

The Florida Senate

BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Rules

BILL: CS/SB 1396

INTRODUCER: Rules Committee and Senator Burton

SUBJECT: Litigation Financing Consumer Protection

DATE: February 3, 2026 REVISED: _____

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Bond	Cibula	JU	Favorable
2. Bond	Kruse	RC	Fav/CS

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 1396 creates the “Litigation Investment Safeguards and Transparency Act,” to regulate litigation financing activities and to require disclosure if a foreign investor is involved.

To regulate litigation financing activities, the bill provides that a litigation financier may not:

- Direct the course of legal proceedings.
- Contract for or receive a share of the proceeds of a legal proceeding that exceeds the share collectively recovered by the plaintiffs.
- Pay or offer to pay a referral fee or commission to any person.
- Assign or securitize a litigation financing agreement.
- Receive anything other than the authorized share of the proceeds.

To provide transparency, the bill requires that the existence of a litigation financing agreement be disclosed if the agreement involves a foreign person, foreign principal, or sovereign wealth fund. The disclosure of the existence of the agreement, however, is not required to include the specific terms of the agreement.

The bill provides for general enforcement pursuant to the Florida Deceptive and Unfair Trade Practices Act. A litigation financing agreement that violates the Act is void. Additionally, a court may consider the existence of a litigation financing agreement when determining adequacy of a class action plaintiff representatives or class counsel.

The bill's disclosure requirements apply to legal proceedings pending on or commenced on or after, July 1, 2026. The remainder of the bill applies to a litigation financing agreement entered on or after July 1, 2026.

The bill is effective July 1, 2026.

II. Present Situation:

Litigation Financing – In General

There is no Florida statute specific to litigation financing, and the field appears to be generally unregulated by the state outside of basic common law contract principles.¹ The state regulates consumer loans, usury,² and interest,³ but litigation financing agreements appear to be a private investment in the lawsuit and thus not a loan.⁴

Third-party litigation financing is a non-recourse transaction⁵ where a funder – known as a “litigation financier” or “litigation funder” – that is not a party to a lawsuit agrees to provide funding to a litigant (typically a plaintiff) or law firm in exchange for an interest in the potential recovery in the lawsuit. Plaintiffs do not have to repay the funding if the lawsuit is not successful.⁶ Litigation financing is available to both the commercial and consumer sectors.⁷

In the commercial sector, the funds are provided to sophisticated litigants and used primarily for litigation costs in commercial disputes and class actions.⁸ Sometimes litigation financiers finance multiple cases belonging to a lawyer or law firm, with the return on invested capital coming from the settlement or judgment of many individual or group of cases. Portfolio funding allows the litigation financier to essentially bankroll all or a portion of a law firm's cases in exchange for a portion of any proceeds.

¹ *Fausone v. U.S. Claims, Inc.*, 915 So. 2d 626 (Fla. 2nd DCA 2005).

² “Usury” means loaning money at an exorbitant or illegally high interest rate. States set their own maximum interest rates. Florida declares interest higher than 18 percent per year for loans up to \$500,000 and higher than 25 percent for loans over \$500,000 usurious unless otherwise allowed by law. Cornell Law School, Legal Information Institute, *Usury*, <https://www.law.cornell.edu/wex/usury> (last visited Jan. 24, 2026); *see also* s. 687.02(1), F.S. (defining usurious contracts) and s. 687.071(2)-(3), F.S. (criminalizing certain kinds of usury and loan sharking).

Ss. 687.02(1) and 687.071(2) and (3), F.S. this looks off?

³ *See generally* chs. 516 (regulating consumer finance) and 687, F.S. (regulating interest, usury, and lending practices).

⁴ *Fausone* at 629.

⁵ A non-recourse transaction is a financial transaction in which the borrower is not personally liable to the lender, so that the lender can only pursue the collateral to collect what the borrower owes. In other words, the lender does not have a lien on, and cannot seize, the borrower's assets to repay the debt. U.S. Department of the Treasury, Internal Revenue Service, *Resource vs. Nonrecourse Debt*, https://apps.irs.gov/app/vita/content/36/36_02_020.jsp (last visited Jan. 24, 2026).

⁶ U.S. Government Accountability Office, *Report to Congressional Requesters, Third-Party Litigation Financing: Market Characteristics, Data, and Trends* (Dec. 2022), 1, available at <https://www.gao.gov/assets/gao-23-105210.pdf> [hereinafter *Report to Congressional Requesters*]; Bloomberg Law, *How Litigation Finance Works*, Feb. 24, 2020, <https://pro.bloomberglaw.com/brief/how-litigation-finance-works/>; Ronen Avraham & Anthony Sebok, *An Empirical Investigation of Third Party Consumer Litigation Funding*, 104 CORNELL L. REV. 1133, 1135 fn. 9 (2019), available at <https://scholarship.law.cornell.edu/cgi/viewcontent.cgi?article=4802&context=clr> [hereinafter *An Empirical Investigation*].

⁷ *Report to Congressional Requesters*, *supra* note 2, at Preface; *An Empirical Investigation*, *supra* note 2, at 1135.

⁸ *Id.*; *see also* Paige Marta Skiba & Jean Xiao, *Consumer Litigation Funding: Just Another Form of Payday Lending?*, 80 LAW AND CONTEMP. PROB. 117, 125 (2017), available at <https://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=4840&context=lcp> [hereinafter *Consumer Litigation Funding*].

In the consumer sector, the funds are paid directly to an individual plaintiff and are used primarily for living expenses while the consumer waits for resolution of the civil action or claim that is the subject of the litigation financing agreement.⁹ Industry data suggest that more than half of such consumers have an annual family income of \$50,000 or less and lack a college degree, while less than half are homeowners, suggesting that lower-income consumers with access to fewer resources are the primary market for litigation funding agreements.¹⁰

A consumer can apply for litigation financing any time before resolution of his or her civil action or claim.¹¹ Unlike a traditional loan, where a lender might look at a consumer's credit score, income, and other indicators of the consumer's ability to pay, a litigation financier looks at the strength of the consumer's civil action or claim, the consumer's likelihood of prevailing at trial or in settlement, and the potential damages a consumer could obtain.¹² A litigation financier also assesses the consumer's attorneys' fees and other debts, such as medical or child support liens,¹³ which might take priority over the litigation financier's repayment.¹⁴

Litigation Financing Support and Opposition

Litigation financing proponents argue that the product provides a necessary funding source for some consumers suffering an unexpected economic loss connected to a pending legal action or claim, giving consumers financial stability and helping them meet immediate personal needs, such as rent, utilities, and food.¹⁵ Proponents also point out that, because litigation financing is a non-recourse transaction, if the consumer loses the subject action or claim, he or she owes nothing under a litigation financing agreement, making litigation financing less risky than traditional loans.¹⁶ Additionally, because the agreement obligation is paid only out of the proceeds of a subject action or claim, there are no monthly or upfront payments required before the subject action or claim resolves.¹⁷

Litigation financing opponents point out that in order to estimate the total amount owed under a litigation financing agreement, including interest¹⁸ and fees, a consumer must accurately predict the date of the subject action or claim's resolution and the amount of any settlement or judgment

⁹ *Report to Congressional Requesters*, *supra* note 2, at Preface; *An Empirical Investigation*, *supra* note 2, at 1135; *see also Consumer Litigation Funding*, *supra* note 4, at 122.

¹⁰ Eric Schuller, President, Alliance for Responsible Consumer Legal Funding, *Consumer Legal Funding 101: Also Known As...Everything You Wanted To Know About Consumer Legal Funding But Were Afraid to Ask*, presented to the Florida House of Representatives Civil Justice Subcommittee, Dec. 12, 2019, at 134:09 https://www.myfloridahouse.gov/VideoPlayer.aspx?eventID=2443575804_2019121124 [hereinafter *Consumer Legal Funding 101*].

¹¹ *See Consumer Litigation Funding*, *supra* note 8, at 122.

¹² *Id.*; *see also Consumer Legal Funding 101*, *supra* note 8, at 1:31:15.

¹³ A lien is a claim against property evidencing a debt, obligation, or duty. A lien can be created by judgment, equity, agreement, or statute. 37 FLA. JUR. 2D, *Liens* s. 1.

¹⁴ *See Consumer Litigation Funding*, *supra* note 8, at 123.

¹⁵ *Report to Congressional Requesters*, *supra* note 6, at Preface; The Alliance for Responsible Consumer Legal Funding (ARC), *More than A Trade Association*, <http://arclegalfunding.org/> (last visited Jan. 24, 2026).

¹⁶ *See Consumer Legal Funding 101*, *supra* note 8, at 1:29:15; *see also* ARC, *What is Consumer Legal Funding?*, <http://arclegalfunding.org/consumer-legal-funding/> (last visited Jan. 24, 2026).

¹⁷ *Id.*

¹⁸ Interest is the cost of borrowing money, expressed as a percentage of the borrowed amount. *See Anya Martin, The Interest Rate v. the Annual Percentage Rate*, THE WALL STREET JOURNAL, May 21, 2015, <https://www.wsj.com/articles/the-interest-rate-vs-the-annual-percentage-rate-1432215724>.

that will result in the consumer's favor.¹⁹ Because agreement terms may be unclearly stated or require complicated calculations, opponents argue that consumers may end up owing much more than they might have anticipated at the agreement's initiation.²⁰ Additionally, the fees in the nature of interest charged on a litigation financing agreement, even if clearly stated, can be high.²¹ A consumer who realizes he or she may owe more than he or she may recover may drive up the defendant's litigation costs by rejecting reasonable settlement offers for a chance to win a larger verdict in court.²²

Another concern of opponents is how much litigation financiers recover from the cases they finance compared to the plaintiffs they are funding. In some cases, litigation financiers have recovered significantly more money than the plaintiffs. In a 2023 television interview, Burford's CEO, Christopher Bogart, admitted that although "it doesn't happen very often ... it certainly can happen" that Burford recovers more money than the person who was wronged.²³

Uncertainty also exists as to whether an attorney can discuss a litigation financing agreement with a litigation financier without waiving the attorney-client²⁴ or work product²⁵ privileges. Such privileges are typically waived or limited when protected information is shared with a third party, but attorney-financier communications may be necessary for a litigation financier to evaluate a consumer's claim.²⁶ The American Bar Association urges attorneys discussing a litigation financing contract with a litigation financier to safeguard against waiving privilege, warning that infringing upon rights that clients would otherwise have, resulting from the presence of alternative litigation finance, requires the informed consent of the client after full, candid disclosure of all associated risks and benefits.²⁷ The Florida Bar²⁸ generally "discourages the use of [litigation financing] companies," allowing an attorney to inform a client about litigation financing only if the attorney feels it is in the client's best interests.²⁹

¹⁹ See *Consumer Litigation Funding*, *supra* note 6, at 126.

²⁰ *Id.* at 137-38.

²¹ *Id.* at 122.

²² See *id.*; see also *Report to Congressional Requesters*, *supra* note 6, at Preface.

²³ Lesley Stahl, CBS News, *Litigation Funding: A multibillion-dollar industry for investments in lawsuits with little oversight*, 60 MINUTES, Jul. 23, 2023, <https://www.cbsnews.com/news/litigation-funding-60-minutes-transcript-2023-07-23/>.

Founded in 2009, Burford is the world's largest litigation funder, with \$5 billion invested in multiple lawsuits. *Id.*

²⁴ Under the attorney-client privilege, communication between an attorney and his or her client is typically confidential if such persons do not intend to disclose it to a third party. This protects the giving of information to an attorney so that the attorney can give sound and informed legal advice. Section 90.502(1)(c), F.S.; *Upjohn Co. v. U.S.*, 449 U.S. 383, 389 (1981).

²⁵ Under the work product doctrine, documents prepared by or on behalf of a party in anticipation of litigation are not discoverable. *GKK, etc. v. Cruz*, 251 So. 3d 967, 969 fn. 3 (Fla. 3d DCA 2018). Work product is almost absolutely protected under Florida common law if it contains mental impressions, conclusions, opinions and legal theories about litigation. *State v. Rabin*, 495 So. 2d 257, 262 (Fla. 3d DCA 1986).

²⁶ ARC, *What is Consumer Legal Funding?*, <http://arclegalfunding.org/consumer-legal-funding/> (last visited Jan. 24, 2026).

²⁷ American Bar Association, *Commission on Ethics 20/20, Informational Report to the House of Delegates*, available at https://web-stage.law.columbia.edu/sites/default/files/microsites/clwa/CIAA/keynote_third_party_funding.pdf (last visited Jan. 24, 2026).

²⁸ The Florida Constitution gives the Florida Supreme Court exclusive and ultimate regulatory authority over persons admitted to practice law in Florida. The Court performs this function through The Florida Bar, an investigative and prosecutorial authority charged with ensuring that all attorneys meet the minimum standards of conduct set out in the Rules Regulating the Florida Bar. See FLA. CONST. art V, s. 15.

²⁹ The Florida Bar, *Ethics Opinion 00-3* (Mar. 15, 2002), <https://www.floridabar.org/etopinions/etopinion-00-3/>.

III. Effect of Proposed Changes:

CS/SB 1396 creates the “Litigation Investment Safeguards and Transparency Act,” to regulate litigation financing.

Short Title and Organization

Section 1 provides a short title for the bill, the “Litigation Investment Safeguards and Transparency Act.”

Section 2 of the bill designates ss. 69.011, 69.021, 69.031, 69.041, 69.051, 69.061, 69.071, and 69.081, F.S., as part I of chapter 69, F.S., entitled “General Provisions.”

Section 3 of the bill creates part II of chapter 69, F.S., consisting of ss. 69.101, 69.103, 69.105, 69.107, 69.109, and 69.111, F.S., entitled “Litigation Financing.”

Definitions Applicable to Litigation Financing

The bill creates s. 69.101, F.S., which defines the following terms for purposes of the Act: “Foreign person” means a person or an entity that is not:

- A citizen of the U.S.
- An alien lawfully admitted for permanent residence in the U.S.
- An unincorporated association, a majority of members of which are citizens of the U.S. or aliens lawfully admitted for permanent residence in the U.S.
- A corporation that is incorporated in the U.S.

“Foreign principal” means:

- The government or a government official of any country other than the U.S.
- A political subdivision or political party (including the officials of the subdivision or party) of a country other than the U.S.
- A partnership, association, corporation, organization, or other combination of persons organized under the laws of, or having its principal place of business in, a country other than the U.S., whose shares or other ownership interest is owned by the government or a government official of a country other than the U.S., or owned by a political subdivision or political party of a country other than the U.S.

“Foreign funder” means a foreign person, foreign principal, or sovereign wealth fund that provides funding directly or indirectly under a litigation financing agreement.

“Health care practitioner” means any person licensed under the numerous health care licensing statutes.³⁰

³⁰ Those professions are listed in s. 456.001, F.S., and are: acupuncture, general medical practice, osteopathic medicine, chiropractic medicine, podiatric medicine, naturopathy, optometry, nursing, pharmacy, dentistry, dental hygiene, dental laboratories, midwifery, speech-language pathology and audiology, nursing home administration, occupational therapy, respiratory therapy, dietetics and nutrition practice, athletic trainers, orthotics, prosthetics, pedorthics is this correct? pedorthists?, electrolysis, massage therapy practice, clinical laboratory personnel, medical physicists, genetic counseling,

“Litigation financier” means a person engaged in the business of providing litigation financing.

“Litigation financing agreement” or “litigation financing” means a transaction in which a litigation financier agrees to provide financing to a person who is a party to, or an attorney or law firm representing a party in a civil action, administrative proceeding, claim, or other legal proceeding, in exchange for a right to receive payment, which right is contingent in any respect on the outcome of such action, claim, or proceeding, or on the outcome of any matter within a portfolio that includes such action, claim, or proceeding, and involves the same counsel or affiliated counsel.

However, the bill creates numerous exceptions to the defined terms. The effect of each exception is that an arrangement described as an exception to the definition has the effect of creating an exception to regulation. The bill provides that the terms “litigation financing agreement” and “litigation financing” do not apply to:

- An agreement to provide funds for or to a party to a civil action, administrative proceeding, claim, or other legal proceeding, for the person’s use in paying his or her costs of living or other personal or familial expenses during the pendency of the action, claim, or proceeding, and if the funds are not used to finance any litigation or other legal costs.
- An agreement for an attorney to provide legal services on a contingency fee basis or to advance his or her client’s legal costs, and if the services or costs are provided by the attorney in accordance with the Florida Rules of Professional Conduct or in accordance with the professional rules of conduct that apply to that attorney’s domicile.
- An entity having a preexisting contractual obligation to indemnify or defend a party to a civil action, administrative proceeding, claim, or other legal proceeding.
- A health insurer that has paid, or is obligated to pay, any sums for health care for an injured person under the terms of a health insurance plan or agreement.
- The repayment of a financial institution for loans made directly to a party to a civil action, administrative proceeding, claim, or other legal proceeding, or to such party’s attorney if repayment of the loan is not contingent upon the outcome of such action, claim, or proceeding, or on the outcome of any matter within a portfolio that includes such action, claim, or proceeding and involves the same counsel or affiliated counsel.
- Funding provided to a nonprofit organization that is exempt from federal income tax pursuant to s. 501(c)(3) of the Internal Revenue Code, if nonprofit organization uses the funding solely to provide pro bono legal representation and does not seek punitive damages.
- Funding provided by a nonprofit organization exempt from federal income tax pursuant to s. 501(c)(3) of the U.S. Internal Revenue Code, by grant or otherwise, to support the pursuit of pro bono, no-cost litigation, and if the organization does not seek punitive damages.
- Funding provided in a foreign class action where the party domiciled in the United States is a member of the class.

“National security interests” means those interests relating to the national defense, foreign intelligence and counterintelligence, international, and domestic security, and foreign relations.

“Proprietary information” means information developed, created, or discovered by a person, or which became known by or was conveyed to the person, which has commercial value in the person’s business. The term includes, but is not limited to, domain names, trade secrets, copyrights, ideas, techniques, inventions, regardless of whether patentable, and other information of any type relating to designs, configurations, documentation, recorded data, schematics, circuits, mask works, layouts, source code, object code, master works, master databases, algorithms, flow charts, formulae, works of authorship, mechanisms, research, manufacture, improvements, assembly, installation, intellectual property including patents and patent applications, and information concerning the person’s actual or anticipated business, research, or development or received in confidence by or for the person from any other source.

“Sovereign wealth fund” means an investment fund owned or controlled by a foreign principal or an agent of a foreign principal.

Litigation Financing Agreements and Representation of Client Interests

The bill creates s. 69.103, F.S., which regulates litigation financing agreements and the representation of client interests. Specifically, the bill provides that a court may take the existence of a litigation financing agreement into account:

- When determining whether a class representative or class counsel would adequately and fairly represent the interests of the class in a class action lawsuit.
- In actions involving a common question of law or fact pending before the court which may be or have been consolidated, when determining whether the lead counsel or any co-lead counsel would adequately and fairly represent the interests of the parties to such actions.

Prohibited Conduct by Litigation Financiers

The bill creates s. 69.105, F.S., which prohibits certain conduct by litigation financiers. Specifically, the bill provides that a litigation financier may not:

- Direct, or make any decisions with respect to, the course of any civil action, administrative proceeding, claim, or other legal proceeding for which the litigation financier has provided financing, or any settlement or other disposition thereof. This prohibition includes, but is not limited to, decisions in appointing or changing counsel, choice or use of expert witnesses, and litigation strategy. All rights to make decisions with respect to the course and settlement or other disposition of the subject civil action, administrative proceeding, claim, or other legal proceeding remain solely with the parties to such action, claim, or proceeding and their counsel of record.
- Contract for or receive, whether directly or indirectly, a larger share of the proceeds of a civil action, administrative proceeding, claim, or other legal proceeding financed by a litigation financing agreement than the share of the proceeds collectively recovered by the plaintiffs to the action, claim, or proceeding, after the payment of any attorney fees and costs owed in connection to such action, claim, or proceeding.
- Pay or offer to pay a commission, referral fee, or other consideration to any person, including an attorney, law firm, or health care practitioner, for referring a person to the litigation financier.
- Assign or securitize a litigation financing agreement in whole or in part.

- Be assigned rights to or in a civil action, administrative proceeding, claim, or other legal proceeding, for which the litigation financier provided financing, other than the right to receive a share of the proceeds of the action, claim, or proceeding, pursuant to the litigation financing agreement.

Required Transparency for Foreign Litigation Financing

The bill creates s. 69.107, F.S., which requires certain disclosures in connection with litigation financing. The filing and notice requirements apply:

- If a party to any civil action, administrative proceeding, claim, or other legal proceeding filed in the United States has entered into a litigation financing agreement with a foreign person, foreign principal of sovereign wealth fund; or
- If a foreign person, foreign principal, or sovereign wealth fund has provided or will provide funds, whether directly or indirectly, to the litigation financier which amount to 5 percent or more of the funds the financier has provided or is committed to provide under the litigation funding agreement.

The filing must occur within the earlier of 14 days after execution or 7 days after filing the action. The filing and notice must:

- Disclose the existence of the funding relationship;
- Name the foreign person, foreign principal, or sovereign wealth fund by legal name and the jurisdiction under whose laws it is organized; and
- List each foreign person, foreign principal, or sovereign wealth fund that, directly or indirectly, owns or controls 3 percent or more of the capital, equity, or other beneficial ownership interests in the litigation financier, including the legal name, address, and citizenship or country of incorporation or registration of each such person or entity.

The notice must be filed with the court, agency, or tribunal in which the action is pending, served on all parties, and provided to the Department of Financial Services and the Office of the Attorney General. The dollar amounts, financing terms, and other proprietary or trade secret information contained in or related to the litigation financing agreement are not required to be disclosed. The court, agency, or tribunal may order the notice or supporting documentation to be filed under seal and may issue protective orders as necessary to safeguard proprietary or confidential information.

A foreign litigation financier or any person acting on its behalf may not:

- Use a domestic entity or affiliate to conceal or evade the disclosure requirements of this section; or
- Receive, transmit, or share proprietary, privileged, or national security-related information obtained through litigation financing with any foreign person, foreign principal, or sovereign wealth fund not a party or attorney to the action.

Failure to comply with these filing and notice requirements may subject the noncomplying party to appropriate sanctions under s. 69.109, F.S., or the applicable rules of civil procedure. The section of the bill that requires the disclosures relating to foreign litigation financiers provides that it does not create a private cause of action.

Violations and Enforcement

The bill creates s. 69.109, F.S., which provides for violations and provides for enforcement. Specifically, the bill provides that:

- A litigation financing agreement executed in violation of the litigation financing regulations in the bill is void and unenforceable.
- A violation of any of the restrictions created in s. 69.105, F.S., which relate to litigation control, excessive payments to financiers, referral fees, assignment or securitization of financing agreements, or assignment of rights to a claim, is a deceptive and unfair trade practice actionable under the Florida Deceptive and Unfair Trade Practices Act.
- A court, agency, or tribunal may impose fines or any other sanction it deems appropriate upon any person who violates the disclosure and notice requirements created in s. 69.107, F.S.

Severability

Section 4 of the bill provides that if any provision of the bill or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the bill which can be given effect without the invalid provision or application, and to this end the provisions of the bill are severable.

Applicability and Effective Date

Section 5 of the bill provides for application of the bill as to actions pending on the effective date of the bill. Specifically, the notice and disclosure requirements created in s. 69.107, F.S., apply to any civil action, administrative proceeding, claim, or other legal proceeding pending or commenced on or after July 1, 2026. Any party to or counsel of record for a civil action, administrative proceeding, claim, or other legal proceeding pending on July 1, 2026, who would have been required to make a disclosure under s. 69.107, F.S., had it been in effect at the time the relevant action occurred must make the disclosure under that section within 30 days after July 1, 2026. Failure to do so is sanctionable as provided in s. 69.109, F.S.

Section 6 of the bill provides that except as otherwise provided in the bill, the Act applies to litigation financing agreements entered into on or after July 1, 2026.

Section 7 of the bill provides that it takes effect July 1, 2026.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The bill may positively impact some consumers entering into litigation financing agreements by effectively capping the recovery of litigation financiers (i.e. by prohibiting litigation financiers from contracting for a larger share of the proceeds of a legal proceeding than collectively recovered by the plaintiffs). Conversely, the bill may reduce the potential for consumers to obtain funding that might be necessary to bring a claim.

The bill may negatively impact litigation financiers to the extent that those financiers currently act in a manner that will be limited or prohibited by the bill.

A litigation financier who willfully uses a deceptive or unfair trade act or practice may face a civil penalty of up to \$10,000 per violation, or \$15,000 per violation if the victim is a senior citizen, disabled person, or military service member.

C. Government Sector Impact:

The bill authorizes courts, agencies, or tribunals to fine or sanction a person who violates the disclosure and discovery provisions of the bill. Accordingly, the bill may, to some unknown and limited extent, result in minimal increased revenues to these courts, agencies, and tribunals.

Under the bill, the Department of Legal Affairs or the Office of the State Attorney may also collect civil penalties from litigation financiers who violate the Florida Deceptive and Unfair Trade Practices Act. Litigation financiers who willfully use deceptive or unfair trade practices may face civil penalties of up to \$10,000 per violation, or \$15,000 per violation if the victim is a senior citizen, disabled person, or military service member. Accordingly, the bill may result in increased revenues to the state.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill creates the following sections of the Florida Statutes: 69.101, 69.103, 69.105, 69.107, and 69.109.

IX. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Rules on February 3, 2026:

The amendment adds that an attorney's contingency fee agreement that complies with the professional rules of his or her state is not a litigation financing agreement regulated by this bill. The amendment adds that funding provided in a foreign class action, where the party domiciled in the United States is a member of the class, is not a litigation financing agreement regulated by this bill. The amendment limits the disclosure requirements applicable to a foreign litigation financier to only apply to a legal proceeding filed in the United States.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
