

**SUPREME COURT OF PENNSYLVANIA
CIVIL PROCEDURAL RULES COMMITTEE**

NOTICE OF PROPOSED RULEMAKING

Proposed Amendment of Pa.R.Civ.P. 4003.2

The Civil Procedural Rules Committee is considering proposing to the Supreme Court of Pennsylvania the amendment of Pa.R.Civ.P. 4003.2 for the reasons set forth in the accompanying publication report. Pursuant to Pa.R.J.A. 103(a)(1), the proposal is being published in the *Pennsylvania Bulletin* for comments, suggestions, or objections prior to submission to the Supreme Court.

Any report accompanying this proposal was prepared by the Committee to indicate the rationale for the proposed rulemaking. It will neither constitute a part of the rules nor be adopted by the Supreme Court.

Additions to the text of the proposal are bolded and underlined; deletions to the text are bolded and bracketed.

The Committee invites all interested persons to submit comments, suggestions, or objections in writing to:

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All communications in reference to the proposal should be received by **April 22, 2026**. E-mail is the preferred method for submitting comments, suggestions, or objections; any e-mailed submission need not be reproduced and resubmitted via mail. The Committee will acknowledge receipt of all submissions.

By the Civil Procedural Rules Committee,

Casey Alan Coyle
Chair

Rule 4003.2. Scope of Discovery. [Insurance] Litigation-Related Agreements.

(a) Insurance. A party may obtain discovery of the existence and terms of any insurance agreement under which any person carrying on an insurance business may be liable to satisfy part or all of a judgment which may be entered in the action or to indemnify or reimburse for payments made to satisfy the judgment. **[Information concerning the insurance agreement is not by reason of such disclosure admissible in evidence at trial.]** For the purposes of this **[paragraph] subdivision**, an application for insurance shall not be treated as part of an insurance agreement.

(b) Third-Party Interests.

(1) A party may obtain discovery of the existence and terms of any agreement under which any person agrees to fund fees, costs, expenses, or any other sums incurred in the action or incurred by the plaintiff during the pendency of the action, in exchange for a right to influence litigation or settlement decisions with respect to the action.

(2) This subdivision does not apply to an agreement between an attorney and a represented party to provide legal services on a contingency-fee basis or to advance a client's legal costs.

Comment:

For the admissibility of liability insurance, see Pa.R.E. 411

Subdivision (b) is intended to apply to any form of arrangement in which a person or entity that is not a party to the litigation agrees to provide funds to a named party or an attorney or law firm affiliated with the action and receives a direct or collateralized interest in the proceeds of the action by settlement, verdict, judgment or otherwise. This disclosure requirement also applies to any arrangement in which a third party that provides funds to a named party or party's attorney or law firm has the ability to influence litigation or settlement decisions. Such agreements are subject to the rule regardless of whether they are executed by a party, an attorney representing a party, co-counsel in the litigation, or a third party with a collateral-based interest in the contingency fees of the counsel or co-counsel firm related in whole or part to the fees derived from representing that party.

Subdivision (b) does not alter common law doctrines of maintenance or champerty, as applied by Pennsylvania courts, which may prohibit certain litigation

funding agreements. See, e.g., *WFIC, LLC v. LaBarre*, 148 A.3d 812 (Pa. Super. 2016). Subdivision (b) also does not alter application of Pennsylvania Rule of Professional Conduct 5.4(c), which prohibits a lawyer from permitting a person who “pays the lawyer to render legal services for another to direct or regulate the lawyers’ professional judgment in rendering such legal services.”

**SUPREME COURT OF PENNSYLVANIA
CIVIL PROCEDURAL RULES COMMITTEE**

PUBLICATION REPORT

Proposed Amendment of Pa.R.Civ.P. 4003.2

The Civil Procedural Rules Committee is considering recommending the amendment of Pennsylvania Rule of Civil Procedure 4003.2 to add procedures to permit the disclosure of third-party litigation-related agreements as part of discovery.

Pursuant to a request, the Committee examined whether the Rules of Civil Procedure should permit the disclosure of agreements between a party and a person or entity who agrees to fund litigation in exchange for an interest in the outcome of the litigation or the right to make decisions concerning the litigation. The purpose of such disclosure would ensure that both the court and the parties are aware of the potential ethical issues that may result from the involvement of an outside funder with a stake in the outcome of the litigation.

The Committee observed that Pa.R.Civ.P. 4003.2 authorizes the discovery of insurance agreements and reasoned that it would be appropriate to place any procedures for the disclosure of third-party interests within this rule. In doing so, the rule would provide uniform consistent treatment for discovery of these agreements. Accordingly, the Committee proposes adding new subdivision (b)(1) that would permit a party to obtain the existence and terms of any agreement under which any person agrees to fund the litigation in exchange for a right to influence the decision-making during the course of litigation or settlement negotiations. The Committee also recognized the need to expressly exempt other types of financing typically used by law firms in order to proceed with litigation. New subdivision (b)(2) would provide that express exemption of those types of agreements.

In addition, the Committee also proposes deleting in subdivision (a) the statement “Information concerning the insurance agreement is not by reason of such disclosure admissible in evidence at trial.” The Committee concluded that it is a statement about evidentiary concerns, which would be better addressed in the Pennsylvania Rules of Evidence. The Committee proposes adding a cross-reference in the commentary to refer readers to Pa.R.E. 411 on the admissibility of liability insurance at trial.

The Committee invites all comments, objections, concerns, and suggestions regarding this proposed rulemaking.