

[Second Reprint]

**ASSEMBLY, No. 3802**

**STATE OF NEW JERSEY**

**221st LEGISLATURE**

INTRODUCED FEBRUARY 22, 2024

**Sponsored by:**

**Assemblywoman VERLINA REYNOLDS-JACKSON**

**District 15 (Hunterdon and Mercer)**

**Assemblymen BENJIE E. WIMBERLY**

**District 35 (Bergen and Passaic)**

**Assemblymen ROY FREIMAN**

**District 16 (Hunterdon, Mercer, Middlesex and Somerset)**

**Senator RENEE C. BURGESS**

**District 28 (Essex and Union)**

**Senator JOSEPH PENNACCHIO**

**District 26 (Morris and Passaic)**

**Co-Sponsored by:**

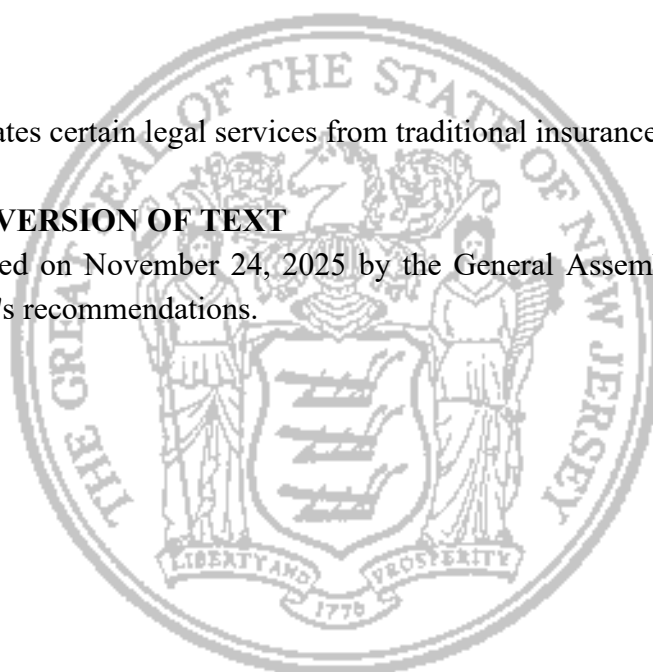
**Assemblyman Webber, Assemblywomen Carter, Speight, Flynn and  
Assemblyman Stanley**

**SYNOPSIS**

Differentiates certain legal services from traditional insurance products.

**CURRENT VERSION OF TEXT**

As amended on November 24, 2025 by the General Assembly pursuant to the Governor's recommendations.



**(Sponsorship Updated As Of: 12/8/2025)**

1 AN ACT concerning legal insurance and <sup>2</sup>**[amending]**  
2 supplementing<sup>2</sup> P.L.1981, c.160 <sup>2</sup>(C.17:46C-1 et seq.)<sup>2</sup>.

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

6  
7 <sup>2</sup>**[1.** Section 3 of P.L.1981, c.160 (C.17:46C-3) is amended  
8 to read as follows:

9 3. As used in this act:

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

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

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

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

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

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

**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:**

<sup>1</sup>Senate floor amendments adopted February 25, 2025.

<sup>2</sup>Assembly amendments adopted in accordance with Governor's  
recommendations November 24, 2025.

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

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

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

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

29 As used herein, “contractual obligation” includes any arrangement  
30 in which those persons for whom services are to be provided under the  
31 arrangement have reasonable expectations of enforceable rights.

32 (cf: P.L.1981, c.160, s.3)]<sup>2</sup>

33  
34 <sup>2</sup>1. a. A prepaid legal insurance plan shall be considered “legal  
35 insurance” subject to all provisions of the “New Jersey Legal  
36 Services Insurance Act” except as provided in this section.  
37 Notwithstanding the provisions of any other law to the contrary, a  
38 person shall not sell, or offer to sell, coverage under a prepaid legal  
39 insurance plan unless licensed as a limited lines prepaid legal  
40 insurance plan producer pursuant to the provisions of the “New  
41 Jersey Insurance Producer Licensing Act of 2001,” P.L.2001, c.210  
42 (C.17:22A-26 et seq.) or as authorized under this section.  
43 Notwithstanding the provisions of section 14 of P.L.1981, c.160  
44 (C.17:46C-14) or any law to the contrary, a person authorized to  
45 sell or offer to sell prepaid legal insurance plans to consumers under  
46 this section may be paid commissions through an entity or a  
47 designated representative of the entity that obtains a limited lines  
48 prepaid legal insurance producer plan license.

1       b. The employees and authorized representatives of an entity  
2 that obtains a certificate of authority under the “New Jersey Legal  
3 Services Insurance Act,” P.L.1981, c.160 (C.17:46C-1 et seq.), may  
4 sell or offer to sell prepaid legal insurance plans to consumers as  
5 permitted by this section and shall not be subject to individual  
6 licensure as an insurance producer under P.L. 2001, c.210  
7 (C.17:22A-26 et seq.) as a condition of selling or offering to sell  
8 prepaid legal insurance plans to consumers, provided that:

9       (1) The entity or a designated representative of the entity  
10 obtains a limited lines prepaid legal insurance producer plan license  
11 to authorize its employees or authorized representatives to sell or  
12 offer prepaid legal insurance plans pursuant to this section;

13       (2) The entity possessing the certificate of authority and issuing  
14 the prepaid legal insurance plan either directly supervises, or  
15 appoints a supervising entity that is a licensed limited lines prepaid  
16 legal insurance plan producer to supervise, the employees and  
17 authorized representatives selling or offering to sell prepaid legal  
18 insurance plans pursuant to this section; and

19       (3) The entity possessing the certificate of authority and issuing  
20 the prepaid legal insurance plans develops a training program for  
21 employees selling or offering to sell prepaid legal insurance plans.  
22 The training required by this paragraph shall:

23       (a) be delivered to every employee and authorized  
24 representative who is directly engaged in the activity of selling or  
25 offering prepaid legal insurance plans; and

26       (b) include basic instruction about the prepaid legal insurance  
27 plans offered to consumers, including the provisions of the prepaid  
28 legal insurance plan and the requirements of the “New Jersey Legal  
29 Services Insurance Act,” P.L.1981, c.160 (C.17:46C-1 et seq.).

30       c. Consistent with the provisions of the “New Jersey Insurance  
31 Producer Licensing Act of 2001,” P.L.2001, c.210 (C.17:22A-26 et  
32 seq.), an application for a limited lines insurance producer license  
33 under this section shall be made to and filed with the Department of  
34 Banking and Insurance on forms prescribed and furnished by the  
35 commissioner.

36       d. Limited lines prepaid legal insurance plan producer licenses  
37 issued pursuant to this section shall renew biennially in accordance  
38 with regulations promulgated by the commissioner.

39       e. Each entity shall pay to the commissioner a fee as prescribed  
40 by the commissioner for an initial limited lines prepaid legal  
41 insurance plan producer license and for each renewal thereof.

42       f. For purposes of this section, “prepaid legal insurance plan”  
43 means legal insurance that consists of an arrangement through  
44 which members prepay for specified legal services, which are  
45 available to the members, or their dependents, through an  
46 organization that contracts directly with attorneys for the provision  
47 of the specified legal services and the organization pays the  
48 attorneys fixed, pre-arranged payments and the attorneys receive no

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1 additional payment or reimbursement from the organization for the  
2 specified legal services or the specified legal expenses.<sup>2</sup>

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4 2. This act shall take effect on the 90th day next following  
5 enactment.