

HCS SB 606 -- PREPAID LEGAL SERVICES PLAN

SPONSOR: Dixon (Rhoads)

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Judiciary by a vote of 7 to 3.

This bill specifies that any person who solicits memberships on behalf of a prepaid legal services plan must disclose to the consumer in writing that a prepaid legal services plan is not an insurance product and is not regulated by the Department of Insurance, Financial Institutions or Professional Registration.

PROPONENTS: Supporters say that the original law was passed in the 1990's, but it was not implemented until sometime after 2004. The questions on the test for licensure have nothing to do with the product, but instead are related to insurance. They want the questions to fit the product being sold, instead of taking an insurance test. There are other companies selling the same memberships that are not required to take the test, pass the test, or have a license.

Testifying for the bill were Representative Dixon; Curt Gattis; and David Freeman.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say there needs to be more accountability in the marketplace. There are minimal protections now. Prepaid legal services is not insurance; there is no indemnification.

Testifying on the bill was Harvey Tuttlebaum, Missouri Bar Association.