

CONSUMERS AND THE LAW

Legal protection in the bank

Here's how you can cover your legal costs—before an emergency

In August 1996, when Michael and Marchilene Harlee went to a relative's funeral in Philadelphia, they didn't anticipate needing a lawyer. That was before the car they were being chauffeured in was broad-sided, leaving them both injured. Following the advice of a medical representative, the Harlees sought legal advice from a lawyer in their home state of Maryland. They found out that lawyers generally only practice in one or two states, so the Maryland lawyer referred them to one in Philadelphia. After weeks of commuting to Philadelphia and waiting for an answer, they found out the lawyer had settled with the driver's insurance company and collected his legal fees, which equaled 40% of their payment and amounted to several thousand dollars.

Months later, as they were discussing how the legal odds seemed stacked against them, a friend introduced them to Pre-Paid Legal Services, Inc. Of Ada, Oklahoma. "If we had Pre-Paid Legal at the time of the accident, our expenses would have been a lot different," says Michael.

Pre-Paid Legal Service, Inc., according to its founder, Harland Stonecipher, was created to provide access to lawyers for middle-income people. Pre-Paid is one of two dozen national companies offering legal services plans.

The basic concept is that the cost of legal problems is spread over a group, similar to the premise of health insurance. And like health insurance, the goal of pre-paid legal service plans is to get people into the habit of calling a lawyer before there's a crisis. They also give you reduced rates of up to 50% off the lawyer's normal fees if it's a matter not covered by your group.

A legal service plan provides access to licensed attorneys at special rates or on a pre-paid basis. Benefits may include a pre-selected, pre-qualified law firm or legal provider, representation in selected court matters, and reduced fees for other legal services. Plans vary on the type of initial assistance offered: you may reach a trained representative or be referred to a lawyer with an area of expertise.

Michael Harlee, 47, and his wife bought a family plan from Pre-Paid Legal for \$25 a month. It provides coverage of them and their children up to age 23. The plan gives them unlimited phone consultations, correspondence to be reviewed and sent by an attorney, review of contracts and documents like home closings and automobile leasing and a free will. In addition, the Harlees have access to lawyers in Maryland as well as 42 other states. Additional charges may be added for legal services not specified in the contract.

Pre-Paid Legal sells to individual families and gives them the clout and leverage of being in a group. However, most legal services plans are group plans, according to the National

Resource Center for Consumers of Legal Services. In fact, the center estimates that there may be as many as 98 million Americans who are eligible for some kind of legal service plan.

The center's director, William Bolger, says many people are unaware that they have this coverage. Nearly all AFL-CIO unions such as the United Auto Workers, American Federation of Teachers and the United Mine Workers are covered. Other organizations such as the NEA and AARP operate their own similar plans.

Although it's rare, some companies offer pre-paid legal services to employees as part of their "cafeteria plans", which let you pick and choose among a menu of benefits. If the services are available, they will be a part of your benefits package. But it is up to the benefits department to add these services.

Alec Schwartz of the American Pre-paid Legal Services Institute, API, an affiliate of the American Bar Association, says consumers should first check with their employer, then any groups or organizations they belong to find out if a program is offered. These programs are generally much less expensive than mass market companies like Pre-Paid Legal. In addition, credit unions, churches, and credit card companies such as Montgomery Ward offer plans to members or holders of their credit cards. To find out if

a legal service company is legitimate, contact the National Resource Center for Consumers of Legal Services at P.O. Box 340, Gloucester, VA 23061 (nrcls@ccsinc.com).

According to the National Resource Center for Consumers of Legal Services, the average person faces legal issues four to six times a year. These are instances where legal advice could be helpful, but most people are hesitant to talk to a lawyer because they don't feel it would be cost effective.

The advantages of a legal services plan, whether it is free through your employer, or whether you have to pay a nominal monthly fee, is that it gives you access to information and assistance that can protect your interests.

Proponents argue that having a lawyer readily available to you should give you peace of mind, one less thing to worry about when Murphy's Law comes true. In addition, you can have confidence as you engage in normal family or business transactions, knowing that you have the availability to check the facts. And finally, because you have a group leverage and you can complain to the plan as well as the law firm, you should get fair, conscientious treatment. Most would argue that that makes the plan more than pay for itself. Besides, by virtue of employment or affiliation, you may already be covered.

-Sandra R. Bell

