



**THE
WESTFLEET
INSIDER**

2025 Litigation Finance Market Report



**WESTFLEET
ADVISORS**

OVERVIEW

In its seventh iteration of *The Westfleet Insider*, the most authoritative report on the state of the U.S. commercial litigation finance industry, Westfleet observed a rebound in capital commitments to new deals following two consecutive years of contraction. Capital commitments increased by approximately 23% in 2025 compared with 2024, signaling renewed financing activity after a period of retrenchment across the market.



Despite this increase in total commitments, market conditions remain tight relative to historical norms. The rebound in activity has not been driven by a broad expansion of capital available to funders, but rather by incremental deployment among a relatively small group of established participants. Many funders continue to face significant challenges in raising new capital from investors, and those constraints have translated into cautious underwriting and more selective deployment practices across the industry.

These capital constraints have also contributed to a modest shakeout among market participants. In 2025, we identified 39 funders that we consider active in the U.S. commercial litigation finance market. However, a number of

these participants deployed very little new capital during the period covered by this report, reflecting the ongoing fundraising difficulties faced by portions of the industry. Notably, amidst several funders entering a wind down phase, we observed only one new entrant into the U.S. commercial litigation finance market during the past year.

The allocation of capital across types of users also shifted in 2025. Utilization among the largest U.S. law firms declined materially compared with the elevated levels observed in 2023 and 2024, returning closer to historical norms. While large law firms remain important participants in the market, the data suggests that the unusually high share of commitments directed toward Big Law in recent years has moderated. This decline appears to be largely driven by a substantial reduction in law firm portfolio deals involving Big Law.

For the first time since launching this report, Westfleet has made the editorial decision not to publish estimates of industry-wide assets under management (AUM). While AUM can provide a general indication of the scale of capital associated with litigation finance funds, it is not a reliable measure of annual financing activity for a variety of reasons. In our view, annual deal volume and capital commitments to new transactions are more accurate indicators of the industry's size and trajectory. Moreover, AUM figures have frequently been misunderstood or mischaracterized in public policy

debates regarding litigation finance. For these reasons, we believe that omitting AUM from this year's report improves the clarity and integrity of the data presented.

At the same time, we have introduced a new metric in this year's report reflecting the number of transactions in which two or more litigation funders participated as co-investors. Anecdotally, Westfleet has observed an increase in collaborative transactions among funders in recent years as a means of managing risk exposure and accommodating larger or more complex funding opportunities. We believe that tracking co-investment activity provides an additional lens through which to understand how the market is evolving.

As always, *The Westfleet Insider* focuses exclusively on U.S. commercial litigation finance—that is, financing transactions between commercial entities in which repayment is contingent upon the outcome of litigation or arbitration. Other forms of legal finance, including consumer litigation funding and law firm financing (mainly personal injury and mass tort dockets), are outside the scope of this report.

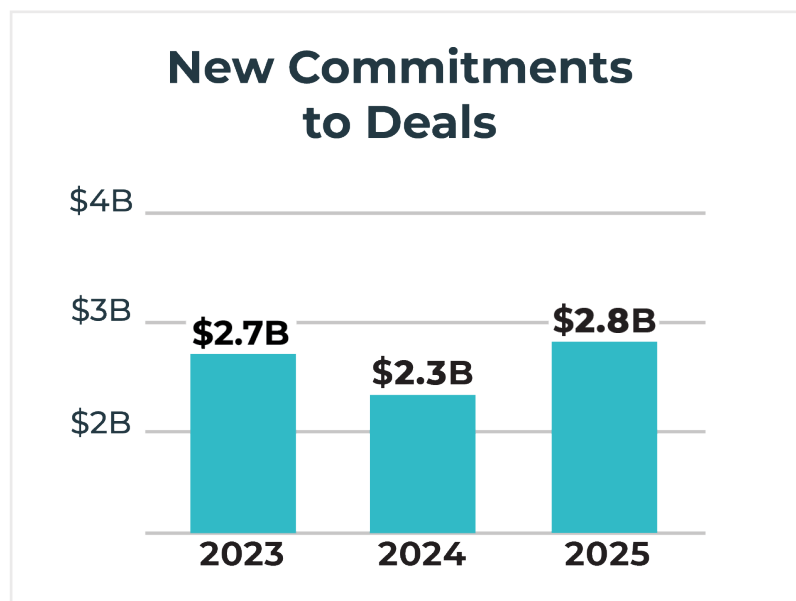
We are grateful for the cooperation of the many industry participants who contributed data and insights to this year's research. Their participation makes possible the most comprehensive analysis available of the U.S. commercial litigation finance market. It is with great pride that we present *The Westfleet Insider: 2025 Litigation Finance Report*.

INDUSTRY SIZE & RECENT TRENDS

Industry Snapshot



Growth of Industry



TYPES OF COMMERCIAL LITIGATION FUNDERS

Litigation funders in the U.S. can be divided into three types: *dedicated*, *multi-strategy*, and *ad hoc*.

DEDICATED FUNDERS

Dedicated funders, as their name suggests, specialize in litigation finance. These funders account for most of the capital available, and most of the deals completed, in the litigation finance industry. Some dedicated funders enjoy full autonomy to invest in deals that fit their mandate. Others manage their investors' capital but with limited autonomy. For instance, investors may reserve veto authority over financing deals. Several entities that hold themselves out as dedicated litigation funders do not manage a dedicated pool of capital at all, but instead, approach investors on a deal-by-deal basis to raise capital on the fly.

Two of the funders in this category with significant US activities are publicly traded entities, while the other funders in this category are privately held.

MULTI-STRATEGY FUNDERS

Multi-strategy funders are entities—usually hedge funds—that invest in various markets and asset classes and have established a dedicated litigation finance area (or “desk”). This specific litigation finance area typically operates much like a dedicated funder, but these multi-strategy funders often have greater sensitivity to business conflicts and capital markets compliance issues due to the broader activities.

AD HOC FUNDERS

Ad hoc funders are entities like hedge funds or family offices that only occasionally participate in the litigation finance space and do not have dedicated litigation finance desks. Ad hoc funders have an appetite for litigation finance deals, but most do not publicize their participation in the market. No reliable way exists to measure the investment activity within this category of funders.

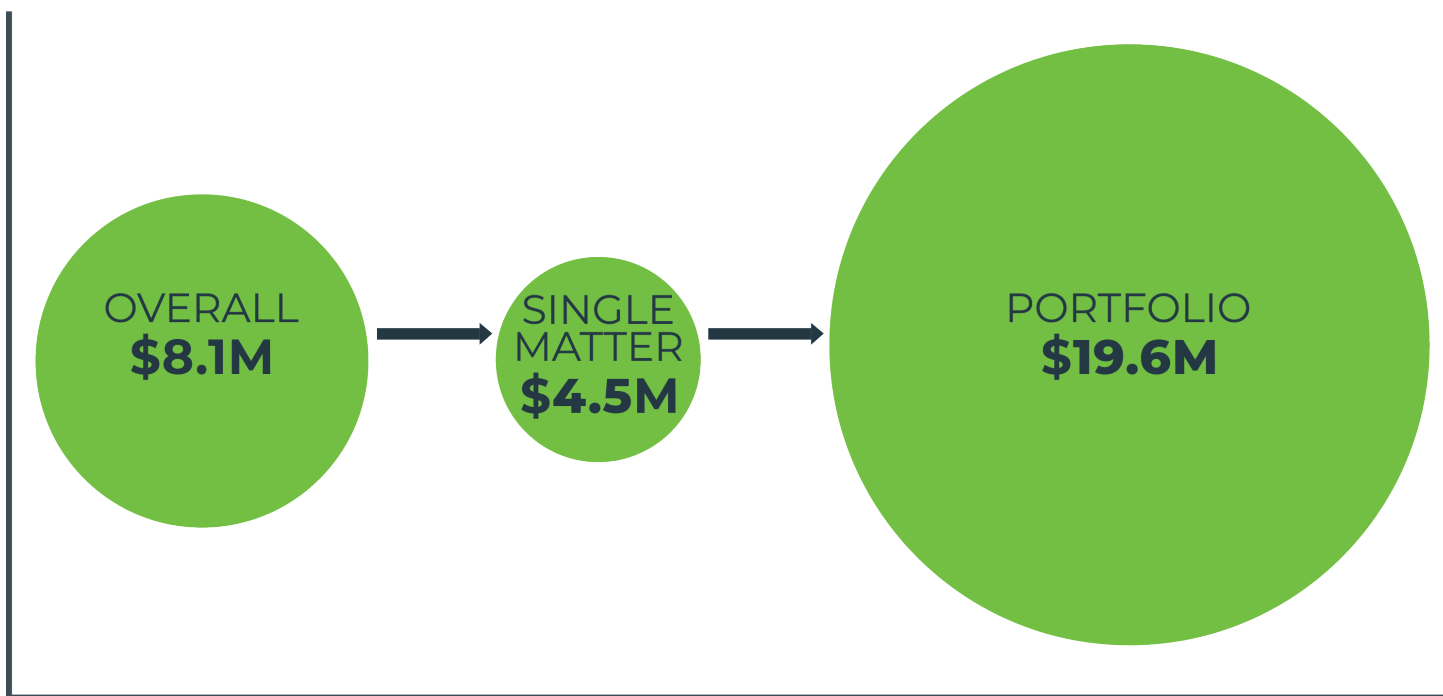
BREAKDOWN OF NEW CAPITAL COMMITTED

The following sections provide an overview of some of the key metrics we collect from funders that reflect in greater detail how the capital committed to new deals in 2025 was allocated. Overall, the data show that many core metrics—such as average deal size, the distribution of type of user, and the balance between deal structures—remained broadly consistent with prior years. One notable shift was the significant decrease in new funding commitments to Big Law, which appears to be driven by a pullback in law firm portfolio deals directed at these larger firms. Also, capital allocated toward claim monetization (versus legal budgets) decreased from levels observed in 2024, although a single year of data may not reflect a reversal of recent trends in this area.

Average Deal Size

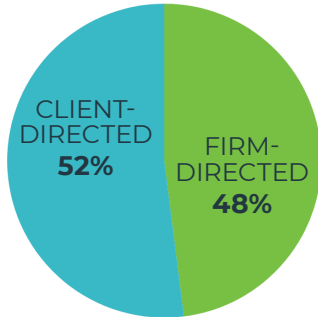
In 2025, the average transaction size across all deal types was approximately \$8.1 million, generally consistent with the \$8 million average reported in 2024. Single-matter deals averaged about \$4.5 million, down from \$6.6 million the prior year, while portfolio transactions averaged roughly \$19.6 million, an increase from \$16.5 million in 2024. As in prior years, portfolio transactions continued to account for the largest individual deal sizes.

2025 Average Deal Size



Type of User

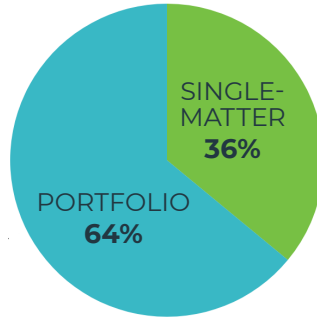
The allocation of capital between client-directed and firm-directed deals has shifted significantly in recent years, and in 2025, client-directed funding arrangements represented a majority of the capital allocations. In 2024, firm-directed funding arrangements represented 58% of the funding commitments.



2025 Commitments
By Type of User

Type of Deal Structure

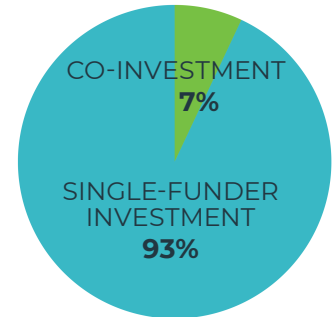
The allocation of capital between single-matter and portfolio transactions in 2025 remained broadly consistent with historical patterns. Portfolio deals continued to represent the majority of new capital commitments at 64%, compared to 67% in 2024.



2025 Commitments
by Type of Deal

Co-Investment Deals

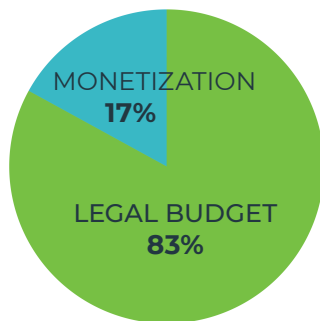
In 2025, we collected data on the number of deals that involved a co-investment arrangement between two or more litigation funders. These do not include side-car arrangements with LPs, rather, these transactions are limited to co-investments made by multiple participants within the community of US litigation funders. Only 7% of 2025's deals involved such a co-investment arrangement.



2025 Deals Where
Funders Co-Invested

Use of Proceeds

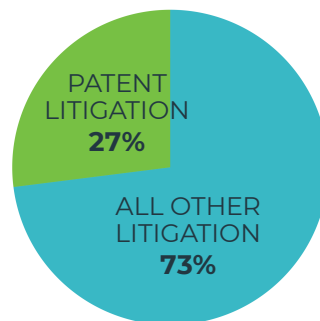
Allocations to claim monetization declined in the most recent reporting period, representing approximately 17% of new capital commitments, compared with 26% in 2024. Despite this decrease, monetization transactions remain significantly more common than earlier in the decade.



2025 Commitments
By Use of Proceeds

Patent Litigation

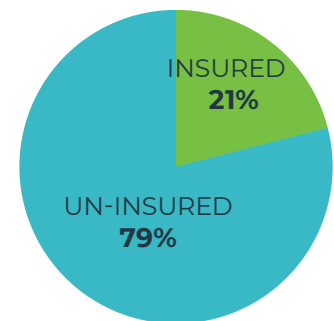
Patent litigation remained one of the largest categories of funded matters at 27%. As in prior years, most capital in this category was deployed through portfolio transactions, continuing the pattern observed in 2024 when patent litigation accounted for approximately 32% of commitments.



2025 Commitments
For Patent Litigation

Insured Deals

The use of contingent risk insurance remained a meaningful component of the market. In 2024, approximately 19% of new capital commitments were fully or partially insured compared to 21% in 2025, reflecting the growing role of insurance in litigation finance transactions.

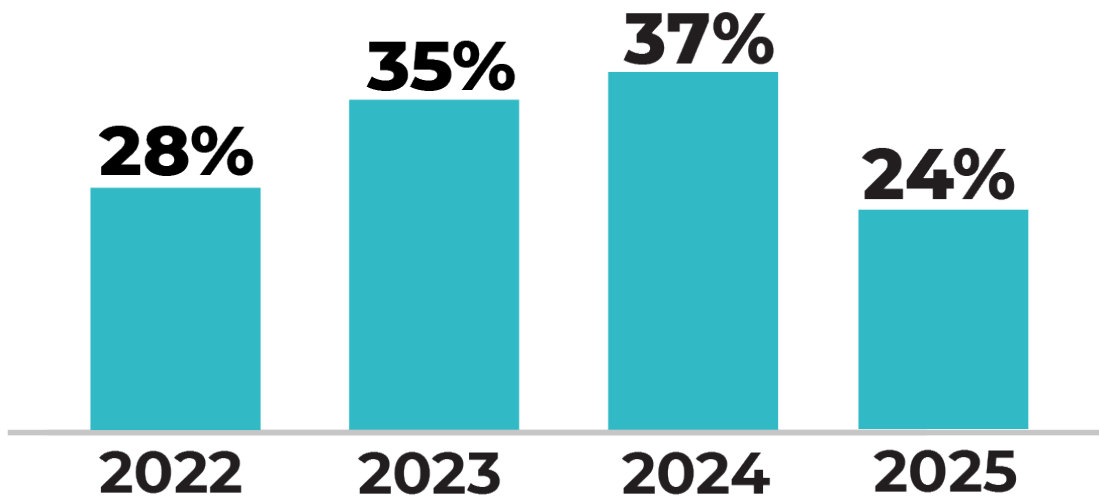


2025 Commitments
Insured Deals

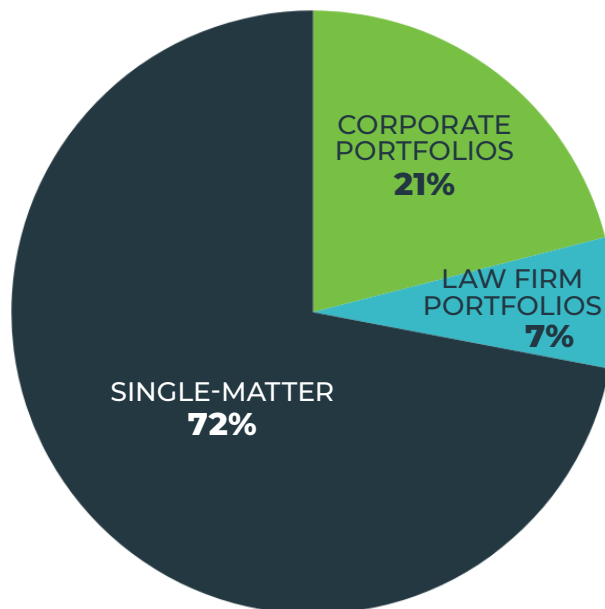
Big Law

Utilization of commercial litigation financing among the 200 largest U.S. law firms (Big Law) declined significantly in 2025, largely driven by the continued reduction in law firm portfolio arrangements with these larger firms. In 2024, law firm portfolios represented 16% of allocations to Big Law (down from 27% in 2023), whereas these structures amounted to only 7% in 2025. This trend may reflect the challenges of structuring broader portfolio arrangements across various practices and constituencies within these larger firms. Anecdotally, Westfleet advised on several Big Law portfolios in 2025 that were somewhat narrower in scope, and these transactions involved relatively less friction within the partnership and at the executive committee level.

Percentage of Total Commitments Allocated to Big Law



Allocation of Commitments to Big Law



WESTFLEET'S METHODOLOGY

This report would not have been possible without the participation of most of the major litigation funders, which provided thoughtful responses to our requests for information, and, through a third party, submitted confidential information from which we aggregated a complete picture of the industry's size and scope. By design, that third party shared no attributable data with anyone, even with Westfleet, which only received the aggregated information found in this report.

Further, much of the data relating to transactional volume is available online for the publicly traded entities, as these firms are required to adhere to a certain level of transparency in their operations. The more granular data included in our report was only gathered from those funders that directly participated in our survey. Nonetheless, based on the scope and composition of these participants, we believe these more granular data points accurately reflect the broader industry's activities.

The methodology used in this guide was as follows:

- Funder data was included in this report if the organization had substantial participation in the U.S. commercial litigation finance market as of the report's publication.
- The transaction data we collected relates to the 12 months from July 1, 2024 to June 30, 2025.
- As used in this report, "litigation finance" refers only to commercial litigation finance, which we define as transactions between commercial entities in which the financier's repayment is contingent upon the outcome of one or more legal matters. Other forms of finance – including consumer litigation finance, law firm finance (including mass tort and personal injury firms), receivables factoring, and other legal finance in which repayment is not contingent on the outcome of legal matters—are excluded from consideration in this report.
- Only commercial litigation finance activities with a nexus to the U.S. (i.e., transactions that involve a U.S. law firm as lead counsel, a U.S. counterparty, and/or U.S. litigation or arbitration or related proceedings) are included in this report.
- Law firm portfolio transactions are included even where the underlying cases may contain cases that are not commercial (e.g., cases involving bodily injuries) if the nature of the law firm's repayment obligations are contingent upon recoveries in the underlying cases.



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