

April 29, 2026

The Honorable Javier Mabrey & Members of
the Colorado House Judiciary Committee
Colorado State Capitol
200 E. Colfax Avenue
Denver, CO 80203

Submitted via email electronically

RE: Support for HB26-1421, Colorado Legal Practice Integrity and Fee-sharing Prohibition Act

Dear Chair Mabrey and Members of the House Judiciary Committee:

The American Property Casualty Insurance Association (APCIA)¹ writes in support of HB26-1421, the “Colorado Legal Practice Integrity and Fee-sharing Prohibition Act,” and respectfully urges the Committee to vote YES. On behalf of our members, we submit the following observations and recommendations.

HB26-1421 would codify and strengthen Colorado’s longstanding rules that protect a lawyer’s independent professional judgment and undivided loyalty to the client. In plain terms, the bill prevents nonlawyer-owned or nonlawyer-controlled entities (often described as alternative business structures) from economically participating in Colorado legal services through direct or indirect fee sharing, revenue sharing, or profit participation.

The bill also draws an important and workable line for management service organizations (MSO’s) and other nonlegal support providers. It permits flat-fee and hourly administrative support arrangements, while prohibiting compensation structures that are contingent on legal fees, revenues, settlements, recoveries, or other case outcomes—structures that create powerful incentives for nonlawyers, such as private equity investors, to influence or gain from litigation strategy, settlement timing, and risk tolerance.

These safeguards matter to consumers, businesses, and the courts. When outside investors have an economic stake in legal fees or case outcomes, the pressure to pursue “volume” litigation, resist reasonable settlements, or prioritize return on investment over client interests is not hypothetical. Colorado’s justice system depends on the public’s confidence that lawyers answer to their clients and professional obligations—not to third parties seeking profit.

¹ Representing nearly two thirds of the Colorado and U.S. property casualty insurance market, APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers. APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association. APCIA members represent all sizes, structures, and regions, protecting families, communities, and businesses in the U.S. and across the globe.

HB26-1421 also includes meaningful enforcement tools. It authorizes injunctive and declaratory relief and requires disgorgement of funds paid or received in violation of the Act (with disgorged amounts paid to the State). These remedies are important to deter evasive business structures and ensure the rules have practical effect.

Finally, the bill's September 1, 2032, repeal date—subject to sunset review—strikes an appropriate balance by ensuring the General Assembly can evaluate real-world impacts and adjust if necessary.

For these reasons, I respectfully ask you to support HB26-1421 and to vote YES in Committee.

Respectfully submitted,

A handwritten signature in black ink, reading "Lyn D. Elliott". The signature is written in a cursive, flowing style.

Lyn D. Elliott
Vice President, State Government Relations – Mountain Region

April 29, 2026

Colorado House Judiciary Committee
Denver, CO
VIA ASSEMBLY PUBLIC TESTIMONY PORTAL

RE: HB 26-1421—OPPOSE

Committee Members:

I write on behalf of Consumers for a Responsive Legal System (“Responsive Law”), a national, nonprofit organization advocating on behalf of consumers of legal services, to **express our opposition to HB 26-1421.**

Consumers are not asking for and don’t need the so-called protection offered by this bill. What they need is better access to affordable legal help.

This proposal limits basic business practices—not even particularly innovative ones—that can help consumers of legal services find affordable legal help.

For instance, the bill language in 13-93-404 1(a) prohibits payments from a law firm

“to any alternative business structure **or nonlawyer**, other than lawful wages, salaries, benefits, or discretionary bonuses paid to nonlawyer employees of the law firm for services rendered in the ordinary course of their employment” (emphasis added)

This would not only prohibit law firms from paying ABSs for their work but would prohibit payments to any non-lawyer who is not a staff member. Surely, the drafters of this bill did not intend to prohibit rent payments, payments to suppliers, or even to outside website designers or ad agencies.

Beyond this drafting problem, the bill addresses issues that are already addressed by the Colorado Rules of Professional Conduct. The Rules of Professional

Conduct already prohibit fee-sharing between lawyers and non-lawyers and already protect the professional independence of lawyers. If that's all this bill does, then it's merely duplicating the existing rules governing lawyers and is duplicative.

To the extent that this bill goes beyond the existing rules, it hinders innovations that could help consumers get better access to legal help. The average Coloradan must work a full day just to afford an hour of a lawyer's time. That person's primary concern is finding and being able to pay for competent help with whatever their legal matter is. If someone can't even afford to pay a lawyer, it's of no concern to them who may receive their non-existent payment and under what formula that non-existent payment may be allocated.

Even if a person can afford to pay a lawyer, their main concerns will be whether that lawyer is competent and acts in their client's best interest. Those concerns are already more than adequately addressed by existing law.

For these reasons, we urge the Committee to reject the bill.

Sincerely,

A handwritten signature in purple ink, appearing to read "Tom. Gordon", with a long horizontal flourish extending to the right.

Thomas M. Gordon
Executive Director