

# Litigation Finance Survey 2024

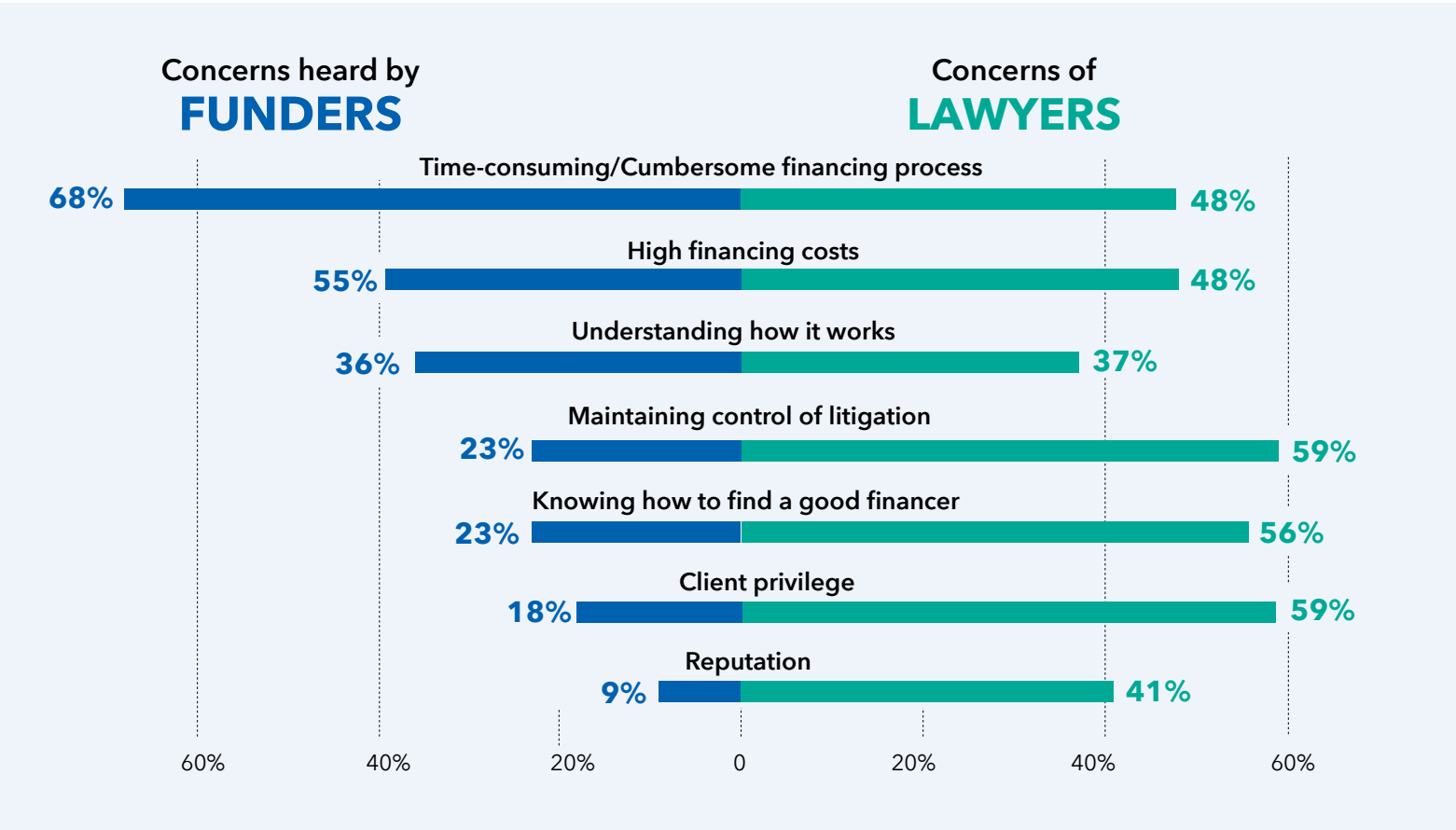


In August and September 2024, **Bloomberg Law** surveyed 23 funders and 390 legal professionals about using litigation finance.\* Respondents provided insight into the litigation finance industry, including the impacts of the economy and general attitudes of clients and lawyers about the practice. This summary report provides a snapshot of two sides of the process (the funders who provide litigation financing and lawyers who utilize it) on several key issues.

\*This report also includes data from Bloomberg Law's 2024 State of Practice #2 survey. The "Industry Perceptions" graphic on page six includes all respondents from both surveys. Beyond this, unless otherwise noted, the designation "Lawyers" refers only to the 28 respondents of the 2024 State of Practice #2 survey who have obtained (or have an interest in obtaining) litigation financing for their organizations.

# AREAS OF CONCERN

According to those providing funding for litigation finance, the concerns they hear expressed most often are that the process is long and cumbersome, and that financing is expensive. While lawyers share those concerns, attorneys are most worried about maintaining attorney-client privilege and keeping control of their case.



# MOST COMMONLY NEGOTIATED TERMS

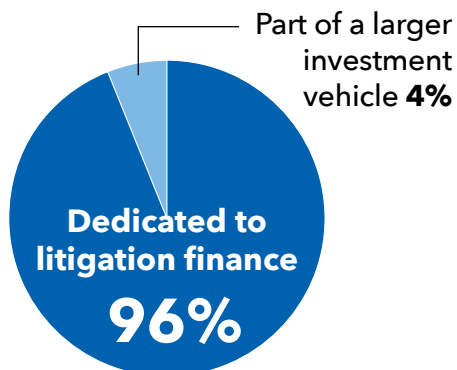
The largest number of investors (4 out of 5) cited “return waterfall based on multiple of invested capital” as a negotiated term, and 93% of respondents consider it to be important. The second most-common term negotiated is “mandatory arbitration,” though far fewer—only 58%—view the term as an important one.

ACCORDING TO FUNDERS			ACCORDING TO LAWYERS		
		Viewed as important			
Return waterfall based on multiple of invested capital	80%	93%	Right to approve settlement offers		23%
Mandatory arbitration	75%	58%	Attorney return subordinated to return of funder capital		19%
Attorney return subordinated to return of funder capital	60%	83%	Change of control provisions		19%
Cross collateralization w/other matters	45%	88%	Right to withhold funding		19%
Provision on counterclaim/defense funds	45%	75%	Min. internal rate of return provision		15%

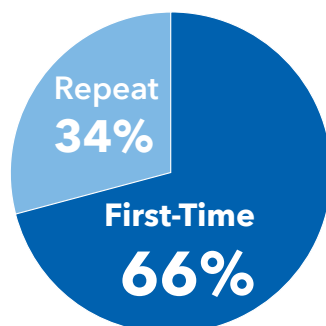
# LITIGATION FINANCE PORTFOLIO

The vast majority of respondents focus on litigation finance as the core of their business, mostly for clients who are using that service for the first time (66%). Most often, funding amounts fall between 5 and 10 million dollars.

What is **the structure** of your LitFi business?



How much of your work is for **first-time vs. repeat clients**?



On average, what is the typical **funding amount** for a matter that your company finances?

\$0 to \$1.9M	19%
\$2M to \$4.9M	18%
<b>\$5M to \$9.9M</b>	<b>46%</b>
\$10M to \$24.9M	14%
\$25M to \$49.9M	4%

How often are you **utilizing insurance** as part of your financing arrangements?

Always	5%
Often	15%
<b>Sometimes</b>	<b>45%</b>
Rarely	35%

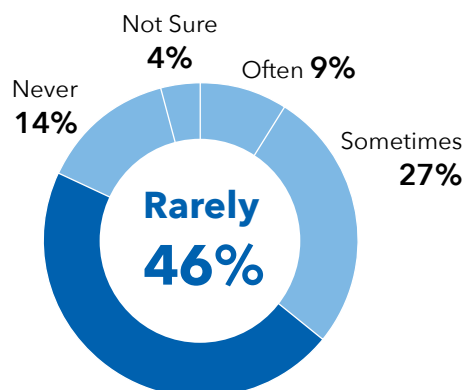
In what ways are you **applying insurance**?

<b>Judgment preservation insurance</b>	<b>32%</b>
Other	26%
Insure my principal investment	16%
Lend against the insurance	16%
Insure the legal claim	10%

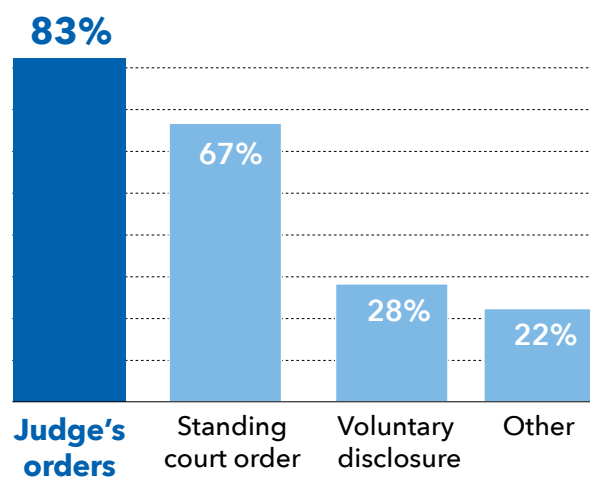
Only 36% of respondents say their financing arrangements are regularly disclosed in court. For the majority of funders, such disclosure rarely or never happens.

When details of a financial arrangement are revealed in court, it's most likely to be the result of a judge's order.

How often are your financing arrangements **disclosed in court**?



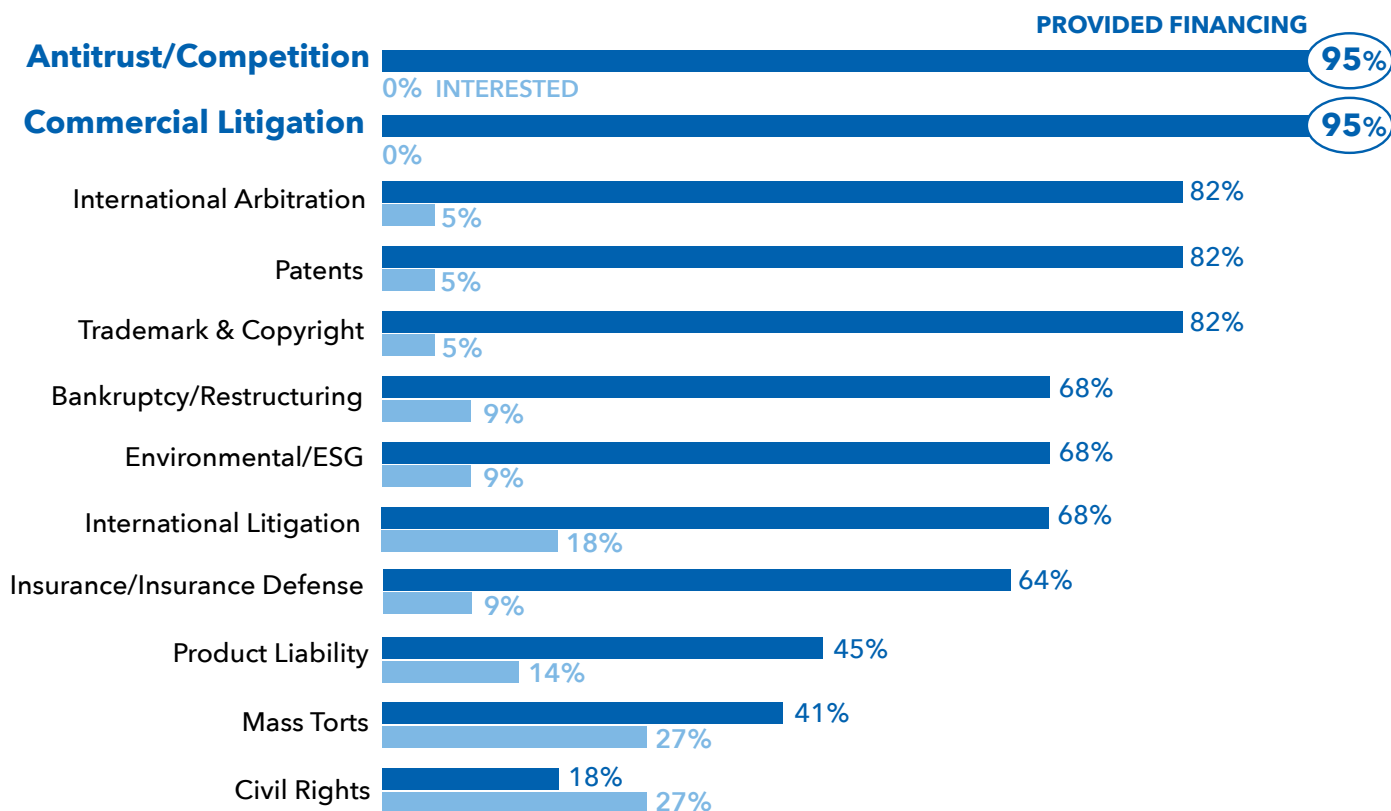
... and for **which of the following reasons**?



# PRACTICE AREAS

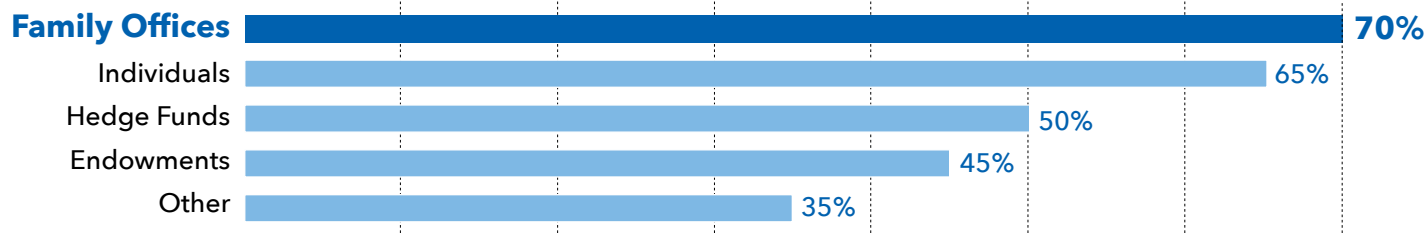
Nearly every area of practice showed increased utilization of litigation financing in the past year. 95% of respondents have provided financing for antitrust/competition and commercial litigation (with antitrust/competition up from 75% in 2023). Funder interest in environmental, trademark, and copyright cases have also risen sharply since this time last year.\* Of the few areas receiving less interest from funders this year, the biggest decline has been for bankruptcy/restructuring cases, a 27 percentage point drop (from 95% to 68%).

## FUNDERS



Family offices and individuals fund the financing process most often. Half of the respondents receive funding from hedge funds. Everything else is funded by endowments or other sources.

Which **types of investors** fund your financing? (Select all that apply)

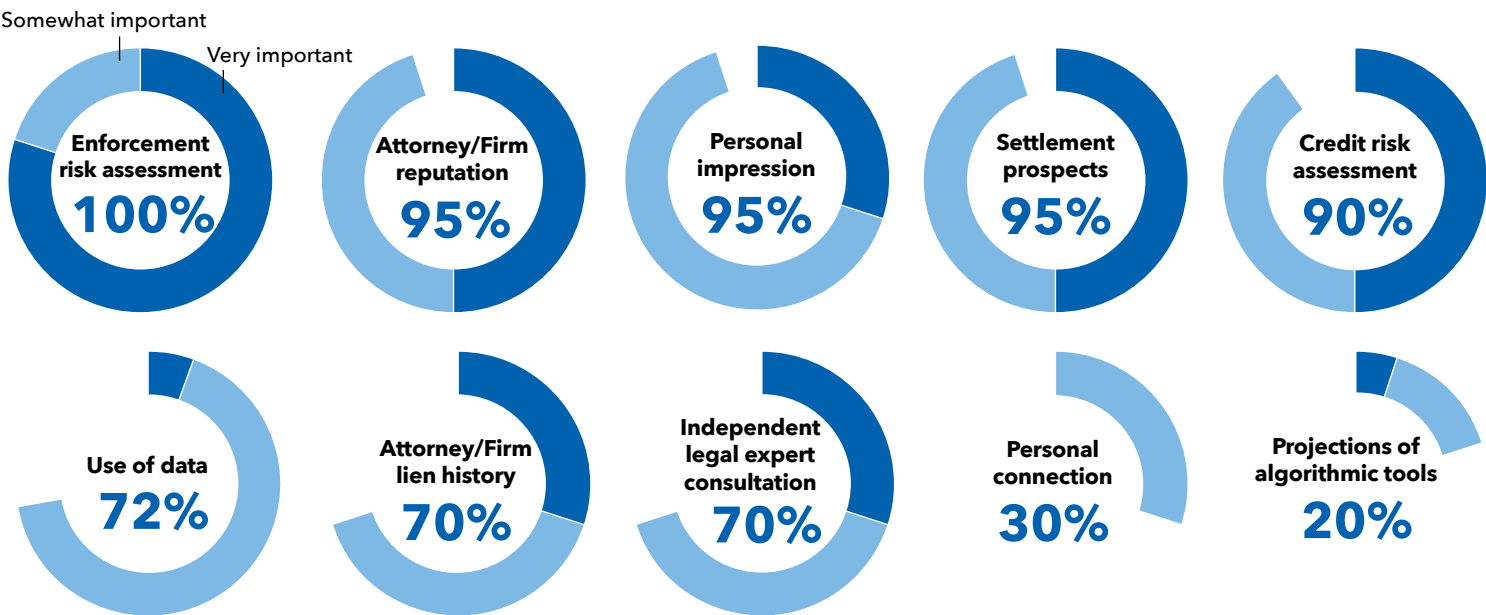


\*Respondents reporting funding for environmental cases rose from 40% in 2023 to 68% 2024, and from 50% to 82% for trademark and copyright disputes."

# DETERMINING FINANCING

There are a variety of factors in play when deciding on whether to finance a litigation. According to our survey, 100% of funders consider enforcement risk assessment to be important. Personal impressions, reputation of the attorney or firm, and the potential settlement ranked highly as well. For lawyers, the top factors in choosing a litfi provider are the financial terms offered and the provider’s reputation.

Which of the following are **important to funders** when choosing whether to finance a litigation?



## LAWYERS

Which of the following **best describes your firm**?\*

My firm does not use and is not interetested in litigation finance	64%
Not sure	25
My firm has used financing to support at least one litigation matter	9
My firm is currently interested in seeking litigation financing	2

Which of the following are **important to lawyers** when deciding on a litigation finance provider?

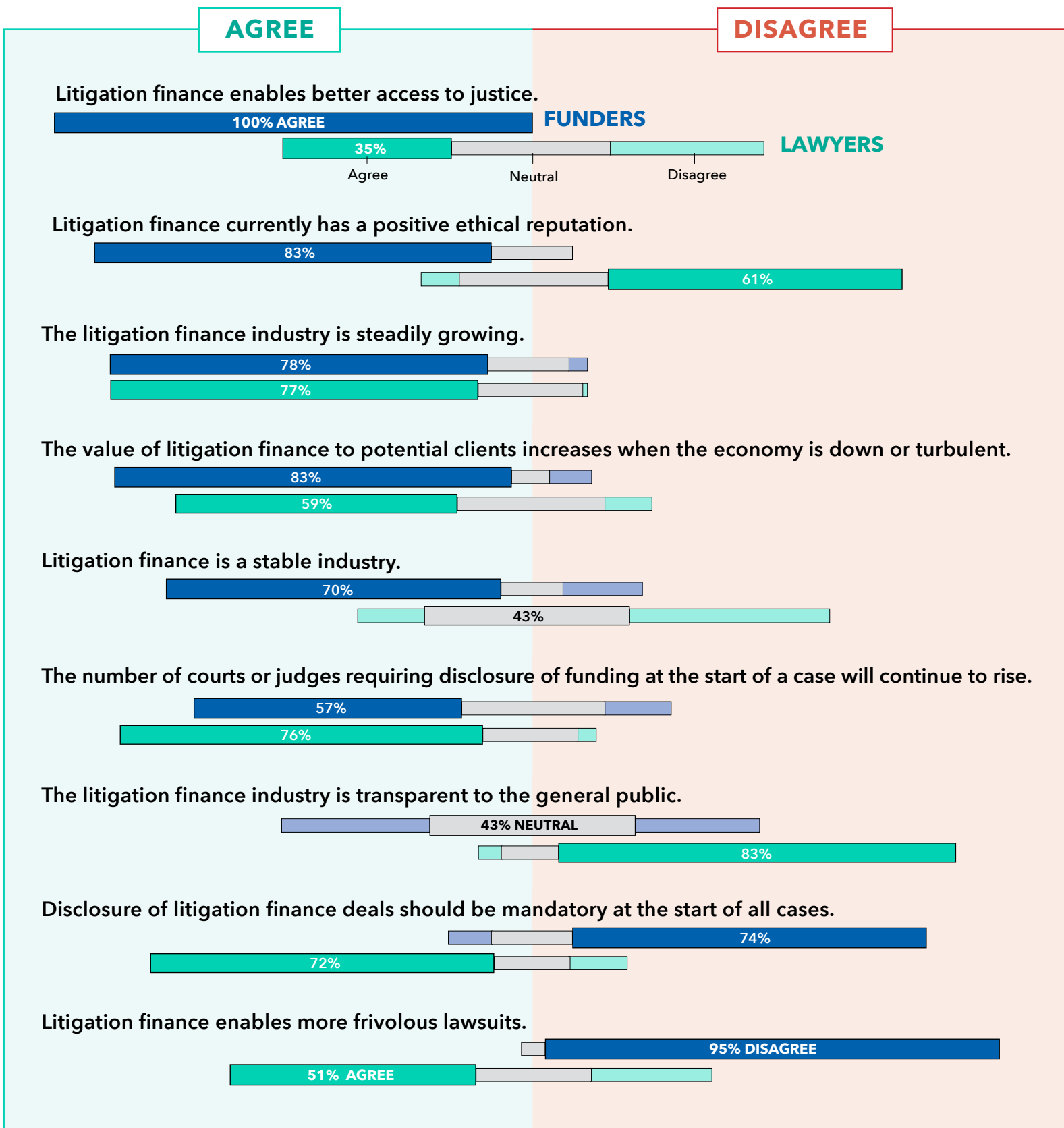


\*This was only asked of attorneys working at law firms.

# INDUSTRY PERCEPTIONS

For the most part, lawyers and funders agree on their perceptions of litigation finance. The biggest split is over whether litigation finance encourages frivolous lawsuits; 51% of lawyers believe that it does, and 95% of funders maintain that it doesn't.

Do you **AGREE** or **DISAGREE** with each of the following statements?





# PROFILE of RESPONDENTS

## FUNDERS' HQ LOCATIONS



UNITED STATES  
**70%**



UNITED KINGDOM  
**15%**



AUSTRALIA  
**5%**

Other  
**10%**

## FUNDERS

What is your estimate of your organization's **total annual revenue**?

Less than \$10 million	16%
<b>\$10M to \$99M</b>	<b>58%</b>
\$100M to \$499M	11%
\$500M to \$999M	5%
Not sure	10%

## LAWYERS\*

Is your organization ranked on the **Fortune 100, 500, or 1000 list**?  
(Select all that apply)

Fortune 100	11%
Fortune 500	20%
Fortune Global 500	5%
Fortune 1000	8%
<b>None of the above</b>	<b>41%</b>
Not sure / Rather not say	16%

How many practicing attorneys work at your organization?

## FUNDERS

1-10 attorneys	33%
<b>11 - 50</b>	<b>67%</b>

## LAWYERS\*

1-2 attorneys	10%
<b>3 - 15</b>	<b>20%</b>
<b>16 - 50</b>	<b>20%</b>
51 - 100	12%
101 - 200	8%
201 - 300	5%
301 - 500	5%
More than 500	18%
Not sure	2%

\*This includes all 2024 State of Practice #2 respondents