

## 1 SENATE BILL NO. 407

2 INTRODUCED BY F. THOMAS

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4 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING THE INJURED PARTY PROTECTION ACT;  
5 PROHIBITING CONTINGENCY FEES FOR ATTORNEYS IN ACTIONS WHEN A PERSON IS INJURED AS A  
6 RESULT OF ANOTHER PERSON'S CONDUCT; PROVIDING THAT THE PROPOSED ACT BE SUBMITTED  
7 TO THE QUALIFIED ELECTORS OF MONTANA; AND PROVIDING AN EFFECTIVE DATE."

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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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11 NEW SECTION. **Section 1. Short title.** [Sections 1 through 3] may be cited as the "Injured Party  
12 Protection Act".

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14 NEW SECTION. **Section 2. Purpose -- definition.** (1) When a person is injured as a result of another  
15 person's conduct, it can be physically, financially, and emotionally devastating. Accordingly, the purpose of  
16 [sections 1 through 3] is to make sure that the injured party is protected from attorneys who might otherwise take  
17 advantage of a person's fragile situation. While attorney services may be required for the injured party to be  
18 compensated for the party's damages, the attorney should be able to charge only a reasonable hourly fee rather  
19 than make a contingency fee arrangement when it is reasonably clear that the injuries were caused by a third  
20 party.

21 (2) As used in this section, "person" means an individual, partnership, corporation, association,  
22 governmental subdivision, agency, or public or private organization of any character.

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24 NEW SECTION. **Section 3. Contingency fee agreements prohibited when liability is reasonably**  
25 **clear.** An attorney may charge a reasonable hourly fee but may not charge, accept, or receive a contingency fee  
26 arising from or related to any payments made on or for a client's injuries when it is reasonably clear that the  
27 injuries were caused by a third party.

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29 NEW SECTION. **Section 4. Codification instruction.** [Sections 1 through 3] are intended to be codified  
30 as an integral part of Title 37, chapter 61, and the provisions of Title 37, chapter 61, apply to [sections 1 through

1 3].

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3 NEW SECTION. **Section 5. Saving clause.** [This act] does not affect rights and duties that matured,  
4 penalties that were incurred, or proceedings that were begun before [the effective date of this act].

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6 NEW SECTION. **Section 6. Effective date.** [This act] is effective upon approval by the electorate.

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8 NEW SECTION. **Section 7. Submission to electorate.** [This act] shall be submitted to the qualified  
9 electors of Montana at the general election to be held in November 2014 by printing on the ballot the full title of  
10 [this act] and the following:

11  YES on Legislative Referendum No. \_\_\_\_\_

12  NO on Legislative Referendum No. \_\_\_\_\_

13 - END -