

# How Comprehensive Legal Insurance Works for Employers and Employees

*Three Typical Scenarios*

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# TABLE OF CONTENTS

<b>How Comprehensive Legal Insurance Works for Employers and Employees:</b>	
<b>Three Typical Scenarios.....</b>	<b>1</b>
Voluntary Legal Benefits—What’s Out There? .....	1
What Is Comprehensive Legal Insurance?.....	2
Scenario 1: Estate Plan Creation .....	3
Scenario 2: Real Estate.....	4
Scenario 3: Brushes with the Law.....	5
What Are the Advantages of Voluntary Group Legal Insurance? .....	7

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# How Comprehensive Legal Insurance Works for Employers and Employees

## Three Typical Scenarios

### Voluntary Legal Benefits—What’s Out There?

In this era of rising costs and tighter budgets, many employers are looking to voluntary benefits to fill gaps in their offerings. Legal coverage is a valuable asset to any benefits package, advantageous for both employers and their employees.

There are several legal programs available to companies, offering a variety of assistance and services. These include:

- ◆ **Online Legal Documents:** Employees can create their own personal legal documents online to address common legal issues.
- ◆ **Discounted Legal Plans (also known as pre-paid legal services):** Employees receive discounted hourly rates on legal services through screened attorneys.
- ◆ **Employee Assistance Programs (EAPs):** Employees have access to an initial free consultation for general advice, and additional legal services are provided at a discounted rate.

While each program has its merits, **Comprehensive Legal Insurance** is particularly effective in addressing a wide variety of legal needs while also controlling costs.

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## What Is Comprehensive Legal Insurance?

*"We as a society are more engaged, living life more fully (and more publicly). When bumps in the road happen, legal insurance is a place to turn for help, and it can put you back on track – quickly and affordably."*

—Ann Dieleman, Chief Marketing Officer, ARAG

Under a **Comprehensive Legal Insurance Plan**, employees pay a set premium (usually about \$20 per month) in order to receive legal services from an experienced attorney. In addition, these types of plans usually involve the ability to create legally-valid documents online and may include educational resources.

For most covered legal matters, plan members working with an attorney who is part of the network will have their attorney fees 100% paid-in-full!

The following three scenarios demonstrate just how much comprehensive legal insurance can help employees – while at the same time helping the company's bottom line.

*"There are lots of great insurance products out there that you buy, but hope to never use. Comprehensive legal insurance is a great LIVING benefit. It's there to help you through life's little challenges, not just when tragedy strikes."*

—Ann Dieleman, Chief Marketing Officer, ARAG

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## Scenario 1: Estate Plan Creation

**Q.** *What is an estate plan, and what are the main reasons someone needs one?*

**A.** An estate plan ensures proper steps are taken in the event of an individual's death or incapacitation. Such a plan is built on legal items including a will and power of attorney (including healthcare power of attorney).

Reasons to establish an estate plan include:

- ◆ Ensuring your wishes are carried out.
- ◆ Preventing disputes and easing decision-making for your family members.
- ◆ Reducing stress for your family at a difficult time.
- ◆ Minimizing or eliminating estate taxes.

**Q.** *What are the typical needs of an employee who wishes to create an estate plan, and how can legal insurance help?*

**A.** Some estate plans may be complicated while others are more straightforward. Whatever depth of detail the employee requires, he or she should take the time to determine what matters most. Essentially, the employee should consider the following:

- ◆ **Arrangements for the care of property, children, and/or pets.** Who will inherit the property? Who will manage distribution of the property if there are multiple beneficiaries? Who will be entrusted with the care of any children or pets?
- ◆ **Establishing formal agent relationships with the people entrusted with handling personal care and property for the employee and his or her family.** Who will carry out directions as instructed, and who will be chosen to make decisions for the employee when he or she cannot?
- ◆ **Preparation of the legal documents that express the employee's healthcare preferences.** This includes preferences in treatment as well as life-prolonging care decisions in end-of-life or permanent unconsciousness situations.

A legal insurance plan offers various service options for a member to handle these legal issues. One of the most valuable resources is access to an attorney. Members can meet with a network attorney over the

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phone or in-person to discuss their needs, the documents required, and what these documents are designed to do.

Legal insurance may also provide an **online document creation tool** that plan members can access to create their own legally-valid documents if their legal needs are more straightforward.

In some cases, the plan provider offers **online educational resources** to members as well, including guidebooks, documents, and articles.

**Q.** *What are the average costs of completing a will with an independent lawyer instead of using comprehensive legal insurance?*

**A.** Average attorney rates in the United States are \$323 per hour.<sup>1</sup> The time to complete a standard will document is up to four hours,<sup>2</sup> resulting in a cost of \$1,292.<sup>3</sup>

With a legal insurance plan, the will creation would be a covered event. Therefore, outside of the premium paid by the member each month (usually under \$20 a month), the attorney cost would be \$0 when they work with an attorney in their plan's network.

Such coverage can put an employee's mind at ease – and with minimum cost.

## Scenario 2: Real Estate

**Q.** *What are the typical legal needs of an employee who is in the process of buying and closing on a house, and what tools and resources can an in-network attorney provide?*

**A.** Most people are unaware of all the legal issues and document reviews that are required when buying a home or at the closing. Therefore, most employees won't know what their legal needs are – or even that legal issues exist. That's why working with an attorney provides a distinct benefit when buying a home.

A real estate attorney plays a different role than an agent, and in some states you are actually required to hire a real estate attorney to assist with a closing. The role of the attorney is to:

- ◆ Help the buyer understand the sales contract and mortgage loan, including how the buyer will take title on the property.
- ◆ Run (or review) a thorough title search to make sure there are no covenants, easements, liens, etc. registered against the property that will impede purchase.

- ◆ Prepare and record all the legal documents.
- ◆ Evaluate any adjustments, including taxes owed and utilities costs paid, prior to the transaction closing.
- ◆ Attend the closing and review all the papers the buyer will be required to sign.
- ◆ Arrange or review title insurance protection against losses due to title defects.
- ◆ Ensure the buyer receives a valid, recorded ownership subject only to the liabilities the buyer has accepted.

**Q.** *What are the average costs of completing a real estate transaction with an independent lawyer vs. with comprehensive legal insurance?*

**A.** Average attorney rates in the United States are \$323 per hour.<sup>1</sup> The attorney time for work involving buying or selling a home can take up to six hours,<sup>2</sup> resulting in a cost of \$1,938.<sup>3</sup>

With a legal insurance plan, this transaction would be a covered event. So, outside of the premium paid by the member each month (usually under \$20 a month), the attorney cost would be \$0 when they work with an attorney in their plan's network.

The employee can now begin making memories in his or her new home – with peace of mind and without the stress of attorney fees!

### Scenario 3: Brushes with the Law

**Q.** *What are the typical legal needs of an employee who is fighting charges relating to a traffic infraction that may cost them their license?*

**A.** Employees can run afoul of traffic laws in numerous ways. They may have a violation that results in the suspension of their license, or they may want to contest a traffic ticket, postpone their court date, reduce points that are assessed against their driving record, restore their license, or even reopen a case.

**Q.** *What are the tools/resources needed for their defense, and how does legal insurance provide them?*

**A.** In the case of a license suspension or restoration, an employee can work with an in-network attorney to protect or reinstate his or her driving privileges if found guilty of a traffic violation.

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The employee can also contact a network attorney by telephone as often as necessary to ask general questions or to talk about specific issues for any of these services:

- ◆ General legal advice
- ◆ Document review
- ◆ Follow-up calls and letters

**Q.** *What are the average costs of defending these charges with an independent lawyer instead of using comprehensive legal insurance?*

**A.** For a driver's license suspension issue, the attorney time can be up to seven hours<sup>2</sup> (the same number of hours would apply in a driver's license revocation issue). With average attorney rates in the United States at \$323 per hour,<sup>1</sup> the cost would be \$2,261. The same costs would apply if someone was trying to restore their driver's license.

But comprehensive legal insurance comes to the rescue again – for those with a legal plan and coverage for these events, the attorney cost outside of the monthly premium would be \$0.

**Q.** *How far does legal insurance go when it comes to criminal issues (i.e., are some defenses not covered)?*

**A.** Of course, brushes with the law can extend beyond mere traffic infractions. Sometimes, the employee may need legal help for a family member. What happens then?

Legal insurance does cover criminal misdemeanor charges. For example, with juvenile matters, you can work with an attorney who will represent your child (if covered by the plan) if misdemeanor or felony charges are filed against the child in juvenile court. The child must be charged as a minor, and coverage for juvenile court does not include traffic matters.

For felony matters (which generally are not covered under comprehensive legal insurance), some providers may offer a reduced-fee benefit.

Legal issues happen every day, and comprehensive legal insurance is the best way to make sure they are navigated swiftly – and affordably.

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## What Are the Advantages of Voluntary Group Legal Insurance?

*“There are 3 key things that make legal insurance advantageous for all: Reducing stress and increasing wellness; protecting the things that are most important to us; and filling gaps in coverage so that we can protect our savings and retirement.”*

*—Ann Dieleman, Chief Marketing Officer, ARAG*

### Advantages for Employees

In many cases, when someone needs legal assistance, it comes at a time of anxiety, confusion, and frustration – and they are not sure where to turn for help. In addition, most people are not in the financial position to pay the costly legal fees that can quickly add up. Legal insurance gives employees a way to address these issues that is extremely affordable and reliable. They now have a place to turn for help!

### Advantages for Employers

As healthcare costs continue to rise, more and more employers are searching for the right voluntary products to fill coverage gaps – and enhance their benefits package without increasing their costs. Legal insurance is not only a unique and affordable voluntary benefit employees can use, but it can also help employers with reducing employee stress, improving wellness, and increasing productivity.

According to a recent survey, nearly 3 out of 4 employees experienced at least one legal issue in the past year – and more than half of them reported that it impacted their work.<sup>4</sup> Typical legal issues range from estate plans to contesting traffic tickets to divorce. These issues often take added time and money for employees to resolve, impacting the employee’s life and work.

Medical experts have clearly established that stress puts people at risk for health problems, which costs businesses billions of dollars due to absenteeism and reduced productivity. Legal issues have shown to be a major cause of stress for employees. By offering a legal plan, employers can offer employees a place to turn when a stressful legal issue arises, protecting both the employee – and the bottom line.

*“Legal benefits are truly for all generations and for the entire global workforce. They do not discriminate by age or any other demographic.”*

*—Ann Dieleman, Chief Marketing Officer, ARAG*

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<sup>1</sup> Average attorney rates in the United States of \$323 per hour for attorneys with 11 to 15 years of experience, The Survey of Law Firm Economics: 2014 Edition, The National Law Journal and ALM Legal Intelligence, July 23, 2014.

<sup>2</sup> Number of hours is based on 2013 ARAG Claims Data.

<sup>3</sup> Attorney costs calculated by multiplying the 2013 ARAG Claims Data by the average attorney rate in the United States of \$323 per hour for attorneys with 11-15 years of experience.

<sup>4</sup> “The De-Stress Zone: How a Legal Plan Can Ease Stress, Boost Wellness,” conducted by Russell ResearchSM and commissioned by ARAG, April 2013.

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## A Voluntary Benefit for Every Life Stage



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ARAG legal insurance plans can help you:

- ✓ Reduce employee stress and promote overall wellness
- ✓ Increase productivity in your workplace
- ✓ Enhance your benefits without increasing your costs

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