
From: Carpenter, Heather R (CED) <heather.carpenter@alaska.gov>
Sent: Wednesday, November 19, 2025 11:43 AM
To: Rep. Andrew Gray <Rep.Andrew.Gray@akleg.gov>; Rep. Nellie Jimmie <Rep.Nellie.Jimmie@akleg.gov>
Cc: lizzie.kubitz@alaska.gov; Nollette, Molly S (CED) <molly.nollette@alaska.gov>
Subject: HB 211 - Prepaid Legal Plans

Hello Rep. Gray and Rep. Jimmie –

At the end of last session, there were concerns that came up during the House Judiciary hearing on HB 211 – Prepaid Legal Plans. It appeared from testimony at the time that LegalShield was operating out of compliance with Title 21 and outside of regulation by the Division of Insurance. I was able to meet with LegalShield in early September, and we were able to discuss how that was in fact not the case. They provided the attached letter I am sharing that further states they have been operating with a license, and they have been filing their products with the division. My team was able to confirm the company has made a total of 51 form and rate filings since November 2016, and they are operating in compliance with Title 21.

This addresses any concerns DOI had about items raised in the 5/7 House Judiciary hearing.

Best,
Heather



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Via Electronic Delivery to: heather.carpenter@alaska.gov

September 17, 2025

Ms. Heather Carpenter, Director
Alaska Division of Insurance
333 Willoughby Ave., 9th Floor
Juneau, AK 99801

RE: House Bill 211, An Act Relating to Insurance Regulation of Prepaid Legal Plans

Dear Director Carpenter:

Thank you for allowing us the recent opportunity to speak with you regarding the above-referenced proposed legislation. We understand from our meeting that as a result of testimony at the hearing held on May 7, 2025, you, your staff, and some legislators may have mistakenly been given the impression that LegalShield was already engaging in the sale of its products in the unregulated manner that would be permitted by the proposed legislation, even though the legislation has not yet been enacted into law. With this letter we would like to correct that misunderstanding and confirm that LegalShield has, since the licensure of its subsidiary insurer with the Alaska Division of Insurance in 2016, filed and sold its products in compliance with all provisions of the Alaska Insurance Code.

As we discussed in our recent meeting, we understand that the Alaska Division of Insurance considers all legal service plans to be insurance products and subject to the Alaska Insurance Code just like Auto or Home insurance. To that end, we wish to confirm that all plans that LegalShield sells in Alaska are sold via a licensed insurance subsidiary using licensed agents. The licensee is Prepaid Legal Casualty, Inc. (NAIC Company Code 37869) ("Pre-Paid"). Pre-Paid is a property and casualty insurer domiciled in Oklahoma that has been licensed as a Property/Casualty Insurer in Alaska since December of 2016. Pre-Paid currently has 1,113 policies in force in the State of Alaska. We further wish to confirm that LegalShield sells and will continue to sell only approved products sold via its licensed subsidiary and licensed agents until the proposed legislation becomes law, should that be the final outcome.

BACKGROUND

By way of background, LegalShield sells a variety of approved personal and business legal plans to Alaska consumers and has made over fifty filings for approval of various plan and supplemental product forms along with the associated rates. The legal services industry and the structure of plans have changed significantly since inception. Early legal insurance plans were policies which required insureds to pay a premium for their policy and insureds were matched with attorneys based on the expertise that was required. These policies functioned like an indemnity/insurance product as the insurer either paid

the attorney directly for the cost of the specified legal services or reimbursed the insured for cost of the same.

Today many legal service plans, including LegalShield's, utilize a different business model whereby members are granted access to a preselected provider law firm that receives a fixed administrative fee for each member that participates in the plan. These legal service plans eliminate the insurance characteristics that existed in the early traditional insurance policies. These non-indemnity type legal service plans provide the member with access to a schedule of specified legal services in a contract but do not pay claims, assume risk, nor indemnify a member for legal fees.

Because these non-indemnity legal service plans no longer exhibit these insurance characteristics, LegalShield believes the proposed legislation is necessary to exempt these modern non-indemnity legal service plans from insurance regulation while leaving the regulation of traditional indemnity type plans unchanged. Accordingly, should the proposed legislation become law, LegalShield will continue to sell the same modern non-indemnity legal service plans it currently sells, but will do so via a non-insurer affiliate as it does in practically all other states.

PROPOSED LEGISLATION

While the proposed legislation, if enacted, will not alter the types of plans LegalShield will sell, it will align Alaska with the vast majority of states in the treatment of non-indemnity legal service plans. Currently there are only five other states (NJ, NY, OR, VA, MA) where non-indemnity legal plans are substantially treated as insurance by the state insurance regulator. Within the past few years there has also been legislative change similar to what is being proposed in Alaska in the states of WA, AZ, ND, NE, TN, TX, AR, and NV. Additionally, it is important to note that the proposed legislation will not remove the existing consumer protections for the practice of law in Alaska – namely, legal services under LegalShield's plans are performed by attorneys licensed to practice law in the state of Alaska and subject to oversight and regulation of the Alaska Bar Association.

This proposed legislative change will also bring greater economic opportunity to the state and greater access to justice to residents of Alaska. As previously indicated, LegalShield legal plans can be sold by independent sales associates. For most of these associates the sale of legal service plans provides meaningful part-time income. Currently, these associates are required to obtain an insurance agent license (with all the accompanying fees) to sell what is considered an insurance product in Alaska. The proposed legislation will remove that barrier and allow many more residents to earn additional income as sales associates.

In many states where the plans are not considered insurance and where sales associates are not required to be licensed, LegalShield has a significantly higher number of sales associates. LegalShield believes that an additional benefit of fewer barriers to entry for sales associates is that a larger sales force means greater exposure and access to LegalShield plans to those that benefit most from the plans, and therefore greater access to justice for those individuals. The judicial system can pose great challenges for those who do not have access to an attorney.

There is a gap many individuals fall into where they make too much to qualify for legal aid, do not make enough to afford to hire an attorney at a full rate, but can afford a monthly subscription for a legal service plan. Those individuals may also need legal assistance in areas of law that are outside the limited areas of law serviced by legal aid entities. Lastly, many in rural areas do not have sufficient access to attorneys. Civil matters can result in detrimental consequences for Alaska residents related to essential basics such as housing (foreclosure, landlord/tenant), family (child custody), garnishments, and unemployment benefits. Having the assistance of an attorney for such matters can be a great benefit in avoiding some of those consequences. LegalShield believes its plans help such individuals.

We hope this information answers any questions and addresses any concerns regarding LegalShield and the proposed legislation. It was our understanding that once you receive this information you will be contacting Judiciary Committee Chairman Andrew Gray and bill sponsor, Representative Nellie Jimmie to address any concerns they have regarding LegalShield and the proposed legislation. If, after speaking with them, you or they have any additional questions or require any additional information regarding LegalShield or the proposed legislation, please do not hesitate to reach out to us.

Sincerely,

A handwritten signature in cursive script that reads "Julia A. Jensen". The signature is written in black ink and is positioned below the word "Sincerely,".

Julia A. Jensen
Chief Legal and Administrative Officer