

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 315
Committee Substitute Favorable 3/18/25
Senate Judiciary Committee Substitute Adopted 6/18/25
PROPOSED SENATE COMMITTEE SUBSTITUTE H315-PCS30618-BB-35

Short Title: Prohibit Litigation Invest/Amend WC Benefits. (Public)

Sponsors:

Referred to:

March 10, 2025

1 A BILL TO BE ENTITLED
2 AN ACT TO PROHIBIT LITIGATION INVESTMENTS IN THE CIVIL JUSTICE SYSTEM
3 AND TO AMEND THE WORKERS' COMPENSATION ACT TO INCREASE CERTAIN
4 BENEFITS UNDER THE SCHEDULE OF INJURIES.

5 The General Assembly of North Carolina enacts:

6
7 **PART I. PROHIBIT LITIGATION INVESTMENTS**

8 **SECTION 1.** Chapter 66 of the General Statutes is amended by adding a new Article
9 to read:

10 "Article 52.

11 "Prohibit Litigation Investments Act.

12 **"§ 66-511. Short title.**

13 This Article may be cited as the Prohibit Litigation Investments Act.

14 **"§ 66-512. Definitions.**

15 The following definitions apply in this Article:

- 16 (1) Civil proceeding. – A civil action, arbitration, mediation, administrative
17 proceeding, or other proceeding to resolve a civil legal claim.
18 (2) Immediate family member. – Defined in G.S. 53-244.030.
19 (3) Litigation investment. – The provision of money, whether as a direct payment,
20 advancement, loan, investment, or otherwise, for the fees, costs, and expenses
21 of or related to a pending or potential civil proceeding in exchange for a right
22 to receive repayment or other consideration that is contingent in any respect
23 on the outcome of the pending or potential civil proceeding. The term does
24 not include any of the following:
25 a. The provision of legal services on a contingency basis in accordance
26 with the North Carolina Rules of Professional Conduct.
27 b. An attorney or law firm's advancement of costs and expenses in
28 accordance with the North Carolina Rules of Professional Conduct.
29 c. An insurer or other entity's contractual obligation to indemnify or
30 defend a party to a civil proceeding.
31 d. The provision of money to or by a nonprofit organization for the fees,
32 costs, and expenses of a civil proceeding commenced by the nonprofit
33 organization on behalf of itself or its members so long as any



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1 repayment amount is limited to the original amount plus reasonable
2 interest.

3 e. The provision of money to or by a nonprofit legal services organization
4 for the pro bono, cost-free representation of a client in a civil
5 proceeding so long as any repayment amount is limited to the original
6 amount plus reasonable interest.

7 f. A direct loan to a party, law firm, or attorney so long as repayment of
8 the loan is not contingent on the outcome of any civil proceeding.

9 g. The provision of money or other financial support to a party for
10 personal and household expenses during the pendency of a civil
11 proceeding so long as the money or financial support is not used for
12 the fees, costs, and expenses of the civil proceeding.

13 h. The provision of money or other financial support to a party for fees,
14 costs, and expenses of a civil proceeding so long as the source of the
15 money or financial support does not receive a right to any portion of
16 the judgment, settlement, or other monetary relief the party recovers
17 in the civil proceeding or any other right to receive repayment or other
18 consideration that is contingent in any respect on the outcome of the
19 civil proceeding.

20 i. An immediate family member's provision of money or other financial
21 support to a party for fees, costs, and expenses of a civil proceeding or
22 for personal and household expenses during the pendency of a civil
23 proceeding, regardless of whether the immediate family member
24 receives a right to any portion of the judgment, settlement, or other
25 monetary relief the party recovers in the civil proceeding or any other
26 right to receive repayment or other consideration that is contingent in
27 any respect on the outcome of the civil proceeding.

28 **"§ 66-513. Prohibition on litigation investment.**

29 It is unlawful for a person to engage in litigation investment in this State or to furnish
30 litigation investment to a party or counsel of record in a civil proceeding in this State.

31 **"§ 66-514. Enforcement; penalties; remedies.**

32 (a) A contract in violation of this Article is void.

33 (b) The Attorney General may bring an action to enjoin violations of this Article. In this
34 action, the court may also impose a civil penalty of up to fifty thousand dollars (\$50,000) for
35 each violation of this Article.

36 (c) A person injured by a violation of this Article may bring an action to recover damages
37 and is entitled to elect at judgment between common law damages as measured by the trier of
38 fact and statutory damages as measured by treble the amount of the full potential litigation
39 investment contemplated by the investor. The injured person is also entitled to an award of court
40 costs and reasonable attorneys' fees.

41 (d) In an action arising under subsection (b) or (c) of this section, a person that has
42 engaged in the business of litigation investment or furnished litigation investment to a party or
43 counsel of record in a civil proceeding in this State has purposefully availed itself of the privileges
44 of conducting business in this State and is subject to suit in this State, whether or not the person
45 is transacting or has transacted any other business in this State. This Article shall be construed as
46 a special jurisdiction statute in accordance with G.S. 1-75.4(2).

47 (e) The remedies and penalties available under this section are in addition to any other
48 remedies provided for by law.

49 **"§ 66-515. Construction.**

50 This Article shall be liberally construed to effectuate its purpose."
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PART II. UPDATE CERTAIN WORKERS' COMPENSATION BENEFITS

SECTION 2.(a) G.S. 97-29 reads as rewritten:

"§ 97-29. Rates and duration of compensation for total incapacity.

(a) When an employee qualifies for total disability, the employer shall pay or cause to be paid, as hereinafter provided by subsections (b) through (d) of this section, to the injured employee a weekly compensation equal to sixty-six and two-thirds percent (66 2/3%) of his average weekly wages, but not more than the amount established annually to be effective January 1 as provided herein, nor less than ~~thirty dollars (\$30.00)~~ fifty dollars (\$50.00) per week.

...."

SECTION 2.(b) G.S. 97-31 reads as rewritten:

"§ 97-31. Schedule of injuries; rate and period of compensation.

In cases included by the following schedule the compensation in each case shall be paid for disability during the healing period and in addition the disability shall be deemed to continue for the period specified, and shall be in lieu of all other compensation, including disfigurement, to wit:

...

(21) In case of serious facial or head disfigurement, the Industrial Commission shall award proper and equitable compensation not to exceed ~~twenty thousand dollars (\$20,000)~~ forty thousand dollars (\$40,000). In case of enucleation where an artificial eye cannot be fitted and used, the Industrial Commission may award compensation as for serious facial disfigurement.

(22) In case of serious bodily ~~disfigurement~~ disfigurement, where there may be a rational connection to employability or earning capacity and for which no compensation is payable under any other subdivision of this section, but excluding the disfigurement resulting from permanent loss or permanent partial loss of use of any member of the body for which compensation is fixed in the schedule contained in this section, the Industrial Commission may award proper and equitable compensation not to exceed ~~ten thousand dollars (\$10,000)~~ twenty thousand dollars (\$20,000).

...

(24) In case of the loss of or permanent injury to any important external or internal organ or part of the body for which no compensation is payable under any other subdivision of this section, the Industrial Commission may award proper and equitable compensation not to exceed ~~twenty thousand dollars (\$20,000)~~ forty thousand dollars (\$40,000)."

SECTION 2.(c) This section becomes effective July 1, 2027, and applies to claims arising on or after that date.

PART III. EFFECTIVE DATE

SECTION 3. Except as otherwise provided, this act is effective when it becomes law, and Section 1 of this act applies to civil proceedings commenced on or after that date and applies to contracts entered into, renewed, or amended on or after that date.