



PORTFOLIO FUNDING FOR LEGAL DEPARTMENTS



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COMMERCIAL DAMAGES CLAIMS



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WHAT IS LITIGATION FUNDING?

- Litigation funding is an arrangement between a specialist funding company and a client (typically the claimant in the litigation), whereby the funder will agree to finance some or all of the client's legal fees in exchange for a share of the 'case proceeds' (usually the recovered damages).
- At its most straightforward, the third party funder will finance the legal fees and expenses involved in pursuing the claim on a non-recourse basis, in exchange for what is essentially an equity interest in the claim.
- If the case is successful, the litigation finance provider recovers its capital invested plus a success fee. If the case is unsuccessful, the funder loses its investment, receives no success fee and has no recourse against the funded party.
- The funding agreement will provide that the funder has no control whatsoever over litigation strategy or settlement, so as not to interfere with attorneys' independent exercise of professional judgment.

WHAT IS PORTFOLIO FUNDING?

- Litigation funding is typically designed to give a company the financial resources it needs to pursue a single case. But CDC also works with legal departments to create litigation portfolios that allow companies to finance several cases at once.
- As a rule, a portfolio contains three or more cases that are strong in terms of the merits, damages, and collectability.
- All types of commercial litigation can be included in the portfolio.

WHY DO CLIENTS ENGAGE CDC?

- We are a broker with access to a range of specialist products, whether litigation finance or insurance products, which enables us to meet the financial and risk management objectives of our clients.
- We work with a dozen different finance companies, mainly in the UK, the US, the BENELUX and Germany, to ensure we can deliver the right solution.
- Our process is designed to get from inquiry to executed financing deal in as short a timeframe as possible. We can provide a good overview of the client's likely options within 48 hours based on a few brief details being provided.
- Our work minimizes lawyer time in advising on financing options, liaising with insurers and funders and managing the process from start to finish. Broking a large funding arrangement involves a significant number of hours.
- We do not charge an upfront fee for our service. We are paid by the selected insurer or funder.

WHAT IS MONETIZATION?

- We are able to relieve the pressure on cash flow through a range of finance solutions that deliver cash immediately.
- By using a portfolio with rigorously selected cases, and combined with "claim monetization", it guarantees companies a portion of the revenue today with a chance to see significantly more if the cases perform well.
- Claim monetization is based on the same principle as litigation funding, except that parties use the capital for a purpose other than covering the costs of litigation.
- Monetization allows a successful claimant to immediately unlock some of the value of a claim or claims. This funding can then be used to reinvest in the business.
- Corporate legal departments have the potential to become drivers of revenue if they can successfully monetize litigation claims.

WHAT ARE THE ADVANTAGES OF PORTFOLIO FUNDING?

- A portfolio contains multiple matters. Three is the minimum number of cases required, but some portfolios have twenty or so cases.
- Having multiple cases in a portfolio allows companies to cross-collateralize their litigation assets, upon which the funder receives its return from those that are successful.
- Legal departments that use portfolio funding benefit from accelerated financing and a lower cost of capital reflecting the lower risk profile of investments made across a portfolio of cases.
- The main advantage of litigation finance in general is that it is non-recourse funding. The company only has to repay the funding received if the cases are successful (repaid from the proceeds).
- Portfolio funding can be provided on better financial terms than single-case funding because the risks can be spread.



**To learn how portfolio funding
can make a difference for your legal department,
contact us for a consultation.**

The Legal Department as a Profit Centre

The legal departments of the world's corporations were created out of necessity. Legal has always been viewed as a cost centre. Legal departments regularly bypass potentially valuable litigation claims because the financial and other risks required to monetize litigation assets are viewed as too steep.

CDC provides funding and insurance solutions that allow you to remove the risk and cost of legal spend from your balance sheet and free up cashflow, transforming your legal department from a cost centre to a notional profit source.

Litigation Management

Litigation can be complex. It frequently involves multiple law firms working in different jurisdictions, a situation fraught with potential for miscommunication and wasteful duplication of effort if litigation management is inadequate or absent. CDC can undertake the litigation management role for your case or cases, which will save your legal department time and money.



ABOUT CDC

CDC is a well-known and trusted brand in the litigation insurance and litigation funding market.

We are a global broker that serves the needs of corporates and law firms around the world. We specialise in the placement of litigation insurance and litigation funding to manage the costs incurred in bringing disputes.

CDC helps plaintiffs cover legal fees, working capital and beyond with non-recourse litigation funding.

We always aim to deliver an arrangement which works best for the client; this is why we operate in both the insurance and funding markets. We help legal departments ensure that the company receives comprehensive advice on the options we are able to provide in a fully transparent manner.

Unlike other brokers, we do not charge an upfront fee for our service. We are paid by the selected insurer or funder ensuring that our interests are aligned to the outcome of the client's application for litigation insurance and/or litigation funding.

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