

CHAPTER 170

AN ACT concerning legal insurance and supplementing P.L.1981, c.160 (C.17:46C-1 et seq.).

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

C.17:46C-8.1 Legal insurance, prepaid, defined, certain related services differentiated.

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

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

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

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

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

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

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

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

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

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

f. For purposes of this section, “prepaid legal insurance plan” means legal insurance that consists of an arrangement through which members prepay for specified legal services, which are available to the members, or their dependents, through an organization that contracts directly with attorneys for the provision of the specified legal services and the organization

pays the attorneys fixed, pre-arranged payments and the attorneys receive no additional payment or reimbursement from the organization for the specified legal services or the specified legal expenses.

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

Approved December 19, 2025.