

SENATE BILL REPORT

SB 5972

As Reported By Senate Committee On:
Financial Services, Insurance & Housing, February 27, 2003

Title: An act relating to prepaid legal service plans.

Brief Description: Exempting prepaid legal service plans from insurance regulation.

Sponsors: Senator Benton.

Brief History:

Committee Activity: Financial Services, Insurance & Housing: 2/27/03 [DP].

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Majority Report: Do pass.

Signed by Senators Benton, Chair; Winsley, Vice Chair; Keiser, Prentice and Zarelli.

Staff: Alison Mendiola-Hamilton (786-7576)

Background: Legal service plans can involve simple arrangements for free, or discount legal services to members of a group, or more elaborate prepaid programs where participants pay a fixed monthly or annual fee to obtain legal services. Legal service plans are often sponsored by employers or unions as a benefits option.

Although benefits under legal service plans vary greatly, basic benefits generally include telephone or office consultations, review of legal documents, will preparation and actions to resolve minor disputes. Some offer representation in family law issues, bankruptcy, and real estate transactions.

The American Prepaid Legal Services Institute, an affiliate of the American Bar Association, estimates that 100 million people have access to legal services through a legal service plan.

Summary of Bill: Prepaid legal service plans are not a form of insurance and not subject to regulation by the Office of the Insurance Commissioner.

A prepaid legal service plan is an arrangement that provides specified legal services or reimbursement for legal services in return for the specified payment of money for an interval of time.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Prepaid legal services provide a good consumer benefit.

Testimony Against: None.

Testified: Brian Kreger, Ryan Swanson for Prepaid Legal Services Inc. (pro).