

P.L. 2025, CHAPTER 170, *approved December 19, 2025*
Assembly, No. 3802 (*Second Reprint*)

1 AN ACT concerning legal insurance and ²**[amending]**
2 supplementing² P.L.1981, c.160 ²(C.17:46C-1 et seq.)².
3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:
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7 ²**[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]** ¹**[pay or reimburse for]** provide¹ specified
19 legal services or **[reimbursement for]** ¹**[specified]** reimbursement
20 for¹ legal expenses¹ **[,]**¹ 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. ¹**[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.]¹ 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

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.

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

1 group of clients involved in the same or closely related legal matters
2 such as class actions.

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

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

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

12 (5) Employee benefit plans regulated by the “Employee
13 Retirement Income Security Act of 1974,” (P.L. 93-406, 29 U.S.C.
14 1001 et seq.).

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

30 ¹(7) Arrangements through which members prepay for specified
31 legal services, which are available to the members, or their
32 dependents, through an organization that contracts directly with
33 attorneys for the provision of the specified legal services and the
34 organization pays the attorneys fixed, pre-arranged payments and the
35 attorneys receive no additional payment or reimbursement from the
36 organization for the specified legal services or the specified legal
37 expenses.¹

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

41 (cf: P.L.1981, c.160, s.3)]²

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43 ²1. a. A prepaid legal insurance plan shall be considered “legal
44 insurance” subject to all provisions of the “New Jersey Legal
45 Services Insurance Act” except as provided in this section.
46 Notwithstanding the provisions of any other law to the contrary, a
47 person shall not sell, or offer to sell, coverage under a prepaid legal
48 insurance plan unless licensed as a limited lines prepaid legal

1 insurance plan producer pursuant to the provisions of the “New
2 Jersey Insurance Producer Licensing Act of 2001,” P.L.2001, c.210
3 (C.17:22A-26 et seq.) or as authorized under this section.
4 Notwithstanding the provisions of section 14 of P.L.1981, c.160
5 (C.17:46C-14) or any law to the contrary, a person authorized to
6 sell or offer to sell prepaid legal insurance plans to consumers under
7 this section may be paid commissions through an entity or a
8 designated representative of the entity that obtains a limited lines
9 prepaid legal insurance producer plan license.

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

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

22 (2) The entity possessing the certificate of authority and issuing
23 the prepaid legal insurance plan either directly supervises, or
24 appoints a supervising entity that is a licensed limited lines prepaid
25 legal insurance plan producer to supervise, the employees and
26 authorized representatives selling or offering to sell prepaid legal
27 insurance plans pursuant to this section; and

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

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

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

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

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

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

4 f. For purposes of this section, “prepaid legal insurance plan”
5 means legal insurance that consists of an arrangement through
6 which members prepay for specified legal services, which are
7 available to the members, or their dependents, through an
8 organization that contracts directly with attorneys for the provision
9 of the specified legal services and the organization pays the
10 attorneys fixed, pre-arranged payments and the attorneys receive no
11 additional payment or reimbursement from the organization for the
12 specified legal services or the specified legal expenses.²

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14 2. This act shall take effect on the 90th day next following
15 enactment.

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20 Differentiates certain legal services from traditional insurance
21 products.