

SENATE BILL NO. 377

INTRODUCED BY P. CONNELL

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE DEFINITION OF PREPAID LEGAL INSURANCE; AMENDING SECTION 33-1-215, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

**Section 1.** Section 33-1-215, MCA, is amended to read:

**"33-1-215. Prepaid legal insurance.** (1) For the purposes of this section, prepaid legal insurance means the assumption of a contractual obligation that is to be spread, directly or indirectly, among a group of persons to provide specified legal services or reimbursement for legal expenses in consideration of a specified payment for an interval of time, regardless of whether the payment is made by the beneficiary or by a third person on behalf of the beneficiary.

(2) Prepaid legal insurance does not include the provision of or reimbursement for legal services that are incidental to other insurance coverage. The following are not prepaid legal insurance:

- (a) retainer contracts made with individual clients with fees based on estimates of the nature and amount of services that will be required;
- (b) contracts made with a group of clients involved in the same or closely related legal matters;
- (c) plans providing only a referral service or a discount card for legal services;
- (d) legal services provided by unions or employee associations to members pertaining to employment or occupation; or
- (e) legal services provided by an agency of state or federal government to employees.

(3) A referral service plan under subsection (2)(c) may:

- (a) charge a fee to a plan member or subscriber for attorney consultations over a specified period of time;
- and
- (b) pay an administrative fee for each plan member to an attorney for accepting referrals from the plan as long as the administrative fee is not payment or reimbursement for legal services.

~~(3)~~(4) Prepaid legal insurance is a type of casualty insurance provided for in 33-1-206."

