

HB 1384 - AS INTRODUCED

2026 SESSION

26-3174
07/09

HOUSE BILL **1384**

AN ACT relative to reporting requirements for persons or entities financing lawsuits.

SPONSORS: Rep. Cole, Hills. 26; Rep. Aures, Merr. 13; Rep. Kesselring, Hills. 18; Rep. Kofalt, Hills. 32; Rep. Ouellet, Coos 3; Rep. Post, Hills. 42; Rep. Wood, Merr. 13; Rep. Hunt, Ches. 14; Sen. Birdsell, Dist 19; Sen. Gannon, Dist 23; Sen. Reardon, Dist 15

COMMITTEE: Judiciary

ANALYSIS

This bill regulates commercial litigation financing agreements.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears ~~[in brackets and struckthrough.]~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty-Six

AN ACT relative to reporting requirements for persons or entities financing lawsuits.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Purpose and Findings. The purpose of this act is to require certain disclosures concerning
2 commercial litigation financing agreements and lawyer financing agreements and set forth certain
3 prohibitions regarding commercial litigation financiers.

4 2 New Chapter; New Hampshire Third-Party Litigation Funding Transparency Act. Amend
5 RSA by inserting after chapter 294-E the following new chapter:

6 CHAPTER 294-F

7 NEW HAMPSHIRE THIRD-PARTY LITIGATION FUNDING TRANSPARENCY ACT

8 294-F:1 Short Title. This chapter shall be known, and may be cited as, the "Third-Party
9 Litigation Funding Transparency Act."

10 294-F:2 Definitions. In this chapter:

11 I. "Commercial litigation financier" means a person in the business of entering into
12 commercial litigation financing agreements or lawyer financing agreements. The term commercial
13 litigation financier does not include a nonprofit organization exempt from federal income tax under
14 501(c)(3) of the United States Internal Revenue Code or its funders if the nonprofit organization
15 represents the claimant on a pro bono basis, which may include an award of costs or attorney fees to
16 the nonprofit organization or a related attorney.

17 II. "Commercial litigation financing agreement" means, with respect to any civil action or
18 group of civil actions, a written agreement:

19 (a) Whereby a third party agrees to provide funds to one of the named parties, and

20 (b) Which creates a direct or collateralized interest in the proceeds of a civil action or
21 group of civil actions, by settlement, verdict, judgment, or otherwise, where such interest is based in
22 whole or part on a funding obligation to the funded party in the action or group of actions.

23 (c) "Commercial litigation financing agreement" includes any contract, including any
24 option, forward contract, futures contract, short position, swap, or similar contract, or other
25 agreement that is substantially similar to a litigation financing agreement.

26 (d) "Commercial litigation financing agreement" does not include:

27 (1) A consumer legal funding agreement;

28 (2) An agreement by an attorney or law firm to provide legal services on a
29 contingency fee basis to the claimant or to advance the claimant's legal costs in accordance with the
30 New Hampshire rules of professional conduct;

1 (3) A health insurer, medical provider, or assignee that has paid, is obligated to pay,
2 or is owed any sums for a person's health care under the terms of a health insurance plan or
3 agreement;

4 (4) A financial institution providing loans to the claimant or the claimant's attorney
5 or law firm when repayment is not contingent upon the outcome of the legal claim or on the outcome
6 of any matter within a portfolio that includes the legal claim and involves the same attorney or law
7 firm or affiliated attorney or law firm;

8 (5) A lawyer financing agreement; or

9 (6) A person with a preexisting contractual obligation to indemnify or defend a party
10 to a legal claim.

11 III. "Consumer" means a natural person or estate for a decedent with a legal claim.

12 IV. "Consumer legal funding agreement" means an agreement memorializing a nonrecourse
13 transaction in which a consumer legal funding company purchases, and a consumer assigns to the
14 company, a contingent right to receive an amount of the potential proceeds of a settlement,
15 judgment, award, or verdict obtained in the consumer's legal claim.

16 V. "Foreign country of concern" means a foreign government or person listed as a "foreign
17 adversary" in 15 C.F.R. 791.4.

18 VI. "Foreign entity of concern" or "foreign person of concern" means an entity or person that:

19 (a) Is organized or incorporated in a foreign country of concern;

20 (b) Is owned or controlled by the government, a political subdivision, or a political party
21 of a foreign country of concern;

22 (c) Has its principal place of business in a foreign country of concern; or

23 (d) Is owned, organized, or controlled by, affiliated with, or acting on behalf of an
24 individual or entity that is or has been:

25 (1) On a sanctions list maintained by the Office of Foreign Assets Control, including
26 the following:

27 (A) Specially Designated Nationals and Blocked Persons List ("SDN List");

28 (B) Foreign Sanctions Evaders List;

29 (C) Non-SDN Iran Sanctions Act List;

30 (D) Sectoral Sanctions Identifications List; or

31 (E) List of Foreign Financial Institutions Subject to Correspondent Account and
32 Payable-Through Account Sanctions; or

33 (2) Designated by the United States Secretary of State as a foreign terrorist
34 organization.

35 VII. "Lawyer financing agreement" means, with respect to any civil action or group of civil
36 actions, a written agreement:

1 (a) Whereby a third party agrees to provide funding to any counsel or law firm affiliated
2 with the civil action or group of actions; and

3 (b) Which creates a direct or collateralized interest in the fees, expenses, or other
4 proceeds of a civil action or group of civil actions, by settlement, verdict, judgment or otherwise.

5 VIII. "Legal claim" means a civil claim or cause of action.

6 294-F:3 Prohibitions Related to Commercial Litigation Funding.

7 I. A commercial litigation financier shall not enter into a commercial litigation financing
8 agreement with a foreign entity of concern or a foreign country or person of concern, or any entity
9 controlled by any of the foregoing persons or entities.

10 II. An agreement shall not grant a commercial litigation financier control or approval rights
11 with respect to litigation or settlement decisions.

12 III. A commercial litigation financier shall not have the right to receive materials designated
13 as confidential pursuant to a protective or confidentiality agreement or order in an action, unless
14 explicitly authorized by the terms of such protective or confidentiality agreement or order.

15 294-F:4 Commercial Litigation Financing Agreement Disclosure and Discovery.

16 I. Except as otherwise stipulated or ordered by the court, a claimant or claimant's counsel
17 shall, without awaiting a discovery request, provide to the court, for in camera review, any
18 commercial litigation financing agreement within 30 days after commencement of a legal action or
19 30 days after execution of a commercial litigation financing agreement, whichever is later.

20 II. Except as otherwise stipulated by the parties or ordered by the court, counsel shall
21 provide to the court, for in camera review, within 30 days after commencement of a legal action or 30
22 days after execution of a lawyer financing agreement, whichever is later, a sworn statement that
23 such lawyer financing agreement complies with the prohibitions set forth in RSA 294-F:3 and with
24 the New Hampshire rules of professional conduct. The court shall review, in camera, the lawyer
25 financing agreement to ensure compliance with RSA 294-F:3 and the New Hampshire Rules of
26 Professional Conduct.

27 III. Except as otherwise stipulated by the parties or ordered by the court, a claimant or
28 claimant's counsel shall deliver to all other parties, within 30 days after commencement of a legal
29 action or 30 days after execution of a commercial litigation financing agreement, whichever is later,
30 a sworn statement disclosing:

31 (a) The identity of all contracting parties to the commercial litigation financing
32 agreement, including the name, address and, if a party is a legal entity, the place of formation of
33 such entity;

34 (b) Whether the agreement complies with RSA 294-F:3;

35 (c) The existence of any known conflict of interest between a commercial litigation
36 financier, counsel, and the court;

37 (d) A brief description of the nature of the financial interest; and

1 (e) Whether any foreign entity of concern or a foreign country or person of concern is
2 providing funding, directly or indirectly, for the commercial litigation financing agreement and, if so,
3 the name, address, and country of incorporation of such foreign entity of concern or a foreign country
4 or person of concern.

5 IV. Except as otherwise stipulated by the parties or ordered by the court, counsel shall
6 deliver to all other parties, within 30 days after commencement of a legal action or 30 days after
7 execution of a lawyer financing agreement, whichever is later, a sworn statement:

8 (a) Disclosing the identity of all contracting parties to the lawyer financing agreement,
9 including the name, address and, if a party is a legal entity, the place of formation of such entity;

10 (b) Disclosing whether the legal claim at issue is a single claim or a part of a portfolio of
11 funded legal claims, without, in the case of a portfolio, identifying any specific legal claims in the
12 portfolio;

13 (c) Providing a brief description of the nature of the financial interest, including but not
14 limited to the repayment structure and increments, whether the financing is recourse or
15 nonrecourse, and if the time to resolution of the legal claim will affect the contingent interest of the
16 financier;

17 (d) Affirming that the claimant is fully aware of the lawyer financing agreement and its
18 terms and has been given the opportunity to obtain independent counsel to advise on the use of a
19 lawyer financing agreement in their legal claim; and

20 (e) Affirming that such lawyer financing agreement complies with the prohibitions set
21 forth in RSA 294-F:3 and with the New Hampshire rules of professional conduct.

22 V. Information concerning the commercial litigation financing agreement and lawyer
23 financing agreement are not by reason of disclosure admissible in evidence at trial.

24 294-F:5 Applicability.

25 I. This chapter shall apply to any commercial litigation financing agreement or lawyer
26 financing agreement that is effectuated on or after the effective date of this chapter.

27 II. If any provision of this chapter is, for any reason, declared unconstitutional or invalid, in
28 whole or in part by any court of competent jurisdiction, such portion shall be deemed severable and
29 shall not affect the validity of the remaining portions of this chapter, which shall remain in full force
30 and effect.

31 3 Effective Date. This act shall take effect January 1, 2027.