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News

Scott Seaman Argues for Full Disclosure of Third-Party Litigation Funding in Business Insurance Magazine

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Scott Seaman was featured in a *Business Insurance* article, discussing why transparency in third-party litigation funding is necessary in order to ensure the "even-handed administration of justice." He explained that the rationale for disclosing insurance coverage, which facilitates a realistic appraisal of the case for both parties, equally applies to litigation funding.

Seaman argues that litigation financing—in which third parties provide financial backing to a litigant—has "effectuated at least a small sea level change in the U.S. civil litigation system" by prolonging litigation timelines, increasing defense costs, and raising the likelihood of higher verdicts, thus discouraging settlement efforts.

Seaman points out that these factors have contributed to rising liability losses for insurers, exacerbating the cost of liability insurance and enhancing legal liability risks for U.S. businesses.

Litigation funding is one of several major factors contributing to social inflation and nuclear verdicts. Seaman and Jason Schulze address social inflation and litigation funding in Volume I of their insurance law treatise, *Allocation of Losses in Complex Insurance Coverage Claims* (12th Ed. Thomson Reuters 2024) in Chapter 19 (The Impact of Social Inflation on Insurers and Policyholders) and Chapter 20 (Taming the Reptile and Containing Reptilian Theory).

Read the full article.

- "Insurers seek litigation funding changes" was published by *Business Insurance* on June 1, 2024.

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