

Crushing Debt, Collection, Foreclosure, Repossessions and a Worrisome Economic Outlook –

Your Clients' Employees Really Need Your New Product Innovation.



Robert Heston

Feb 8, 2010

One of your best clients calls to tell you that you are not very competitive on your Disability Insurance plan and he is canceling the plan you have had in place with his employees for the past six (6) years. You play golf with this client, you entertain him, he has traveled with you and been to your house and his wife knows your wife well. You are absolutely convinced he does not have another insurance broker/agent other than you and you know you are his trusted insurance advisor especially on DI and Life. You also know you do have in place the best policy for his employees at the best price.

VoluntaryBenefitsMagazine.com

www.voluntarybenefitsmagazine.com, February 8, 2010

What happened and how did this happen? How did another insurance agent/broker even get to talk to your best client? How did that broker make a proposal and a presentation on one of your core products without you knowing about it?

The problem for many insurance agents/brokers throughout the United States is that this same scenario is repeating itself every day – it is happening to the same brokers who have great relationships with their best clients despite their feelings that it cannot happen to them. Why is this happening so often today?

The answer for many insurance agents/brokers is a still largely unknown employee need. There is a secret is that is transforming Human Resources departments and personnel right now and Business owners, CEOs, CFOs and COOs are listening – employees are suffering devastating legal and financial losses – paychecks are being garnished, judgments are occurring at record rates, foreclosures and repossessions are happening at an alarming rate and collection agencies are working overtime and disrupting work productivity. Credit card debt is at an all-time high and employees are seriously overextended. And the misery index of the 1970s is returning as a prime employee water cooler discussion topic.

In short, employees are suffering mightily and HR is overwhelmed with requests for resources and real help for their employees. And, CEOs, CFOs and business owners are approving legal plan implementations in record numbers for employees.

Right Now, today's employees face more stressful issues than ever before given the extended and serious nature of this economy and this recession In this recession as many as 7 out of 10 employees are in need of some kind of legal advice, help or legal or financial representation to help them handle one or more of these legal and financial problems. What is often hidden beneath the surface – at least to employers – is the effect of managing this serious amount of stress and the toll it takes on marriages and on children. Even when employees are not outwardly talking about divorce, many are dreading going home to disputes over financial issues, shortages of income, higher costs and of course, higher and higher credit card bills.

Actual costs of employee stress related to legal and financial matters can be found in increased absenteeism and presenteeism, increased mistakes, accidents and injuries, and decreased work productivity. The real problem for employers is that when an employee has one or more of these major stressful legal and financial problems, it becomes the employer's problem too.

So what is the connection to our broker who lost a great DI product that had been installed in the broker's best client for the past six (6) years? The insurance agent/broker learned that a completely new sales scenario is what happened to his best client. A new insurance agent approached the client with the sole product focus being a legal plan for employees. No mention of other insurance products was made. HR installed and implemented the legal plan after a proposal and two presentations – all without the knowledge of the Company's best insurance agent/broker. Over the next nine (9) months, the new agent who was busy building trust with the client, had many opportunities to learn about the Company's DI product, was able to subtly expose his disability insurance product and make a DI proposal and presentation to the client.

In today's voluntary marketplace, most HR managers or business owners do not know insurance agents/brokers are the primary sellers of legal plan in the workplace today. Many agents/brokers do not "push" legal plan sales or even mention legal plan products they may have access to unless they are asked by HR. But as our example shows, in a prime example of client-broker disconnect, most insurance agents/brokers do not realize that HR managers and business owners do not always know to ask their insurance agent/broker – even when the agent is their best friend - for a legal plan. It is completely unintentional but the connection is never made. In fact, our company estimates that over 60% of the legal plan worksite sales are not made by the Client Company's main insurance agent/broker.

Indeed, many insurance agents/brokers are still reluctant to sell a legal plan today. Many insurance agents still think they need to focus their efforts on "core" or traditional insurance products and don't see the need to sell non-insurance products. Some have become converts by learning the hard way when their best clients find a new insurance producer who integrates traditional insurance products with one or more non-traditional products – perhaps a legal plan.

Direct Connection Between Legal and "Core" Products. Most producers simply have never been taught the direct connection between legal plans and core insurance products. The simple-wills portion of many legal plans can be used to raise the issue of preparing for the future. The need for a will supports the discussion of the need for life insurance, and thus, the legal plan can be used to actually sell more life insurance.

And many employees are worried about keeping the assets they have accumulated. If an employee is injured, the DI policy pays medical bills and some monthly income, but in this

economic recession has everyone worried about losing everything they have worked for all their lives. And you can get them full legal, financial and Identity theft protection for less than \$20.00 per month.

Many Insurance Producers are Still Missing this Opportunity. Many insurance agents/brokers are reluctant to learn about how to sell legal plans. There are two primary reasons for this hesitation: (1) insurance agents do not realize they can integrate the sales pitch with the core product sales without losing time on core sales; and (2) they do not realize how much commission revenue can be earned enrolling a legal plan.

When discussing the need to sell legal plans, here is the most common agent reaction in our experience:

“Sounds good, but none of my employees will buy a legal plan – they are tapped out.”

Consider several Legal Plan responses:

“Who wouldn’t pay \$14.00 a month – right now- if they knew they could use consultations and budget analysis to reduce their credit card bills and get on a payment plan that saves them hundreds of dollars per year in debt expense.”

“Who wouldn’t pay \$14.00 a month – right now- if they knew they could negotiate – with a local experienced lawyer a reduction in their mortgage payment of several hundred dollars per month.”

“Who wouldn’t pay \$14.00 a month – right now- if they knew they could take steps to keep their identity safe and protected from Identity Theft?”

The second objection many agents make is that they *“do not think it is worth it to take time to sell a legal plan and they do not realize how much is being left on the table”* during enrollment by not selling a legal plan.

Consider a Legal Plan Company’s Response:

Legal plans can leave up to 40% of the revenue from your favorite/profitable product on the table. What happens is that many agents overlook the impact of selling legal plans.

Substantial Success and Additional Revenues. Many insurance agents/brokers are finding substantial sales success when they approach client companies by downplaying their core-insurance product focus and use the approach that they are a legal plan expert with the experience to consult on the need for a legal plan for employees.

By selling legal along with a core product, and given the usually higher commission rates currently available on many legal plans, agents/brokers might earn a substantial additional commission with little attention being directed away from core-insurance product sales. Some legal plans have developed substantial education programs that can help agents understand how to earn significant additional commissions without cutting core sales.

Legal Plans: Many Agents/Brokers Have Realized that Legal Plans are Now a Critical Component of the Employee Benefits Package

Legal plans are becoming one of the most popular and HR requested value-added employee benefit programs. The desirability of these plans as a voluntary employee benefit has been increasing exponentially in the last few years. According to research conducted by the National Resource for the Consumers of Legal Services, the total number of Americans purchasing legal service plans is expected to increase from less than 6 million in 1990 to more than 68 million by 2015.

Today's credit crunch means that millions of Americans are literally a lawsuit away from being financially wiped out. Each day, thousands of Americans are dragged into court to defend themselves from lawsuits. And each day, thousands of Americans file lawsuits. For employees, the threat of a lawsuit has never been greater.

At the same time, however, a growing number of employees feel disconnected from the legal system, and most believe that lawyers are inaccessible and too expensive. When asked about their preparedness for a legal situation, most employees respond, "I do not have my own lawyer," or "I do not know a lawyer to call in a legal emergency." As a result, countless employees forego legal services until the last possible minute or, in some cases, until they have absolutely no other choice. It is not uncommon for Americans served with a lawsuit to simply ignore it.

As a result, thousands of dollars in liens, judgments, bankruptcies, repossessions, collections, foreclosures and credit restoration must be spent to undo the damage caused by the simple delay in responding to a lawsuit.

Today's average working American family is significantly affected by legal problems. Approximately 43 percent of the legal problems that American employees experience involve family law. Divorce, separation, child custody, child support, visitation, divorce decree modifications, adoptions, and hundreds of other related legal problems are the most common. A company considering a legal plan should analyze the plan for its divorce and family law coverage and eliminate any potential plan that does not include this area of law as a "core" coverage, as the need for family law coverage will assuredly be significant.

A Growing HR Demand for Legal Plans

HR managers and employers find that the right legal plans can:

- Serve as a key component of a retention benefits strategy
- Increase productivity by helping employees handle legal problems quickly and effectively
- Reduce employees' emotional distress by providing needed legal counseling
- Offer a built-in mediation benefit for work-related conflicts between employees
- Present employers and employees with an inexpensive product relative to the value it provides, resulting in an attractive return on investment

Conclusion

Legal plans are being sold by worksite insurance producers and brokers in record numbers. Legal plans are marketed to corporations and organizations through either an employer-paid or a voluntary benefit services platform, although in the worksite market, the voluntary benefit is currently the most popular offering.

Worksite insurance agents/brokers seeking a new worksite product, high revenue-share opportunities, value-added programs for employees, and a program that will offer their client companies a high return on investment, should consider adding the right legal plan to their worksite portfolio.

Legal plans come in many forms, so to choose the most appropriate plan producers should examine the infrastructure, quality controls and financial stability of a legal plan company. Once the producer and client decide to offer a legal plan, the producer should give careful thought to the sales approach required to combine the legal plan sale with the disability or life sale. By focusing on the presentation, the producer can offer the new plan without taking

enrollment time away from core products. The explosive growth and need for legal plans, coupled with the demand for these plans from employees, makes this an easy voluntary benefit to recommend.

Robert L. Heston, Jr., president and CEO of the Legal Access Companies, has more than 27 years of legal plan administration and law firm management experience. His area of expertise is client-driven service excellence practices and integrated legal plan sales strategies that increase the reach and value of legal services provided to employees and legal plan members worldwide. He can be reached at bob_heston@legalaccessplans.com.

Robert L. Heston, Jr.
President and CEO
Legal Access Plans, L.L.C.