

## US Litigation Funders Invested \$3.2 Billion in 2022, According to Report



Litigation funders are increasing their investments in U.S. commercial lawsuits, committing a total of \$3.2 billion in 2022, according to a report by litigation finance advisory firm Westfleet Advisors. This marks a 16% increase in capital committed to new litigation funding deals, representing the most significant annual increase in the past three years. The report used self-reported, aggregated data from litigation finance companies on transactions from July 2021 through June 2022, and it said most major litigation funders participated.

Litigation funders provide financing for individual lawsuits or case portfolios in exchange for a share of any settlement or court judgment. The report provides a rare look into the scope of an often opaque industry since details about specific investments are not typically publicized.

Westfleet CEO Charles Agee said there are likely several factors driving the growth, including a rush to bring delayed cases due to the COVID-19 pandemic. He cited "inflation" from higher law firm billing rates and litigation expenses.

As the industry has grown in the United States over the past decade, the U.S. Chamber of Commerce and other critics have pushed for tighter regulation, arguing the practice promotes unnecessary litigation and undermines transparency in the legal system. Backers say it can level the playing field and promote access to justice.

The Chamber and Republican state attorneys general have also recently argued that unspecified foreign actors could compromise national security by investing in U.S. lawsuits. The International Legal Finance Association, a global trade group representing 19 commercial litigation funders, called the Chamber's report on purported national security threats "light on substance and heavy on speculation and pre-conceived notions."

Agee said industry advocates and opponents should acknowledge that litigation funding "is still a very, very small percentage of total commercial litigation in the U.S." The 44 active funders in the U.S. market in 2022 had a combined \$13.5 billion in assets under management, representing a 9% increase, Westfleet's report said.

Overall, the growth of litigation funding in the U.S. is a trend that is likely to continue as both plaintiffs and defendants seek ways to manage the rising litigation costs. However, the industry will need to continue to address transparency and fairness concerns and national security concerns to ensure its continued growth and success.

### REFERENCES:

**Litigation funders deployed \$3.2 bln in U.S. investments last year - report**