

OCCUPATIONS CODE

TITLE 5. REGULATION OF FINANCIAL AND LEGAL SERVICES

SUBTITLE B. LEGAL SERVICES

CHAPTER 951. PREPAID LEGAL SERVICES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 951.001. SHORT TITLE. This chapter may be cited as the Prepaid Legal Services Act.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999.

Sec. 951.002. DEFINITIONS. In this chapter:

(1) "Board of directors" means the board of directors of the state bar.

(2) "Client" means an eligible member or beneficiary of a sponsoring organization.

(3) "Organization" means a nonprofit organization or combination of persons, incorporated or otherwise, including a professional association, trade association, or labor union.

(4) "Prepaid legal services program" means a plan under which:

(A) a sponsoring organization offers legal services benefits to its members or beneficiaries; and

(B) the services are financed by direct financial charge in advance of need.

(5) "State bar" means the State Bar of Texas.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999.

Sec. 951.003. APPLICABILITY OF CHAPTER. (a) This chapter does not apply to:

(1) the employment of counsel by an organization to represent its members free of direct financial charge to those members; or

(2) legal services made available incidental to a contract of insurance in which the insurer has contracted to pay all or a substantial part of a judgment, if any, and the legal services are free of direct financial charge to the insured.

(b) A law pertaining to legal service contracts under Chapter 953 or insurance does not apply to a program under this chapter.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999. Amended by Acts 2003, 78th Leg., ch. 1181, Sec. 3, eff. Sept. 1, 2003.

Sec. 951.004. SUPPLEMENTARY BYLAWS; RULES. (a) The board of directors may adopt supplementary bylaws as necessary to administer and enforce this chapter.

(b) The state bar may:

(1) adopt rules regulating the participation of a state bar member in group legal services programs; and

(2) require periodic reporting on that participation.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999.

#### SUBCHAPTER B. REGULATION OF PILOT PROGRAM

Sec. 951.051. APPROVAL OF PILOT PROGRAM. (a) The board may approve not more than five prepaid legal services pilot programs between classroom teachers associations and the state bar.

(b) A member of the state bar may provide legal services to a prepaid legal services program only if the organization sponsoring the program is approved by the board of directors.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999.

Sec. 951.052. APPLICATION. (a) An applicant for approval of a prepaid legal services program must show that:

(1) the program money held by the organization sponsoring the program is secure, as evidenced by a fidelity bond for the officers of the organization authorized to manage the money;

(2) the program complies with the Disciplinary Rules of Professional Conduct;

(3) a client may obtain the services from any lawyer the client chooses; and

(4) each client is given, before entering into the program, full written information concerning:

- (A) the services offered by the program;
- (B) the total annual cost of the program to an individual client; and
- (C) the required compliance of the program with this subsection.

(b) If the board of directors determines that an organization's application complies with this section, the board of directors shall approve the application. If the board of directors determines that the application does not substantially comply with this section, the board of directors shall disapprove the application and provide the organization with written notice of the reasons for the disapproval.

(c) The board of directors shall approve or disapprove an application not later than the 60th day after the date the application is filed.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999.

Sec. 951.053. APPLICATION FEE. The board of directors may set a fee, in an amount reasonable and necessary to enforce this chapter, for an organization applying for approval of a prepaid legal services program.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999.

Sec. 951.054. REVOCATION OF PROGRAM APPROVAL. (a) On written notice to an organization of the reasons for revocation, the board of directors may revoke the approval of a program sponsored by the organization for failure to:

- (1) provide the services offered; or
- (2) comply with Section [951.052\(a\)](#).

(b) On receipt of notice of revocation, the organization shall:

(1) return to its clients the unspent money of the prepaid legal services program, including any available bond proceeds; and

(2) certify to the board of directors the manner and amount of the redistribution of the money.

(c) If necessary, the board of directors shall supervise the

redistribution of money under Subsection (b).

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999.