



**STATE OF NEW YORK  
INSURANCE DEPARTMENT  
25 BEAVER STREET  
NEW YORK, NEW YORK 10004**

**Circular Letter No. 6 (1999)  
March 1, 1999**

**TO: All licensed life insurers, property/casualty insurers, reciprocal insurers, accident and health insurers, and Article 43 corporations**

**RE: Legal services insurance and pre-paid legal services plans**

Chapter 65 of the Laws of 1998 added, effective April 1, 1999, legal services insurance as a new kind of insurance (new paragraph 29 to section 1113(a) of the Insurance Law). Legal services insurance means insurance providing legal services or reimbursement of the cost of legal services. Chapter 65 also made substantive changes to section 1116 of the Insurance Law (now retitled as "Prepaid legal services plans and legal services insurance").

Section 1116(a)(3), as amended effective April 1, 1999, provides that legal services insurance may not be written except (1) in conjunction with prepaid legal services plans as authorized in section 1116, or (2) pursuant to a regulation promulgated by the superintendent permitting legal services insurance to be written as part of a policy of liability insurance covering related risks.

The purpose of this Circular Letter is to advise any insurer that intends to write legal services insurance or offer prepaid legal services plans that the insurer must amend its license to include new paragraph 29, in accordance with the provisions of Chapter 65.

Prior to the enactment of Chapter 65, Insurance Law Section 1116 authorized insurers to offer experimental plans of prepaid legal services, and Chapter 65 continued the authorization for the issuance of contracts in connection with experimental plans until April 1, 1999. Pursuant to Chapter 65, section 1116 (as set forth in Section 1 of Chapter 65) shall continue to apply to any contract executed prior to April 1, 1999, until the contract's expiration date or April 1, 2003, whichever occurs first. The Department interprets this to mean that, on or after April 1, 1999, any contract which is renewed without change will continue to be subject to the law regarding experimental plans (as set forth in Section 1 of Chapter 65), but any contract which is renewed with a change must be issued in conformance with amended Section 1116 (as set forth in Section 3 of Chapter 65) and the regulations issued thereunder, by an insurer licensed to write legal services insurance.

The Department plans to issue regulations shortly to implement Chapter 65 but insurers are advised that in the meantime, to allow insurers to be prepared on April 1, 1999, they may make application to have their licenses amended to add legal services insurance (paragraph 29). Once the regulations are issued, insurers may make rate and form filings.

Licensing inquiries may be directed to the Corporate Regulatory Unit for the insurer in the appropriate operating bureau depending upon the type of insurance company making inquiry.

Inquiries regarding rate and form filings may be directed to: Laurel Presser, Supervising Examiner, Property Bureau, (212) 480-5560

Legal inquiries may be directed to: Paul A. Zuckerman, Supervising Attorney, Office of General Counsel, (212) 480-5286.

Very truly yours,

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Mark Presser  
Assistant Deputy Superintendent & Chief  
Examiner  
Property Bureau