

February 28, 2025
South Dakota Legislature
House Judiciary Committee

Dear Representative Stevens – Chair, Representative Soye – Vice-Chair, and Members of the Committee,

Thank you for giving the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the hearing on SB 175.

The National Association of Mutual Insurance Companies (NAMIC) is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers. NAMIC members represent 40 percent of the total property/casualty insurance market, serve more than 170 million policyholders, and write nearly \$225 billion in annual premiums. NAMIC has 192 members who write property/casualty insurance in South Dakota, who represent roughly 57% of the marketplace.

NAMIC supports SB 175 and believes it would have a positive impact on the property and casualty insurance market in South Dakota. This bill requires disclosure of third-party litigation funding and creates a framework for those engaged in this practice. Businesses across the country have seen an increase in third parties funding lawsuits where the only goal is to maximize their returns. This has caused abuse in our legal system, uncertainty surrounding the outcomes of litigation, and makes resolving disputes more difficult due to having additional parties involved.

We believe that by requiring disclosure and creating a legal framework for these entities, we can start to understand how large of an impact third party litigation funders have on our legal system. Additionally, by requiring disclosure, our members will know who they are negotiating with. One concern is how much outside funders are interfering with potential agreements or settlements. Knowing who you are dealing with can help ensure a faster and more efficient resolution, which benefits everyone involved.

By adding these requirements to South Dakota law, we can begin to reign in this legal system abuse that takes advantage of American businesses, courts, and consumers. Consumers will also benefit by knowing if a lawsuit they are involved in has an outside party that can dictate what acceptable terms are.



For these reasons, NAMIC encourages the committee **to vote YES** on **SB 175**.

Respectfully submitted,

Phillip Arnzen
Regional Vice President – Midwest
National Association of Mutual Insurance Companies