

Alliance for Responsible Consumer Legal Funding Applauds KS in Signing of the Transparency in Consumer Legal Funding Act

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/EINPresswire.com/ -- ARC commends the Kansas Legislature for its leadership and collaborative efforts in advancing this important consumer protection measure, and thanks Governor Laura Kelly for signing the legislation into law. The new law establishes clear standards for consumer legal funding transactions,

strengthens disclosure requirements, and ensures that consumers have access to transparent, non-recourse financial options while their legal claims are pending.

The legislation affirms that consumer legal funding is not a loan, reinforces consumer protections, and provides guardrails that promote fairness, clarity, and accountability across the industry.

“This is a significant step forward for consumer protection and access to justice,” said Eric Schuller, President of ARC. “Kansas has enacted a thoughtful, balanced framework that ensures consumers fully understand their agreements while preserving access to critical financial support during litigation. Importantly, the law includes meaningful protections such as, clear disclosure of the total amount owed over time, and a guarantee that consumers owe nothing if there is no recovery. These are real, tangible safeguards that put consumers first.”

Key Consumer Protections in the Law Include:

- 10-Day Right of Rescission: Consumers may cancel the agreement without penalty within 10 business days of receiving funds.
- No Recovery, No Repayment: Consumers are not required to repay anything if their case is unsuccessful, reinforcing the non-recourse nature of the product.
- Clear, Plain-Language Contracts: Agreements must be written in understandable terms so





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*Senator Kellie Warren, Chair
of the Senate Judiciary
Committee*

consumers can make informed decisions.

- Full Financial Transparency: Contracts must disclose the funded amount, all fees, and the maximum total repayment, including a detailed payment schedule over time.
- Protection of Legal Independence: Funding companies are prohibited from influencing legal strategy or settlement decisions.
- Ban on Referral Fees: The law prohibits payments or kickbacks to attorneys or medical providers for referrals, eliminating conflicts of interest.

ARC also extends its appreciation to the Kansas Legislature for its collaborative and bipartisan effort in advancing legislation that protects consumers while maintaining

access to financial resources that help individuals cover everyday expenses during legal proceedings.

“With the passage of the Kansas Transparency in Consumer Legal Funding Act, consumers in the Jayhawk State can be confident they will benefit from clear regulation and full transparency when accessing financial support for everyday expenses while their legal claims move through the system,” said Representative Susan, Humphries Chair of the House Judiciary Committee. “This legislation passed with unanimous support, demonstrating that commonsense consumer protections can rise above partisanship. I hope states across the country look to Kansas as a model for how thoughtful, bipartisan legislation can serve both consumers and the integrity of our legal system.”

The Transparency in Consumer Legal Funding Act establishes a strong, consumer-first framework that balances access to funding with robust oversight and transparency requirements.

“Senator Kellie Warren, Chair of the Senate Judiciary Committee, stated: “Last year the Kansas Legislature took an important step and established meaningful transparency in third-party litigation financing agreements. This year our work continued with the enactment of the Transparency in Consumer Legal Funding Act. The Act’s ground-breaking structure and principles ensures for Kansas consumers involved in litigation access to clear and transparent financial transactions relied upon while their legal claims are pending. Unanimous bipartisan support in the legislature makes clear this policy could have success in other states to protect consumers. I was proud to help shepherd this through the Kansas legislative process.”

ARC remains committed to working with policymakers across the country to promote responsible regulation that protects consumers while preserving access to this important financial tool.

About ARC

The Alliance for Responsible Consumer Legal Funding (ARC) is the leading trade association representing the consumer legal funding industry. ARC is dedicated to advancing transparency, promoting best practices, and ensuring that consumers have access to safe, regulated financial options while navigating the legal system.

Media Contact:

Eric Schuller

President

eschuller@arclegalfunding.org

ERIC SCHULLER

Alliance for Responsible Consumer Legal Funding

eschuller@arclegalfunding.org

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