting important programs.

For these reasons, we urge the committee to pass SB 361.

Is 150% Annual Interest Consumer Friendly?

Compare: (published rates as of January 31, 1013)

30-Year Fixed Rate Mortgage: 3.53%

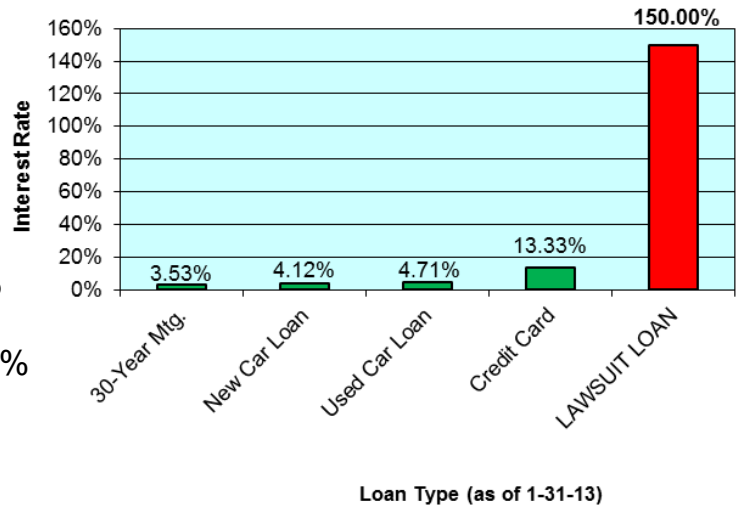
New Car Loan (Average Countrywide): 4.12%

Used Car Loan (Average Countrywide): 4.71%

Credit Card Rate (Average Countrywide): 3.33%

Consumer Lawsuit Loan: 150%

Amt. Owed = 2.5 X Amt. Borrowed After 1 Year*



Why Should a Lawsuit Loan Company Get More Money Than an Injured Consumer?

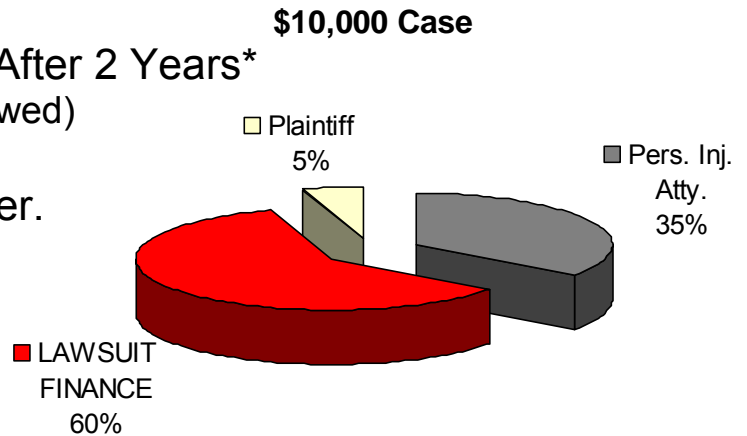
Typical \$2,000 Loan on \$10,000 Case

Consumer Owes 3 X Amt. Borrowed After 2 Years*
("Funding Fee" = Interest = 2 X Amt. Borrowed)

Becomes \$6,000 to the Lawsuit Lender.

If Plaintiff's Attorney Takes a \$3,500 Contingency Fee, That Leaves

Only \$500 to the Plaintiff



VOTE FOR CONSUMERS

VOTE NO ON PREDATORY LAWSUIT LOANS

* Plus one day

Accident Lawsuit Funding Firm Announces New York Yankee Playoff Ticket Promotion

Source: *Legal-bay.com*

Dated: Oct 06, 2012

New Jersey, New York and Connecticut's leading Lawsuit Settlement Funding firm announces promotional gift of 2 Yankee Playoff tickets for anyone who receives funding on a case for more than \$10K by Oct. 15th.

New York, New York - Oct. 6, 2012- Legal-bay.com, The Lawsuit Settlement Funding Firm, announced today -on the heels of the New York Yankee Playoff Series against the Baltimore Orioles- a 2 ticket promotion for a Yankee Playoff game (or another ticket of equal value if games are not played) for any lawsuit plaintiffs who receive a lawsuit cash advance of \$10K or more by Oct. 15th.

Legal-bay.com, is a leader in accident lawsuit funding, DePuy lawsuit funding and Transvaginal Mesh Lawsuit funding and would like to give clients a free promotional product along with assisting them with getting funding on their suit. Patty Kirby, Director of Client Relations, commented on the promotion, "Most of our clients are desperately in need of lawsuit funding, so what better way to assist them with a needed cash advance - and give them 2 seats to a New York Yankees Playoff game on top of it."

Plaintiffs must fund for \$10K or more - and must mention the Yankee playoff promotion at the time of the application.

If you have any active lawsuit and need lawsuit funding you may apply online at: Legal-bay.com or call toll free at 877.571.0405 where experienced agents are waiting to take your call.

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| Category | lawsuit funding |
| Tags | Yankee playoff tickets, lawsuit funding, settlement funding |
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