



# PORTFOLIO FUNDING FOR LAW FIRMS



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COMMERCIAL DAMAGES CLAIMS



## PORTFOLIO FUNDING FOR LAW FIRMS

### 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 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.
- We work directly with law firms to deliver tailored solutions that maximise working capital, accelerate growth and drive competitiveness.
- The funding agreement will provide that the funder has no control whatsoever over litigation strategy or settlement, so as not to interfere with the attorneys' independent exercise of professional judgment.

## WHAT IS PORTFOLIO FUNDING?

- Litigation funding is typically designed to give a law firm or a company the financial resources it needs to pursue a single case. But CDC also works with law firms to create litigation portfolios that allow firms to finance several clients' 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.
- A portfolio contains multiple contingency or partial contingency matters. Three is the minimum number of cases required, but some portfolios have twenty or so cases.
- Having multiple cases in a portfolio allows a firm to cross-collateralize their litigation assets, upon which the funder receives its return from those that are successful.

## WHAT ARE THE ADVANTAGES OF PORTFOLIO FUNDING?

- The main advantage of litigation funding in general is that it is non-recourse funding. The partners in the firm are not required to personally guarantee anything and only have to repay the funding received if the cases are successful, from the proceeds. Partners aren't going to have to sell their houses if the cases are unsuccessful.
- Portfolio funding can allow a law firm to increase risk and potential return in a manageable way. For example, a big firm could make a targeted approach to some of its clients and convert cases from hourly billing to contingency.
- A significant advantage is the lower cost of capital, reflecting the lower risk profile of investments made across a portfolio of cases.

## 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 selected cases, combined with "monetization", it guarantees firms a portion of the revenue today with a chance to see significantly more if the cases perform well.
- 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.
- Law firms can accelerate payment of contingent receivables when the timing or ultimate receipt of possible fees remains uncertain.
- For law firms, fee monetisation provides a robust tool to de-risk contingent matters and provides immediate revenue for the firm.

## WANT TO START YOUR OWN FIRM?

- Tapping into portfolio funding can help lawyers start their own firm.
- If the partners don't want to take on the risk of obtaining a traditional loan, or if the partners don't have the means for a substantial outlay that would get a new firm off the ground.
- Portfolio funding can be used to launch the firm provided the cases meet our criteria.



## 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.
- We help law firms ensure that their clients receive comprehensive advice on all options in a fully transparent manner.
- 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 24 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.



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



## 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.

Litigation funding and insurance are powerful tools for law firms. CDC can arrange for the capital required to fund cases so that you are able to focus on your clients, invest in growth and expand your practice. Funding is typically non-recourse, with return payable only upon success.

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.

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.

# CONTACT US

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