

Legal plans to the rescue

By Jim Barone | Published May 1, 2009
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The headlines tell a story of gloom and doom as the world faces one of the greatest financial challenges since the 1930s. We've all read the news. Giants of commerce seem to be teetering. Many organizations — large and small — now find themselves between a rock (lower sales) and a hard place (business costs).

Everywhere, people are feeling the pinch. From Wall Street to Main Street, people are worried about jobs, benefits and financial security — the future. Yet, economists, historians, and grandparents who lived through the Great Depression remind us that society has survived and overcome financial difficulties.

Legal's Unique Advantages

The good news is that, despite the dark clouds of economic uncertainty, leading brokers are finding a silver lining of opportunity by providing best in class financial products and services. They are helping employers and employees overcome today's challenges and move purposefully and confidently into the future. This is especially true for brokers who offer voluntary products, such as legal plans — placing themselves in a favorable position with current and prospective clients.

Employers are always looking for cost-effective ways to manage business expenses. Yet, they also recognize the importance of providing value-added employee benefits. The two strategies can work together to help keep the business moving forward.

While managing costs is clearly important, savvy employers don't lose sight of their most valuable natural resource — the men and women who comprise their workforce. Cost-conscious employers are employing the cost-saving strategy of passing along benefit costs to employees.

At the same time, they are choosing to offer legal plans or other value-added voluntary benefits that help employees address personal needs and objectives — keeping things in balance for all concerned. According to recent studies from UNUM and MetLife, more than half of U.S. employers offer at least one voluntary benefit to which tens of millions of American workers have access through their jobs.

Recent studies have shown that Americans — concerned about work and financial stability — are placing increased personal value in having adequate benefit protection for themselves and their families. Furthermore, they appear to be willing to pay for voluntary benefits that supplement their standard employer-sponsored benefits.

While some consumers might perceive legal services, in general, as inaccessible and unaffordable, a Russell Research study ("Legal Needs of Today's Multi-Generational Workforce") showed that a majority of Americans see legal plans as a valuable employee benefit to help them deal with personal legal needs, ranging from financial and family to home and automobile-related matters.

One of the hard facts of life that people are now learning is that legal needs arise regardless of having coverage or ability to pay. The Russell Study reported that only one-fifth of Americans have a plan for covering legal expenses that may arise. Nearly two-fifths don't have a plan and another two-fifths would have to find a way to cover legal expenses. The study also showed that seven out of 10 people (67 percent) experienced one or more legal life events in the past 12 months while nine out of 10 (88 percent) were concerned about one or more financial or legal matters.

Power of Differentiation

During tough economic times, differentiation can be a matter of self preservation — whether you're talking about a broker or a business owner. Commission shrinkage has become a troubling trend as more employers buy down benefits. As a result, the competition for a finite number of deals has become infinitely more intense. In Darwinian

terms, it has become survival of the fittest. More than ever, providing professional expertise, counsel and products that serve client needs can be critical elements for brokers to build strong client relationships and nurture business growth.

Brokers who offer legal plans are able to stand out from the crowd with a unique and valuable product offering that is gaining widespread acceptance. According to the Society of Human Resources Management, legal services have been one of the fastest growing voluntary benefits, averaging more than 20 percent annually for the past several years.

The growth of legal services can be attributed, in part, to the dual advantages. For employers, legal represents a cost-effective voluntary benefit and a strategic business asset that can affect the business bottom line by helping reduce employee stress, absenteeism and presenteeism, which can, in turn, promote higher productivity, job performance and employee morale.

In addition to the growing presence in the voluntary benefits market, legal plans are expanding into other areas of financial services. Many financial institutions are adding legal services to their customer portfolios to provide a safety net for consumers. Meanwhile, a growing number of life insurance companies are embedding legal protection into insurance policies to streamline estate planning for life insurance policyholders.

Broker Value Proposition

Legal can offer brokers several distinct advantages, both for what legal can do and what it is not. For example, legal isn't subject to the same inflationary drivers as other employee benefits programs. With employers struggling to maintain or add benefits due to costs, legal is a nice offset product that offers a cost-effective benefit from the employer's perspective and valuable legal resource for employees and their families. Clearly, legal plans represent an opportunity to offer clients a much needed benefit.

Legal is not a commodity or "me too" insurance product — it's a value-added product that helps people in our multi-generational workforce address a wide range of financial, family, home and other legal needs. Legal is not a complicated insurance product. The policy isn't too difficult to decipher. Selling and servicing legal doesn't require extensive customer hand-holding. Plus, there's limited business accountability for the broker.

Legal can help brokers shift gears to drive customer retention and new sources of revenue. As stated, legal can differentiate the broker's product offering — adding value to the total product portfolio and enhancing the ability to meet client needs for the future. Compared with other financial products, legal is low risk and low maintenance: a straightforward, uncomplicated benefit.

The insurance aspect of legal plans shouldn't be understated. While specialty products, such as identity theft coverage, can be helpful to consumers, legal plans provide a more comprehensive benefit to protect against the

costly, unexpected or unplanned legal needs that can turn the world upside down. The cost? A year's worth of comprehensive legal protection for the cost equivalent of a roadside assistance program.

Strong Case for Legal

Despite the prophets of economic gloom and doom, the sky isn't falling. However, if it does fall, a growing number of Americans can rest assured that having a legal plan is their best policy. Many employers have already enhanced their benefit portfolios with group legal plans that help employees address personal issues. This proactive approach can serve as preventive maintenance, provide services when needed and help employees achieve better work/life balance.

While many employers are recognizing the need for legal insurance, only one out of eight employees works for an employer that offers group legal coverage, according to an earlier Russell Research study. That would seem to suggest that for brokers looking for value-added, cost-effective benefits to strengthen their product portfolio, client relationships and financial future, the sky is the limit.

As senior vice president and chief sales officer for ARAG, Jim Barone leads an experienced sales team in working with businesses, brokers and benefits professionals to provide legal plans that help people address personal legal needs. Barone has more than 20 years of experience as a successful sales executive in the employer sponsored and voluntary market. The entire article can be found at <http://www.benefits-sellingmag.com/r/bsMag/d/contentFocus/?adclD=701f22ebb94cef7dbaf53d7ba2d1be2>