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## Judiciary Committee

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### HB 1177

**Title:** An act relating to the regulation of service contracts.

**Brief Description:** Addressing the regulation of service contracts.

**Sponsors:** Representatives Kirby and Jinkins.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• States that legal service contractors are not insurers and that legal service plans are not insurance.</li></ul>
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**Hearing Date:** 1/27/15

**Staff:** Brent Campbell (786-7152).

**Background:**

Legal Service Plans.

Legal service plans allow people to purchase pre-paid legal services from a legal service contractor. Customers pay the plan's fees and then may use the legal services of private attorneys who contract with the legal service provider for legal issues covered under their contract.

Insurance Regulation.

The Insurance Code regulates insurers and the practice of insurance. It creates the Office of the Insurance Commissioner and orders the commissioner to oversee the practice of insurance and to enforce provisions of the code. All insurers and insurance policies must follow regulations relating to issues such as assets and liabilities, the insurance contract, unfair practices and frauds, fees and taxes, rates, and more. Specific types of insurance, including life insurance, surety insurance, title insurance, and health insurance, must also follow regulations relating to their specific insurance type.

**Summary of Bill:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

A "legal service contractor" is any person, entity, or group of persons, including associations, who is not engaged in the practice of law or the business of insurance and who, for consideration, provides enrolled participants.

A "legal service plan" is an arrangement between a legal service contractor and an individual or person or group of individuals or persons, whereby specified legal services are to be provided to enrolled participants in consideration of a specified payment for a specified period of time.

Legal service contractors are deemed not to be insurers and legal service plans are deemed not to be insurance under the Insurance Code and are therefore not regulated under the Insurance Code. Legal service plans do not include retainer, fee, engagement, or representation agreements. They also do not include referrals by nonprofit lawyer services, employee welfare benefit plans, legal assistance programs for low and moderate income persons, or insurance policies that may provide for legal defense.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.