

[First Reprint]

ASSEMBLY, No. 3802

STATE OF NEW JERSEY
221st LEGISLATURE

INTRODUCED FEBRUARY 22, 2024

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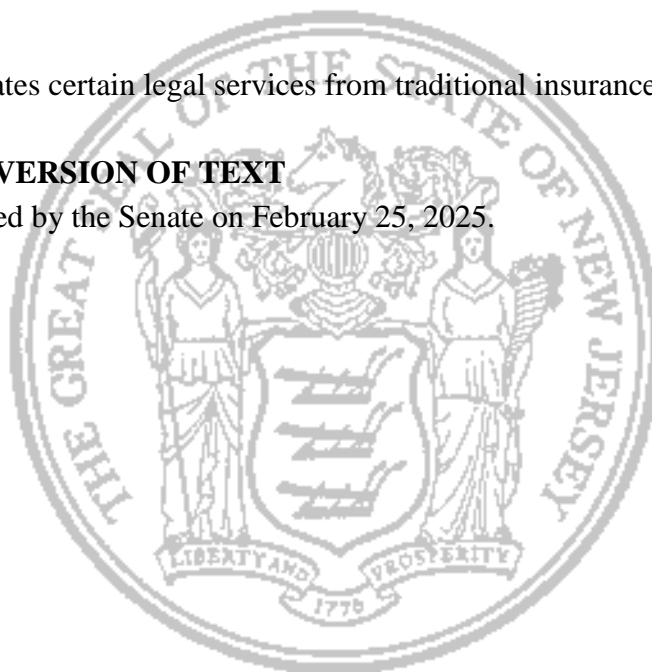
Assemblyman Webber, Assemblywomen Carter, Speight and Flynn

SYNOPSIS

Differentiates certain legal services from traditional insurance products.

CURRENT VERSION OF TEXT

As amended by the Senate on February 25, 2025.



(Sponsorship Updated As Of: 6/30/2025)

1 AN ACT concerning legal insurance and amending P.L.1981, c.160.

2

3 **BE IT ENACTED** by the Senate and General Assembly of the State
4 of New Jersey:

5

6 1. Section 3 of P.L.1981, c.160 (C.17:46C-3) is amended to read
7 as follows:

8 3. As used in this act:

9 a. "Commissioner" means the Commissioner of Banking and
10 Insurance.

11 b. "Insurer" means any person who obtains a certificate of
12 authority in accordance with the provisions of section 4 of this act and
13 any person authorized to transact the business of insurance under
14 Subtitle 3 of Title 17 of the Revised Statutes or Subtitle 3 of Title 17B
15 of the New Jersey Statutes.

16 c. "Legal insurance" means the assumption of a contractual
17 obligation to **[provide]** ¹**[pay or reimburse for]** provide¹ specified
18 legal services or **[reimbursement for]** ¹**[specified]** reimbursement
19 for¹ legal expenses¹**[.]**¹ in consideration of a specified payment for an
20 interval of time, regardless of whether the payment is made by the
21 beneficiaries individually or by a third person for them, in such a
22 manner that the total cost incurred by assuming the obligation is to be
23 spread directly or individually among a group of persons. ¹**[The**
24 payment of an administrative fee to an attorney shall not be considered
25 payment or reimbursement for specified legal services or specified
26 legal expenses for the purposes of this definition.]¹ Legal insurance
27 shall not include the provision of or reimbursement for legal services
28 incidental to other insurance coverages such as the duty to defend, nor
29 shall the following be considered legal insurance under the laws of this
30 State:

31 (1) Retainer contracts made with individual clients with the fees
32 based on estimates of the nature and the amount of services that will
33 be provided to the specific client, and similar contracts made with a
34 group of clients involved in the same or closely related legal matters
35 such as class actions.

36 (2) Plans providing no benefits other than a limited amount of
37 consultation and advice on simple matters either alone or in
38 combination with referral services or the promise of fee discounts for
39 other matters.

40 (3) Plans providing limited benefits on simple legal matters on an
41 informal basis not involving a legally binding promise, in the context
42 of an employment or educational or similar relationship.

43 (4) Legal services provided by unions or employee associations to
44 their members in matters relating to employment or occupation.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate floor amendments adopted February 25, 2025.

1 (5) Employee benefit plans regulated by the “Employee
2 Retirement Income Security Act of 1974,” (P.L. 93-406, 29 U.S.C.
3 1001 et seq.).

4 (6) Plans or legal services provided by a legal aid office or public
5 defender office, a military legal assistance office, a lawyer referral
6 service operated, sponsored or approved by a bar association
7 representative of the general bar of the geographical area in which the
8 association exists, or any other nonprofit organization that
9 recommends, furnishes or pays for legal services to its members or
10 beneficiaries in a manner incidental and reasonably related to a
11 primary purpose of such organization to promote a public interest,
12 including, without limitation, defense of human and civil rights,
13 elimination of prejudice and discrimination as to race, religion, sex
14 and national origin, lessening neighborhood tensions, preservation of
15 scenic beauty, combatting or preventing pollution, preservation of
16 natural resources, protection of consumer interest, promotion of
17 cultural, historical or other educational activities, and prevention of
18 cruelty to animals.

19 ¹(7) Arrangements through which members prepay for specified
20 legal services, which are available to the members, or their
21 dependents, through an organization that contracts directly with
22 attorneys for the provision of the specified legal services and the
23 organization pays the attorneys fixed, pre-arranged payments and the
24 attorneys receive no additional payment or reimbursement from the
25 organization for the specified legal services or the specified legal
26 expenses.¹

27 As used herein, “contractual obligation” includes any arrangement
28 in which those persons for whom services are to be provided under the
29 arrangement have reasonable expectations of enforceable rights.
30 (cf: P.L.1981, c.160, s.3)

31
32 2. This act shall take effect on the 90th day next following
33 enactment.