

**REVENUE:**

**FISCAL:**

**SUBSEQUENT REFERRAL TO:**

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**Action:**

**Vote:**

**Yeas:**

**Nays:**

**Exc.:**

**Prepared By:** James LaBar, Administrator

**Meeting Dates:** 4/6, 4/13

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**WHAT THE MEASURE DOES:** Provides that reimbursement to member of legal expense organization for charges that member incurs for legal services does not include nominal fee for operating expenses that legal expense organization incurs or pays to providing attorney. Specifies allowable operating expenses, including expenses that the legal expense organization incurs in referring members to the providing attorney and expenses the providing attorney incurs in processing contact information for members, but does not include an amount that the providing attorney charges for legal services.

**ISSUES DISCUSSED:**

**EFFECT OF COMMITTEE AMENDMENT:**

*(-1 amendment)* Replaces entire measure to further clarify the intent of the bill that a legal access plan is not a legal expense plan and, thus, not subject to the insurance code.

*(-3 amendment)* Adds “for each legal access provider’s customers” for \$6 per month.

**BACKGROUND:** Currently, Oregon’s insurance statutes require companies that provide specified legal services or reimbursement for legal expenses to become licensed and regulated as insurance companies. Certain legal access plans, such as Legalzoom, which do not provide legal services or reimburse for legal expenses do not appear to be within the intended scope, but could be subject to the regulation.

Legal access plans have evolved to provide consumers a variety of products and services for a monthly fee, such as access to an attorney licensed in the state for consultations; discounts off any further legal work that may be needed from the attorney; downloadable forms; and other discounts on certain products and services.

The plan members benefit with access to attorneys at reasonable costs for limited scopes of work; the attorneys benefit from referrals of clients in need of assistance. The attorneys often receive a small monthly administrative fee per enrolled customer to cover costs related to opening files and handling administrative matters under the plan. This is not compensation for legal services or related to consultations provided.

The legal access provider does not provide any legal advice or representation and all legal arrangements are directly between the client and the attorney.

Senate Bill 922 clarifies current law to provide additional certainty for legal access companies.