

Part 11 Legal Expense Insurance

31A-22-1101 Combination of lines.

- (1) Legal expense insurance may be transacted alone or together with life insurance, accident and health insurance, or casualty insurance.
- (2) An insurer may not transact liability insurance and also issue legal expense insurance policies providing coverage for the expense of enforcing claims against third persons, unless the requirements of Subsection (3) are met and the commissioner is satisfied that the interests of policyholders of legal expense insurance policies are not endangered by potential conflicts of interest within the insurer.
- (3) Adequate precautions shall be taken to make sure that the handling of an insured's claim for legal assistance in enforcing a claim against a third person is not affected by the insurer's actual or potential obligation as a liability insurer to pay the claim for the third person. These precautions may include:
 - (a) a provision in the policy that claims against third persons shall be handled exclusively by attorneys selected by the insureds themselves rather than by the insurer, that no information about the case other than the name of the defendant and the nature of the claim may be made available to the insurer, and that the insurer may not interfere with the handling of the case; or
 - (b) organizational separation between the legal expense and the liability insurance departments with respect to management, accounting, record keeping, and claims handling, with appropriate rules and procedures, satisfactory to the commissioner, to prevent the exchange of information between the two departments about details of cases.

Amended by Chapter 116, 2001 General Session

31A-22-1102 Policy and certificate forms.

- (1) Legal expense insurance may be written as individual, group, blanket, or franchise insurance. Each contractual obligation for legal expense insurance shall be evidenced by a policy. Each person insured under a group policy shall be issued a certificate of coverage.
- (2) Policies and certificates of legal expense insurance are subject to Section 31A-21-201.
- (3) The commissioner may not approve any form that does not meet all of the following requirements:
 - (a) Policies shall contain a list and description of the legal services promised or the legal matters for which expenses are to be reimbursed, and any limits on the amounts to be reimbursed.
 - (b) Certificates issued under group policies shall contain a full statement of the benefits provided, but may summarize the other terms of the master policy.
 - (c) Policies promising legal services to be provided by a limited number of attorneys who have concluded provider contracts with the insurer, whether the attorney in an individual case is to be selected by the insured or by the insurer, shall provide for alternative benefits in case the insured is unable to find a participating attorney willing to perform the promised services or the attorney selected by the insurer is disqualified or otherwise unable to perform the promised services. The alternative benefit may consist of furnishing the services of an attorney selected and paid by the insurer or paying the fee of an attorney selected by the insured. The policy shall also provide a procedure that includes impartial review for settling disagreements about the grounds for demanding an alternative benefit.

- (d) No policy, except one issued by a mutual insurance company, may provide for assessments on policyholders or for reductions of benefits to maintain the insurer's solvency.
- (4) The commissioner may disapprove a policy or certificate form if he finds that it:
 - (a) is unfair, unfairly discriminatory, misleading, or encourages misrepresentation or misunderstanding of the contract;
 - (b) provides coverage or benefits or contains other provisions that would endanger the solidity of the insurer; or
 - (c) is contrary to law.
- (5) The commissioner may require the submission of relevant information he considers to be reasonably necessary in determining whether to approve or disapprove a filing.

Amended by Chapter 261, 1989 General Session