



NORTH CAROLINA GENERAL ASSEMBLY

2023 Session

Legislative Fiscal Note

Short Title: Consumers in Crisis Protection Act.
Bill Number: Senate Bill 176 (First Edition)
Sponsor(s): Sen. Todd Johnson, Sen. Danny Earl Britt, Jr., and Sen. David W. Craven, Jr.

SUMMARY TABLE

FISCAL IMPACT OF S.B. 176, V.1 (\$ in thousands)					
	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>
State Impact					
General Fund Revenue	-	-	-	-	-
Less Expenditures	-	-	-	-	-
General Fund Impact	No Estimate Available				
NET STATE IMPACT	No Estimate Available				

FISCAL IMPACT SUMMARY

The bill amends Chapter 58, the State’s insurance laws, by adding a new Article 94 that defines a consumer legal funding company (CLFC) and authorizing third-party litigation funding companies to operate in the State.

The bill requires CLFCs to register with and pay a registration fee to the Department of Insurance (DOI) and authorizes DOI to conduct financial examinations of the companies.

The bill is projected to have a fiscal impact to the State, but the impact is indeterminable.

FISCAL ANALYSIS

The bill requires CLFCs to apply to DOI for registration to operate in the State and establishes a nonrefundable fee of \$1,000 at the time of application. Companies are required to renew their registration with DOI every three years and must pay a \$1,000 renewal fee.

The bill also authorizes DOI to conduct financial examinations of registered CLFCs to assess financial stability and compliance with State law. When DOI conducts an examination, the bill requires the company to reimburse DOI for its costs.

While the bill is projected to have a fiscal impact on DOI, very little data exists to determine what that impact would be.

According to the federal Government Accountability Office (GAO), publicly available data on the third-party litigation funding market are limited as there is no central repository of information and no federal law expressly requires individuals or companies to report the data publicly.

The American Legal Finance Association (ALFA), a litigation funding market lobbying group, notes that their current membership consists of 30 companies operating in the U.S.

CLFC are currently not authorized to operate in the State thus the number of individuals or companies opting to register and operate in the State is indeterminable.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

U.S. GOVERNMENT ACCOUNTABILITY OFFICE, Third-Party Litigation Financing, Market Characteristics, Data and Trends, December 2022

AMERICAN LEGAL FINANCE ASSOCIATION, [HTTPS://WWW.AMERICANLEGALFIN.COM/](https://www.americanlegalfin.com/)

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

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June 21, 2023



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