

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