



What's in a Name? The Difference Between Prepaid Legal and Legal Insurance (and Why It Matters)

The majority of Americans have health insurance, car insurance and home insurance. We understand that in exchange for a monthly or annual premium, we are covered when we need medical procedures, get into a car accident or have to deal with hail damage to our roof. We pay insurance premiums before these events happen, because we understand it's important to protect ourselves, our families — and our bank accounts.

Yet even though we are "prepaying" for coverage and services, we refer to none of these products or services as "prepaid health, car or home" — most likely because these days the term "prepaid" connotes limits and restrictions.

Referring to health insurance as "prepaid health" makes about as much sense as calling legal insurance "prepaid legal." But the latter happens all the time, and it minimizes the comprehensive legal coverage companies and attorneys are providing to Americans.

It also causes confusion within the legal industry, because the wide variety of offerings that make up "group legal services" tend to get lumped together as "prepaid services." If you are considering using one of these services to help you grow your practice, it's particularly important to understand the different offerings. There are four major types of legal plans offered:

1. Document Provider:

People can create their own personal legal documents online to address common legal issues.

2. Discount Legal Plan:

People receive discounted hourly rates on legal services through screened attorneys.

3. Employee Assistance Program (EAP):

People have access to an initial free consultation for general advice; additional legal services are provided at a discounted rate.

4. Legal Insurance Plans:

People pay a set premium and receive legal services from a plan attorney. Most covered matters for an insured legal plan are 100 percent paid-in-full when people use an attorney in the network.



More and more people are choosing legal insurance plans because they provide more breadth and depth of coverage and services than the other options. Plus, clients and attorneys can rely on high standards of service, ethics and accountability because legal insurance is a regulated industry that has to answer to service expectations and prove they are solvent enough to pay claims.

As the legal industry focuses more and more on providing access to justice for all, options like legal insurance will be used more and more as a solution, so it is important that we all refer to these services accurately in a way that will make sense to everyone.



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About the Author

Nicolle Schippers is the Associate General Counsel and Legal Industry Advocate at ARAG, an international legal insurance provider. In this role, she advocates for closing the access to justice gap, encouraging dialogue and a proactive approach in the legal profession. Nicolle received her Bachelor's degree in journalism and mass communication from Iowa State University and attended Drake University Law School in Des Moines where she received her Juris Doctorate degree.

Nicolle serves on the Association of Corporate Counsel (ACC) Board of Directors, the Iowa State Bar Association (ISBA) Board of Governors, and the Board of Directors for: ISBA Public Service Project, the ACC Iowa Chapter, and the Polk County Bar Association. Nicolle was recently appointed to the Iowa Access to Justice Commission, is immediate past chair of the ISBA Corporate Counsel Section and a Fellow of the American Bar Foundation and the ISBA Foundation. Nicolle is a published novelist and author whose work has been featured in legal publications such as the ACC Docket and Law Practice Today.



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