


The New Legal Plans:

Will they Match the Production of Life or Disability Insurance Sales for Insurance Agents or Brokers?

By Robert L. Heston, Jr.





New legal plans are re-shaping the concept of family protection via insurance today. For years, life insurance and disability insurance have shaped the conversation for American families around the necessity of being protected against a life and family threatening emergency. With life insurance sales, the conversation has always been about protecting one's family in the event of an unexpected death.

Producers have encouraged the purchase of life insurance to provide extra cash for not only funeral expenses but also for family expenses until the family recovers from the loss.

With disability insurance sales, the conversation is focused on protecting the income stream of a family in the event of a sudden, unexpected and disabling event. In both types of insurance sales, the product is not likely to be used any time in the near future, so the sale is based on taking the right steps to be prepared in the event it is needed. In effect, the sale was a preventative and preparedness sale.

Thanks to widespread awareness about financial wellness, financial protection and the threats of identity theft there is a new conversation that producers can develop for their same clients, whether their audience is the employee population or individuals. Certain modern catastrophes can now wipe out a family's savings and ability to exist – exactly the protection that life and disability insurance provides. Now, family savings can be protected from one's unexpected death or disability, but these same savings can still be wiped out by one financial event, such as home foreclosure, bankruptcy, extraordinary medical bills or a host of new threats on the legal and financial front.

A Large Part of Financial Wellness is Related to Legal Problems

Legal problems are a direct drain on financial wellness, and this is becoming an increasingly critical component in the employee wellness picture. Lawsuits over medical bills, bankruptcy, foreclosures, probate battles, divorce, child custody, real estate, accidents and a number of other financial security-threatening matters can rise up unexpectedly and suck the family savings dry in a matter of weeks or months.

Starting with the onset of the recession in 2007 and 2008, it seems like every day we are seeing more and more legal and financial issues affect thousands of Americans. Today, hundreds of thousands of employees across the United States receive or dodge calls from creditors seeking to collect on past due debt. Daily, thousands of Americans are dragged into court to defend themselves from lawsuits filed by creditors. Americans file lawsuits against other individuals and businesses every day. The current long-lasting recession has highlighted the threat of financial debt issues and lawsuits, which has never been greater for an increasing number of American employees.

Additionally, burgeoning home foreclosures contribute to the stress weighing heavily on employees. The number of U.S. homes receiving a foreclosure filing started to climb drastically in 2011, reaching a peak for the housing crisis, as unemployment remained high and banks resumed seizures after a slowdown, according to RealtyTrac Inc.¹ It was reported in July 2013 that 41% of all homes in America

were underwater, meaning the mortgage was higher than the appraised value.

“We will peak in foreclosures and probably bottom out in pricing, and that’s what we need to do in order to begin the recovery. But it’s probably not going to feel good in the process.”²

Rick Sharga
Senior Vice President
RealtyTrac

Since 2010, a record 2.87 million properties received notices of default, auction or repossession. The number climbed higher even after a plunge in filings in the last part of the year, including a 26% drop in December, as lenders came under scrutiny for their practices.³

All these stressful credit and debt issues cause tremendous downward pressure on the psyche of American employees. In addition to the stress created from a myriad of their own financial and legal problems, employees face the serious financial and legal pressures of caring for their elderly parents. Devastating legal problems and medical bills have plagued American families in the last five years.

More than ever, older working Americans are especially feeling deeply stressed because of financial and legal problems. The 10th Annual Study of Employee Benefits finds that “63% of employees are very certain that a reduction in Social Security and/or Medicare benefits would change their retirement stakes and would require them to become more responsible than ever for creating a financially secure retirement. However, they also expect their employers to help in this endeavor.”⁴

“...older Americans, employed and unemployed, may never recover financially from this latest recession, and more than half don’t foresee themselves having enough money to live comfortably in their retirement.”⁵

AARP Public Policy Report

These are new findings from AARP’s latest Public Policy Institute report, a collection of data taken from a survey of more than 5,000 Americans age 50 and over who were employed, had been employed or were seeking employment during the three-year recessionary period before they were surveyed online.

“In January [2012], some 1.4 million older nonagricultural workers were working part time because they had no choice, about 226,000 more than the month before. These workers, also known as involuntary part timers, were employed part time for economic reasons —

*that is, because of slack working conditions or because they could not find full-time work. In January, they were 5.1 percent of all older nonagricultural workers, up from December's 4.4 percent. Differences by sex have generally been rather modest in recent months, but the gap widened somewhat in late 2011. As of January 2012, 4.6 percent of older employed men and 5.7 percent of older employed women were involuntary part-time workers."*⁶

AARP Public Policy Report

*"Many older Americans have been buffeted by skyrocketing health care costs, dwindling home values, shrinking pension and investment portfolios, and employment struggles. Even if you have a job, this survey demonstrates that you are not immune to the negative effects of the recession."*⁷

John Rother

Executive Vice President for Policy, Strategy and International Affairs

AARP

Overall, the seemingly never-ending recession is taking a toll on older Americans' finances, savings, health care and employment status. Most troubling, nearly 30% reported they had exhausted all their savings during the seemingly endless recession. For those having trouble making ends meet, 36.4% stopped or cut back on saving for retirement.⁸


Recent findings from a Gallup-Healthways Well-Being Index show that 49.5 % of older Americans have problems taking care of financial needs and thus delay getting medical or dental care or stop taking medications. Roughly 13% also began collecting Social Security benefits, and two-thirds did so earlier than planned.

"Older Americans have good reason to be worried about the future because they have less time than others to recover from the impact of the last three years. When older Americans are borrowing against their future or betting against their health, serious challenges lie ahead."⁹

In addition, the amount of credit card debt in the United States is startling.

- At the end of 2008, Americans' credit card debt reached \$972.73 billion, with the average credit card debt per American household at \$8,329.
- 78% of American households have at least one credit card.
- In New York State, on average, individuals have 4.5 credit cards, and 14.8% of New York residents are using half or more of their credit.

In 2008 and continuing up until this point, the housing and debt crisis has thrown millions of Americans into the legal system without warning. Scores of people had moved comfortably from being renters to homeownership from 2001 to 2007, and they saw the value of their investments increase. Many had developed side businesses buying and selling homes, otherwise known as flipping homes, and built their retirement funds in the process. When the housing bubble burst in 2008-2009, the attendant financial problems led to seriously underwater mortgages and thrust millions of American employees into



default or the threat of default on their mortgages.

This problem wreaked havoc in the financial markets causing unintended consequences for millions of other American employees that had allowed their debt levels to rise out of control. In a housing market that had been rising steadily mounting debt was not an immediate problem. However, as soon as the credit markets were affected by the housing crunch, banks and financial institutions changed the terms of loans and wanted less exposure to outstanding loans. This made it necessary for employees to pay down balances with funds to which they did not have access.

Devalued housing balances and the threat of too much debt placed a huge strain on the American economy and plunged employees into a furious cycle of constant worry about financial obligations, lawsuits, foreclosures, bankruptcy, repossession, credit card balance debt, falling credit scores and a huge need for cash. Ultimately, retirement accounts and savings were devalued and depleted to meet financial obligations.

The new legal plans afford protection from a catastrophic lawsuit that can cost a family \$40,000 - \$50,000 in legal fees overnight and without warning. The protection provided by life and disability insurance is worth nothing; however, if a legal problem hits, the premiums paid will likely dry up before the legal battle is over.

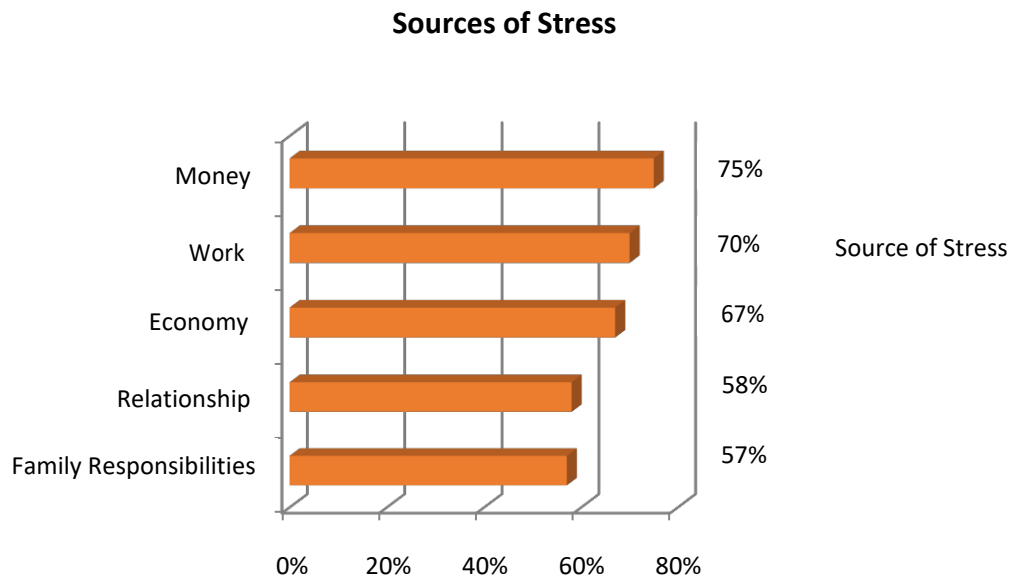
The opportunity to help protect client families is enormous. More than 100 million American families could use the benefits within the new legal plans. Legal plans have been around for decades, but they have primarily focused on wills and discounted fees. These plans often offer little or no protection when a lawsuit or legal disaster strikes. And this is where the new legal plans excel.

The Lawsuit and the Stress Explosion

“There’s a silent epidemic that afflicts 30 million workers in the U.S. — a quarter of the American workforce — and is costing business \$15,000 per year per affected employee...When first reported in 1979, 10% of working adults reported that they routinely experience personal financial difficulties; today that number is up to 25%. Financial stress is frequently listed as the top source of all the stress experienced by employees.”¹⁰ The recent recession has only added to this stress level.

According to the American Psychological Association, financial issues are the number one cause of stress and play a large role in the most preventable stress-related illnesses, as detailed in Figure 1 on the following page.

Figure 1



American Psychological Association, *Stress in America: Our Health at Risk*, January 2012

The most recent American Bar Association Study on this subject, conducted in 2002, concluded that 70% of Americans will suffer some type of legal problem in the next 12 months.¹¹ Since that time, lawsuits, legal issues and court battles have skyrocketed. Additional studies show that legal problems have increased in both frequency and severity for the average American employee. The number of lawsuits has increased significantly since the housing and banking markets collapsed in the Great Recession of 2008. In addition to the usual breach of contract and other suits, there has been a huge increase in the number of civil lawsuits and personal injury suits filed.¹²

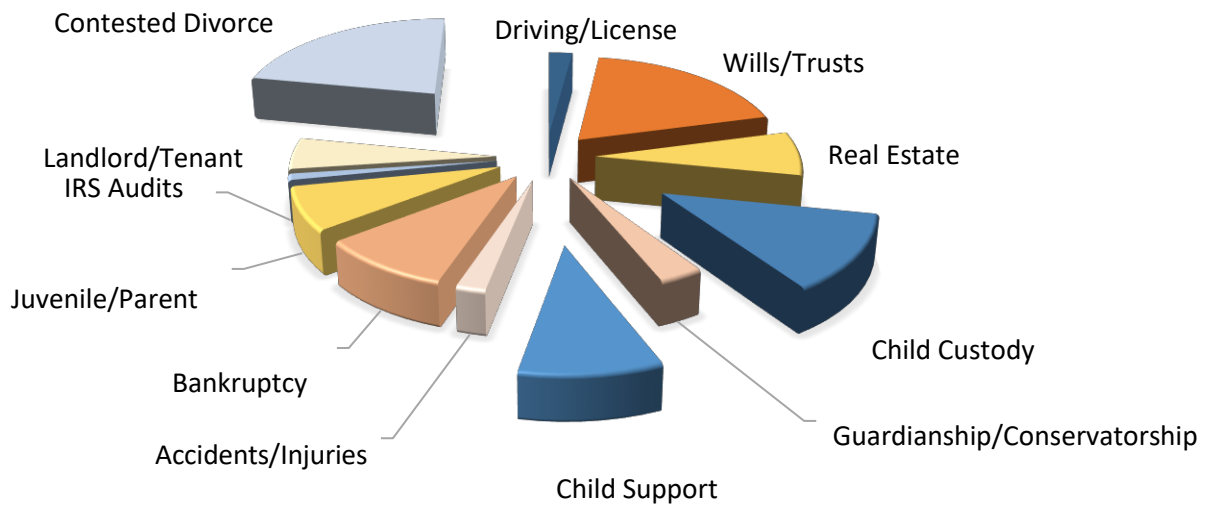
Actions in state and local courts have intensified the impact on employees in such explosive areas as credit, debt, family law, including divorce, child custody and child support issues. One of the worst economic downturns of modern history has produced a big increase in the number of delinquent borrowers, and creditors are suing them by the millions. Concern is mounting in government and among consumer advocates that the debtors are not always getting a fair shake in these cases. Most consumers never offer a defense, and creditors win their lawsuits without having to offer proof of the debts, much less justify to a judge the huge tack-on interest charges and penalties they impose. After winning, creditors can secure a court order to seize part of an employee's paycheck or bank account, a procedure called garnishment. No national statistics are kept, but these seizures are rising fast in some areas, up 121% in the Phoenix area since 2005 and 55% in the Atlanta area since 2004.¹³

In the past few years, little progress was made to ease the credit crunch for many employees. Foreclosures are mounting to crisis levels, and millions of Americans are walking away from mortgages and houses with values below what is owed.

Figure 2 shows the current need for legal services by area of law.

Figure 2

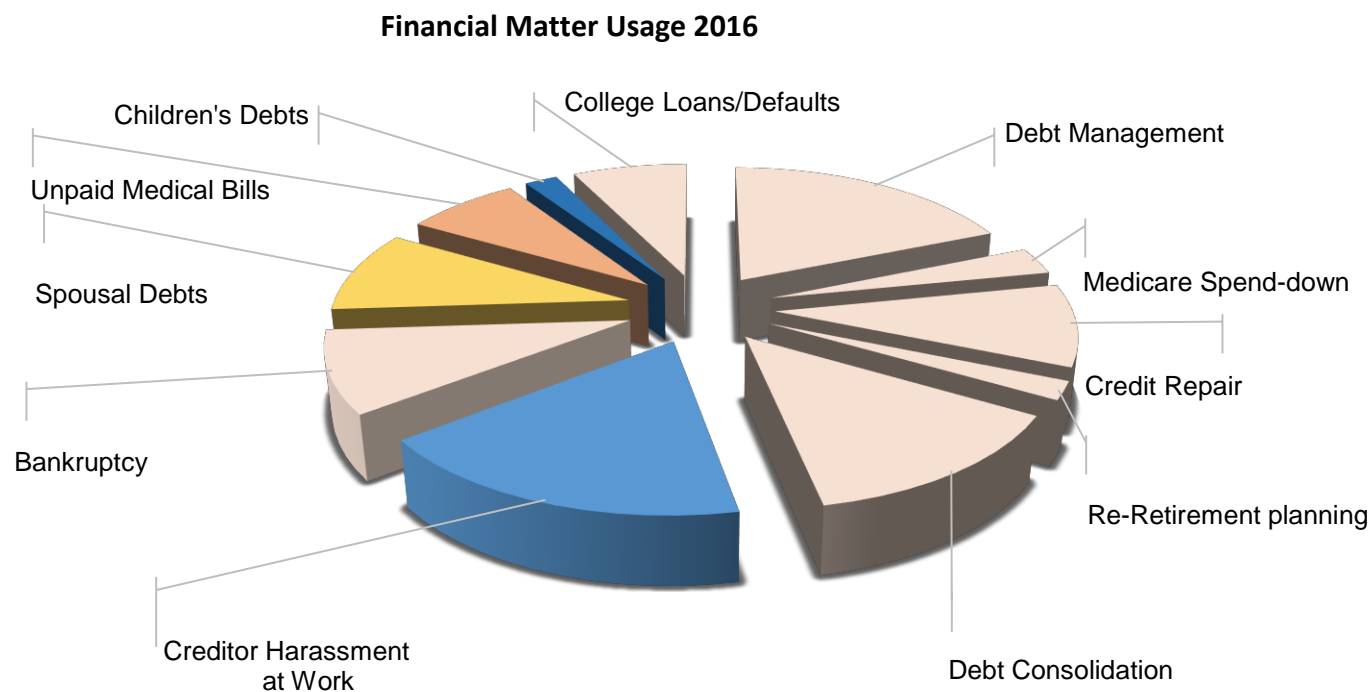
Legal Matter Sample Usage 2016



LegalEASE Usage Records, 2016

Figure 3 on the following page details the extensive range of legal needs related to actual financial debt and credit issues suffered by employees.

Figure 3



LegalEASE Usage Records, 2016

Law suits are on the Rise and Opportunities for Legal Disaster are Enormous

Legal problems occur within every facet of life today. Legal issues can affect American employees in both widespread frequency and in severity of the underlying legal problem. As we saw in the American Bar Association study in 2002, five years before the start of the recession in 2008, legal and financial problems were being suffered by more than 70% of Americans.¹⁴

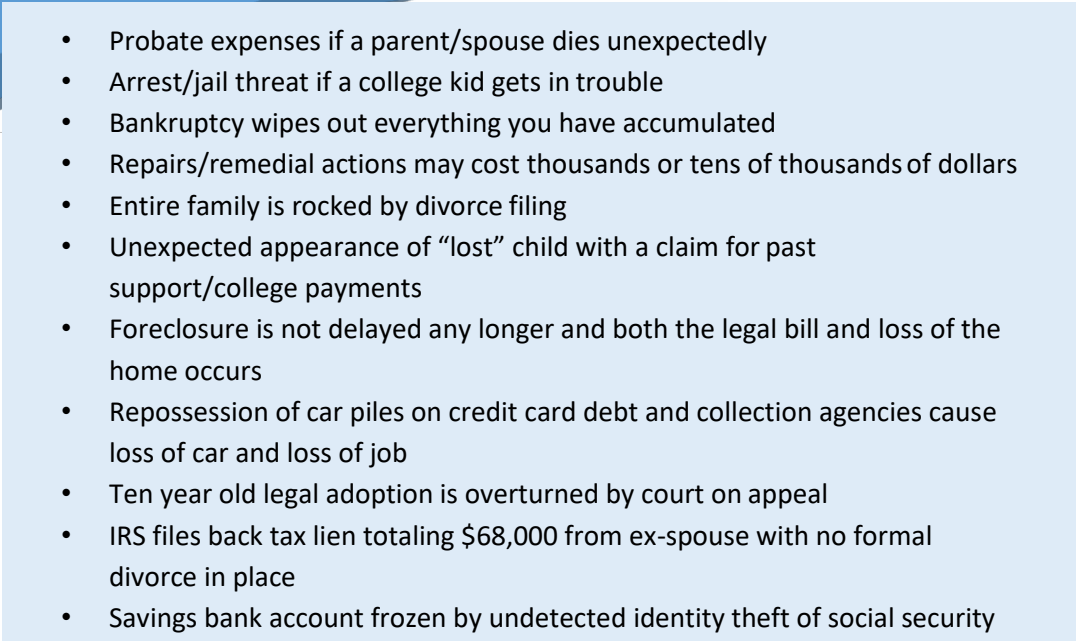
Many legal problems are private, frustrating, emotionally upsetting and oftentimes embarrassing. Picture an employee that misses work after being arrested, a manager whose son was arrested for the fourth time for drug possession or the employee whose spouse was jailed for a felony gun possession. Employees are involved in all types of legal issues, many of which are not their fault. Regardless, almost all legal problems bring with them an enormous amount of embarrassment and humiliation. And these problems are not unique to the recession, although they have certainly been compounded by it.

Many legal problems also threaten an employee's job security. Company drivers cannot suffer through repeated driving violations in a year if their policy manual provides for termination after two violations. Employees on work probation cannot miss a day of work to go to court for any legal matter. Former spouses fighting over the kids' carpool can create repetitive employee tardiness issues. The

list of effects of legal problems is endless, and most all of these legal problems are embarrassing and job-threatening.

Figure 4 provides a sample list of legal problems that can threaten employees and their families on a daily basis.

Figure 4

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- Probate expenses if a parent/spouse dies unexpectedly
 - Arrest/jail threat if a college kid gets in trouble
 - Bankruptcy wipes out everything you have accumulated
 - Repairs/remedial actions may cost thousands or tens of thousands of dollars
 - Entire family is rocked by divorce filing
 - Unexpected appearance of “lost” child with a claim for past support/college payments
 - Foreclosure is not delayed any longer and both the legal bill and loss of the home occurs
 - Repossession of car piles on credit card debt and collection agencies cause loss of car and loss of job
 - Ten year old legal adoption is overturned by court on appeal
 - IRS files back tax lien totaling \$68,000 from ex-spouse with no formal divorce in place
 - Savings bank account frozen by undetected identity theft of social security



Many problems are extraordinarily real and devastating:

- Domestic abuse arrest
- CPS allegations about very good mother/employee – child gets taken away
- Elder domestic abuse arrest
- Wealthy, successful employee faces home foreclosure
- Bankruptcy
- Employee with son abusing drugs – steals everything from their bank accounts
- Employee with parent in abusive nursing home
- Employee (VP) who gets a note at work from spouse of other employee she is having affair with (disclosure imminent)
- School teacher underage sex allegations
- Single father's alleged abuse of son or daughter (made up by mother's family – mom in prison)
- Employee's 10-year old child accused of sexual abuse

With so many difficult issues comes a massive amount of stress in the employee or individual's life. The search for solutions is endless and the need for emergency funds to fight these unexpected problems is dire.

The New Legal Plan Interest Explosion

The new legal plans are really an innovative concept. They provide enormous benefits to employees and individuals who purchase them. Currently, there is a groundswell of interest and market acceptance at the top of many major corporations in the United States. Hewitt & Associates estimated from their benefits surveys of various size companies that by the end of the year 2015 only 25% of companies had a legal service plan.

The new legal plan approach is a fully insured program and a departure from the past plans that offered discounted rates, wills and consultations but did not protect from catastrophic events. With the older plans, employees still had to pay the exorbitant legal fees, albeit at a discounted rate when a legal problem struck. Expenditures of \$20,000 - \$30,000 still wiped out family incomes and savings. Today, the problem have been compounded by the frequency of legal problems arising and the high cost of legal fees. And, as we have seen, the American Bar study estimates that 70 out of 100 Americans will have a legal problem in the next 12 months!

The fear of unaffordable legal fees paralyzes many moderate-income Americans from accessing legal assistance. And while would-be clients, courts and lawyers struggle to find cost structures that bridge the gap between needs and services, another barrier, distrust of the private bar, is cited repeatedly.¹⁵

“What most people don’t realize is that — while how you divorce or what there is to split may play a part in the cost — the number one way for you and your spouse to save money in a divorce is to deal effectively with the emotional aspects of the split.”¹⁶

Susan Pease Gadoua
Divorce Expert and Author

Of course, dealing with the emotional aspects of divorce is easier said than done. With the build-up of many years of anger, resentments, neglect or jealousy, as well as demands for justice and vengeance, these emotions can and often drag cases through years of litigation.

The net effect of a lack of extra funds can force the settling or abandoning of a lawsuit or legal dispute before the case is won since most employees do not have a rainy day lawyer fund and may be forced to use their savings, take out a loan or even borrow money from a 401k retirement account. In addition, most employees are not sure how much money might be involved in resolving disputes.

Many employees do not understand the billing system in the legal world, nor do they understand how fees can be so high. The structure of legal fees/legal billing can create a number of misunderstandings.

- A lawyer generally charges an hourly rate for time spent on a legal situation that is not based on the outcome or results. Experience, expertise and personal relationships with the judge and other non-tangible services are also reflected in an attorney’s hourly rate.

- Broken down into its technical aspects, what causes problems and, ultimately, stress for an employee as a lawsuit drags on lies at the intersection of two sub factors:
 1. The complicated and overwhelming legal system procedures that require more and more explanation from lawyers to help employee-clients better understand what is happening in the case.
 2. The reality that the more explanation the lawyer provides to the client equals more time the lawyer spends on the client’s case, which leads to a higher legal bill.
- Clients of law firms routinely complain about legal fees, but few take the time to understand how lawyers record their billable hours and generate legal fees. Clients continue to pay for legal fees, so they must feel in some way that the fees are a good deal, but they often resent an attorney’s bills because of a lack of understanding about the way lawyers bill their time.¹⁷
- It may not be clear until a client sees the first attorney’s bill that time equals money. Every time a question is asked, or a conversation takes place with a lawyer, the bill goes up. To keep costs down, the client may stop asking questions, and the lawyer may opt to spend less time on a client that can’t afford large monthly legal bills.

When you seek to understand the employee’s perspective, more misunderstandings unfold:

- The employee sees the legal system as complicated and unwieldy.
- Not being informed about what is happening in the case or why certain things happened hurts a client’s understanding of the legal process.
- Attorney failure to provide a detailed explanation of the legal processes and procedures leads to a lack of understanding, which in turn leads to frustration, anger and other stress factors.

Here are some comments of participants in the previously referenced major ABA Study:

“I was very impressed (with the work the lawyer did for me), but shocked at the charges because I did not realize they bill you for every little minute. The overall complete thing was wonderful, but we paid out the nose to get all the estate trust settled. But, it’s not something that a normal person can do, and there are all kinds of rules and regulations.”

Female, 62
Dallas, Texas

“My lawyer told me that for a divorce, to set up the paperwork was going to be \$750 to \$1,000. By the time I was through with it, it was \$7,000. I don’t know what happened. I wasn’t in there through most of it.”

Male, 46
Dallas, Texas

“What they do is they charge you so much for ten minutes or so much for an hour, but they never come forward with their accounting of all of their minutes.”

Male, 61
Chicago, Illinois

“I had one lawyer with a law firm, and I said, ‘Before we go any further, what are you going to do for me?’ And, they couldn’t answer me. I said, ‘But, you took my money. How can you put a price on something when you don’t know what you’re going to do?’”¹⁸

Male, 67
Boston, Massachusetts


When an employee feels that an attorney is spending little time on their case or is not communicating regarding important developments, the employee’s stress increases, particularly as the case progresses.¹⁹ As a client, the employee has questions, needs answers and explanations and gets frustrated when the attorney is not forthcoming. The employee also gets increasingly upset having to spend more money to get seemingly simple answers to basic questions.

In this era of information overload from the internet and other sources, an employee may have a difficult time when adequate information is not provided by the attorney and may feel that the attorney is not interested in educating and updating them about the case unless billable time is involved. After all, a client might reason, all that’s needed is an understanding of a few critical legal terms that may help the litigant be make the more informed decisions about the legal matter.

Now consider a workplace scenario in which employees are involved in protracted litigation. Without an understanding of the legal system, the employees may become increasingly frustrated at both the system and their attorneys. For some employees, this will spur bouts of depression or missed workdays. Others, equally anxious, lack focus on the job, as their minds are consumed with the uncertainties surrounding complicated legal scenarios.

For a forklift driver preoccupied with the fear of losing a child to a drunken or abusive spouse through a court action, this could spell danger to himself and others. The costs of these problems to the individual worker, business associates and the company can be huge. Without warning, the distracted forklift driver, for example, might dump an entire palette of heavy machinery on several unseen employees taking a coffee break.

In addition to major accidents and injuries on the job, costs can also include absenteeism, presenteeism or the lack of focus of a worker on the job, along with mistakes and internal conflict that impact productivity.



If employees could better understand the fundamental hurdles in the legal system, and, if more effective solutions and support for workers could be implemented, the immense personal costs would be reduced significantly. Similarly, if HR could better understand these issues, steps could be taken by the company to find ways to confirm that help is on the way for employees.

Just How Much Stress are Legal Problems Causing?

While no scientific studies yet exist, this silent stress producer is creating massive amounts of costly employee stressors. The LegalEASE Group in conjunction with its insurance partner Nationwide Insurance Company has conducted an extensive analysis of existing stress research in its LegalEASE Employee Legal Health Study in 2016 and has extrapolated the key manifestations of employee stress caused directly by legal problems, particularly unexpected legal problems, and has been able to report significant measurable costs for the employer that are attributed to these employee problems. There are many ways that legal and financial wellness impacts a company's bottom line.

Why are these Legal Plans New? Catastrophic Coverage is the Difference in the New Legal Plan.

Now, with fully insured or mostly fully insured legal plans, a whole new reason to sell legal plans is assured. This means the legal plan sale concept has evolved from the past sales approach of trying to save a little money for an unlikely expense, to a sales approach that enables a producer to sell a legal plan that provides complete protection. Meaning all the legal expenses are paid by insurance if and when a legal problem arises so that no family savings or retirement income needs to be tapped.

Now, selling a new legal plan to an employee or individual takes on a new meaning with a new approach. For \$15-25 per month, one can have all the protection needed, not only to protect themselves, but to protect their families, children, college aged children and elder parents from unexpected legal disasters. And all without ever touching the family savings or retirement funds.

In the past, the legal plan sale was focused on making sure one had a will. And, making sure one had some help. Now, legal plan sales are much like life and disability sales – full protection of the family in case an unexpected legal problem arises. Full protection means anything family related that ranges from elder parent nursing home or age issues, college age children suffering through a DUI/DWI, an apartment lease dispute or a minor in possession of alcohol offense, all of which can severely impair a college student's employment or graduate education admissions.

The New Legal Plans are Available as Employee Benefits or as an Individual Purchase.

Depending upon your practice, producers can offer the new legal plans either as an employee benefit, usually a voluntary benefit, or they can offer it as an individual sale. They are flexible, easy to enroll and easy to sell as long as one embraces these new legal plans.

Group Sales

Today, the employer market is ripe with opportunity for additional products. Employers stung by the impact of ACA (the Affordable Care Act, often called Obamacare healthcare) are desperate to hold onto valuable employees and to provide more opportunities for benefits than ever. So, the new legal plans are a perfect benefit, usually voluntary, except in the smaller (under 25 lives) group market.

Many large companies today (10,000+ employees) are adopting the new legal plans. Many are replacing older legal plans, but most are introducing legal plans to employees for the first time.

Medium-sized companies (500+ - 9,000) are adopting legal plans as a voluntary benefit in record numbers, although the market is still wide open for new legal plan sales. Small groups are also becoming interested, and, if they have had experience with a legal plan in the past, it is usually an old and predictable plan that is crushed by the new legal plans in terms of benefits and value.

Employee Legal Problems – the Need is Massive

No matter what size company your client is, the need for employees is exactly the same. More than 52% of the employee base of any company cannot pull together \$10,000 right now.²⁰ That means that if a lawsuit strikes that employee family, 52% will not have the money to defend the lawsuit or retain a lawyer.

Employers that are interested in meeting the employee need for financial services today can take solace that in providing a legal plan, the employee will not have to tap assets that they have put aside for retirement benefits. The new legal plan will have fully paid benefits available for those who enroll in these new plans.

The Newest Data: The Tremendous Cost of Legal Plans for Employers

After a new study from LegalEASE, The LegalEASE Employee Health; Legal & Financial Stress Impact Study 2016, Part II, brokers can now utilize a consulting sales approach.²¹ The 2016 LegalEASE study has concluded that legal problems cost employers \$245,174 per 100 employees per year in measurable metrics: absenteeism, increased prescription drug costs and physician/psychologist visits for treatment of stress. Not only can this consulting presentation be made to benefits managers and HR staff but also to CFOs who are concerned with the bottom line.

This becomes important in shifting the message presented to business CEOs and high level executives from one of “do you have a legal plan” to “do you realize how much the financial wellness of your employees can be impacted by certain benefit programs.” This idea of helping prevent legal problems or having legal fees completely paid for employees can really provide a literal no-cost solution for solving problems and costs for employers without offloading any new costs onto them.

The new LegalEASE study concludes that the stress associated with legal problems and finding money for legal fees can actually be substantially reduced and, in some cases, eliminated, because the legal

fees are paid for by the insured part of those legal plans that have this component. It is critical for brokers and producers to recommend legal plans that have this fully paid insured coverage as an integral part of the plan.

Which Legal Plans are Best?

Legal plans take many forms from basic to comprehensive and are usually provided to groups, such as associations, large companies, financial institutions, unions and other types of affinity groups. Usually, the services that can be provided according to a plan (similar to the benefits or services provided in a dental plan or vision plan) are structured to meet certain needs for the members or employees of these groups.

Legal plans can be sold or offered by insurance companies, agents, brokers, marketing companies, direct marketers and affinity marketers. Legal plans are marketed to corporations and organizations through a voluntary benefit services platform. While working with clients seeking to add a legal service plan to their portfolio of benefits, we have noticed a clear trend among corporations to transfer administration and communication of its employees benefits to a third party company, a multi-benefit platform or an out-sourced voluntary benefit package.

Legal Service Providers and Plans

Legal Plans are usually grouped by coverage type as identified by the American Pre-Paid Legal Institute.²² These three types are:

- Indemnity or Comprehensive Plan
 - These are the new legal plan designs - Includes all the services of an access plan with additional in office and trial work. Many of these plans are insurance products regulated by state insurance commissions. A comprehensive plan is designed to cover 80-90% of the average person's legal needs in a given year. These plans range in cost from \$13.00 to \$19.00 per month, with expanded plans up to \$25.00 per month.
- Access or Managed Plan
 - Typically, these plans provide simple coverage such as unlimited phone consultation, phone calls and letters from attorneys and document review along with discounted hourly rates. These plans range in retail cost from \$8.50 to \$14.50 per month.
- Referral and Discount Plan
 - This is the most basic type of plan. It is not really a true prepaid plan, and its features and coverage are very limited. These plans range in retail cost on an employee paid basis from \$4.00 to \$6.00 per month.

The New Legal Plans Have More Customer-Centric Legal Help

Additionally, and perhaps equally as important, legal plans provide access to lawyers when employees and consumers could not otherwise locate or retain a lawyer with whom they are completely

comfortable. Finding a lawyer for an employee is often the primary function of a legal plan.

But, there are many barriers to accessing attorneys for those Americans who are not familiar with the American legal system. Breaking down barriers to lawyer-access includes a variety of actions. The ability to overcome the fear of seeking legal advice, the ability to call for assistance without regard to whether the legal problem is of a sufficient magnitude, the ability to access the lawyer either over the phone, in-person or over a secure encrypted technology online and the ability to obtain information without the “legalese” that is so common used by lawyers. Additionally, legal plans can breakdown the barrier often perceived by the American public that lawyers are unapproachable. This empowerment on the part of the American employee is particularly liberating and enables the employee, and not societal perceptions, to drive the actions taken in a particular legal matter. Arguably, this is exactly the way legal decisions ought to be made, instead of relying on a lack of knowledge or an abject fear of approaching a professional who appears to hold the keys to understanding the legal system.

In regard to the delivery systems included with various legal plans, the best legal plans will focus on getting the best help quickly to meet this need of access. Having the ability to discuss a problem concerning a neighbor’s repeated trampling of one’s garden plants with an experienced attorney will help the employee in several ways:

1. The legal options available will be made known to the employee to consider
2. The employee can decide which options meet their needs
3. A plan of action can be created
4. The employee can return to focus on their work, having set in motion the actions needed to resolve the legal problem

If your employee is a mid-level sales manager whose division is lagging in sales for this upcoming all important quarter, having the full attention of this manager might help to significantly increase sales to meet the quarterly departmental goal. In this case, the new legal plan can be a very helpful benefit that will greatly impact the company as well.

Type of Client Companies to Approach

There is no real best industry group, SCI code or company type to approach for legal plans. Most all companies can use legal plans for their employees. Most legal plans are voluntary in nature, so as long as the company has a benefits platform and has a voluntary benefit offering, the legal plans can fit right into that package. Look for legal plans that have a turn-key offering and have an enhanced communication package so that the plan benefits and offering can be properly communicated to employees.

A word of caution – while legal plans are a great idea, they do not sell themselves. Most employees are not as aware of these plans as a life insurance program. So, the communication package has to be enhanced in order to obtain a critical enrollment mass during the offering.

Usage is very high with properly implemented legal insurance plans, so if you can communicate well enough to obtain a high participation, the retention rate will increase year after year.

Likelihood of Competition

There are only three fully insured legal plans on the market today. All of the other plans when one looks carefully are some type of discount plan that has a few paid-for benefits in some cases but does not have most or all of the benefits paid-in-full. Your valued clients are going to, at some point soon, learn about fully insured legal plans, and if you have brought to them a discounted plan that is not fully insured, they will notice that you did not bring the best in class benefit.

No matter how good a discount legal plan is, there is no comparison for employees when they have all or most of their legal benefits fully paid for by the plan.

Some of the discount plans have recognizable names: Legal Club of America, Legal Shield, Prepaid Legal, Caldwell Legal and Country-wide are a few of the larger more well-known plans. None of these is a fully insured plan regardless of what representations are made by the plan.

Also depending upon the size of the client company, the competition will vary. Most small groups (under 25 lives) will not be good candidates for the fully insured legal plan. Although, even so, LegalEASE does have a legal plan for sale especially tailored to these size groups. The primary competition in this arena is a legal plan called Legal Shield.


In the medium-sized market it is more likely to run into a mix of both insured legal plans and discounted legal plans. Companies like Legal Shield and Legal Club of America have clients in the 100-2,000 employee range. Most of these companies should have fully insured plans, like those of LegalEASE. Most companies in the 300+ employee range should consider a fully insured legal plan for their clients. The price difference is minimal for employees, and the amounts of coverage in the plan are vastly different, with all or most all the legal fees completely paid for in the fully insured legal plans.

How to Start the Conversation to Sell Legal Plans With Employers

There are a multitude of ways to start the conversation with one's company clients about legal plans. In the past, most legal plans were sold by asking employers and employees "do you have a will?" Most employees did not, and it was a good way to sell a legal plan. "Buy the legal plan and you can get your wills done for free" was a good way to broach the subject of selling the more lucrative life insurance product the same producer was selling. The problem was that life insurance was always center stage, and the legal plan was often an afterthought. After employees got a will done, they frequently left the legal plan for year two after having completed the so-called only reason to buy a legal plan.

Today, the American legal system has affected millions of American families negatively and has wreaked havoc for American employees. The catastrophic nature of legal issues today is now an easy topic to talk about. The need for protection from huge legal bills and disastrous lawsuits is a topic well-known to most American employees.

Many realize the myriad of problems that can affect each employee and their family, including



divorce, child custody, medical bills, bankruptcy, foreclosures, probate battles, real estate, landlord tenant disputes, warranties, accidents and a number of other legal issues.

Talking about the need to protect the employee and their family is almost like talking about the need for life insurance today. The same catastrophic discussion used in life insurance, “protect your family and their assets in the event of an unexpected death” can be utilized in selling legal insurance, “protect your family and your assets in the event of a catastrophic lawsuit or legal problem.”


Talking about the need to offer a fully insured legal plan with an employer is now easier since the new study released by LegalEASE that effectively indicates employee legal problems are costing employers some \$245,000 per year per 100 employees. This new study using only three measurable metrics, absenteeism, prescription drugs and physician visits for treatment, gives a fair amount of predictability to the idea that legal plans, fully insured legal plans that is, can actually reduce these costs by over \$100,000. We can easily justify this and show you how this proposition works in a manner designed to convince the employer. The interesting point is that to reduce the employer expense by over \$100,000, there is no need for the employer to spend a cent on anything. The entire legal plan is voluntary, and the employee pays the full cost of the plan with no contribution by the employer.

Contact LegalEASE for a copy of the white paper summary version of the stress paper that makes several points for the employer and provides the necessary selling points. This white paper provides a look at how savings vary for employers depending upon which legal plan is chosen for employees: *Case Study Summary: How Much Are Employee Legal Problems Costing the Company? Is one legal plan better than another in solving this part of the financial wellness issue?* See, robertheston.com for access to these papers.

Enrolling Employees in the Legal Plan

With every voluntary benefit, the key is in the communication program and strategy. No matter how good the strategy, the selling points have to be strong. Employees still have to be sold on why they need a legal plan and more importantly why they need it now and need to keep it in place year after year. It is easy to understand why purchasing life insurance now and why keeping it in place year after year is important. Again, when talking to an employee, these same concepts can be used to develop the consultative sales pitch at enrollment for the legal plan. In other words, you cannot buy the plan after a legal problem arises, because you never know when a legal problem will arise, and your coverage is so comprehensive that you will want to keep the plan in place, especially given the \$15-\$22 monthly price per family.

In addition, many smaller companies still employ a face-to-face meeting forum that enables you to convey the message directly to the employees. A couple of the most important topics to talk about are college children and elder parents, as many employees are responsible for both. Each have different legal problems but,, with many legal plans, the plan has coverage for both sets of problems. Some fully insured legal plans are particularly strong on elder parent benefits and estate planning with documents that can help if a parent is incapacitated. They also have college student coverage for MIPs, DUI/DWI, leasing problems and all of the problems that college students may have. It is easy to ask a parent how



many lawyers he/she knows in their college student's college town (usually the answer is none) and how much they would likely charge when college kids get into trouble. The fully insured legal plan has both a developed network of attorneys that specializes in college student related issues and pays the legal fees, usually without any deductible or co-pay.

What Benefits are Actually Covered?

A full review of benefits can usually be provided by each legal plan. Fully insured plans may have a customized variation of a central plan and can mix and match benefits depending upon various price points and employer preferences. While the fully insured legal plans have the full insurance component in common, there are significant differences among these plans. One plan is a cookie-cutter plan that has few variables and a fixed tiered price structure. At the opposite end of the spectrum is one of the other major insured plans that is specifically underwritten for each new group and has several platforms that enable companies to customize benefits that cater to their group size and the likely competition in the marketplace.

If you choose to sell an insured legal plan, the coverages are comprehensive and very affordable. Most of the legal fees are paid-in-full or paid-in-part by the top insured legal plans, and your employees will not have to front any money to finance a lawsuit even if it continues for several years.

It is important to provide a full matrix description of benefits to your client companies along with any limitations. It is also important to show your clients the fully insured plans and how there is no real comparison to those plans that are not insured. A few consultants can actually provide an objective matrix comparison of the top insured plans, so that you do not have to do the rigorous work of comparing the plans by digging through many plan documents, some of which are very detailed and complicated. Some of these companies believe in the consultative approach to selling legal plans and are very amenable to helping producers compile the needed comparison materials.

These new legal plans can also prevent financial ruin from devastating lawsuits, judgments, collection actions, damaging harassment, frozen bank accounts, bounced checks, foreclosures, repossessions, negative credit ratings and catastrophic losses of accumulated assets.



Individual Legal Plan Sales

If you are selling insurance plans, such as life insurance and disability to individuals, this same legal plan sale discussed above can be made to your clients or potential new clients. The new legal plans are also structured now for individuals.

You will find that the predominant legal plans in the individual markets today are discount, access or multi-level marketing legal plans. In fact, it is likely that over a million plans like these have been sold to individuals. What is also critical to understand is how much better the fully insured new legal plan is as a product than the old access, discount or multi-level marketing legal plans.

How are the New Legal Plans Perfect for Individuals?

The new legal plans being fully insured are the perfect legal plans to be sold to individuals for the new catastrophic protection. In the past, one could not really make the life insurance pitch during a legal plan sale – that the legal plan should be purchased to protect your family from the possibility that they could be sued or end up in legal trouble, and that the legal plan will provide insurance coverage for them like the life insurance. Now, with the new legal plan, and its fully insured components, there is a distinct reason to buy it like one buys life insurance. It is there if one needs it, and *it will pay all of the expenses so as to preserve the family savings and retirement funds.*

Never before has there been such a wide open market to sell a new kind of legal plan, nor has there been an opportunity to replace over a million policies that simply do not have this fully insured, catastrophic coverage.



The New Individual Legal Plans Work the Same Way as the New Employee Legal Plans

All of the components of the new legal plans for employees discussed in this white paper above apply to the new individual legal plans. They work the same way and cover essentially the same legal problems with very similar coverage.

Naturally, there are no group discounts, so the individual legal plan may be a bit more expensive. Also, there is usually no payroll deduction, so one has to use a direct deposit or ACH-type transaction to make the monthly deductions. Other than those administrative items, the new individual legal plans work almost exactly as the new employee legal plans.

Contact LegalEASE for a comparison matrix that compares the catastrophic coverages paid-in- full for the new individual legal plans compared to the old access, discount and multi-level marketing plans that your clients may have in place now. You will be impressed with the differences in coverage and how much money the new individual legal plan can save your clients when a legal problem arises.



Conclusion, the New Legal Plans Whether Employee or Individual are a Brand New Market for Insurance Brokers

The catastrophic coverage provided in the new legal plans is the difference that will now enable you to take this new legal plan to any client or individual, especially when they already have a legal plan, and provide substantially more legal plan coverage than that previously in place. Imagine being able to replace a life insurance policy from a better company with double the benefits at less or the same cost. You would make this sale every time you had the opportunity.

That is the opportunity now available with the new legal plan. You can sell a new policy or you can replace existing policies. Either way, you will provide a significantly better value for your clients and end up being able to save their entire family savings if a legal problem ever does arise.

Today, the LegalEASE Group provides legal security, cost savings and expertise to its clients' employees through its employee-centric legal plans. The LegalEASE package of services is the only one that offers help and assistance, attorney-client matching, incorporates compassion and empathy in understanding legal problems and provides professional services through one of the most developed proprietary service networks available. With its 47 years of nothing but legal plan experience, LegalEASE has thousands of public employees, administrators, school teachers and employees that have elected the LegalGUARD legal benefit.

End Notes

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