



January 26, 2026

Hon. Carol Hagan McEntee and Members of the Committee  
Committee on Judiciary  
Rhode Island House of Representatives

RE: HB 7080 – Third Party Litigation Financing Consumer Protection Act - SUPPORT

Dear Chair Hagan McEntee and Members of the Committee:

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by approximately 1,200 property and casualty insurance companies, including many who write business in Rhode Island. Working hand-in-hand with our member companies and Rhode Island state and local law enforcement, we help to detect, prevent, and deter insurance crimes.

Insurance fraud is not a victimless crime. A 2022 study placed total U.S. insurance fraud at \$308.6 billion. Fraudsters will exploit every avenue, forum, and opportunity to bilk consumers and their insurers to line their own pockets, which ultimately increases costs for everyone. Unfortunately, the courtroom is not immune. Fraudsters and their affiliates have engaged in predatory and abusive litigation tactics and employed tools to advance—and conceal—their aims. NICB is concerned that, absent additional transparency and accountability, litigation financing can serve as a facilitator of fraud.

For example, NICB recently assisted the U.S. Department of Justice's investigation and prosecution of a massive trip-and-fall fraud scheme in New York, which defrauded businesses and their insurance providers of more than \$31 million. This organized insurance fraud scheme included deliberate, unnecessary surgeries performed on victims simply to drive insurance claims and lawsuits upward. The surgeries, as well as other medical procedures, were funded by litigation financing companies. The financiers also paid the fraud scheme organizers and participants referral fees for each patient who signed a funding agreement, charged the patients (who were overwhelmingly low income) absurdly high interest rates, and the majority of the proceeds awarded in the fraudulent lawsuits went right back to the financiers themselves.

Most recently, a new joint analysis conducted by NICB and 4WARN—a digital risk intelligence company—has uncovered a strong connection between TPLF and excessive litigation instigated by fraudulent digital tactics and opportunistic marketing. In one case, a single funder supported 13 law firms that targeted 66 different insurers to drive claims litigation and maximize the investor's return. NICB's assessment shows that funders targeted U.S. insurers at significant scale—with nearly 75% of insurance companies assessed being directly targeted by opportunistic litigation marketing campaigns, many of which were resourced by outside funders. Some of the digital manipulation tactics used in TPLF-facilitated fraud include search engine diversion, brand impersonation through cloned portals and misleading domains, and AI-generated content. The schemes often include “runners” that coach, recruit and coordinate plaintiffs, law firms, complicit medical providers, and digital marketing firms.

To combat TPLF-facilitated fraud, NICB calls upon lawmakers to adopt pro-transparency and accountability measures to help reveal funding sources—including beneficial ownership and foreign participation—and combat the improper incentives that attract fraudsters.

House Bill 7080 would provide additional transparency and accountability on third-party litigation financing, including registration, a prohibition on commercial litigation financiers from controlling or approving litigation or settlement decisions, requiring disclosure of commercial litigation financing agreements, and more. Taken together, these reforms would help protect consumers and provide regulators with critical information to identify and combat fraudulent activities.

**Accordingly, NICB supports HB 7080.**

Thank you for your consideration of our views. As always, please consider NICB a resource and partner in the fight against insurance crime. If you have any questions or need additional information, please contact me at [hhandler@nicb.org](mailto:hhandler@nicb.org) or 312-771-3974.

Sincerely,

A handwritten signature in blue ink that reads "Howard Handler". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

Howard Handler, Senior Director  
Strategy, Policy and Government Affairs