



How Brokers Can Feature Legal and Identity Theft Solutions Among Voluntary Offerings

The worksite benefits world is quickly evolving into a consumer-centric, choice-focused and advice-driven business. Voluntary benefits such as identity theft (IDT) protection and legal plans are proving so valuable that today many brokers and business owners view them as “volun-core” benefits rather than fringe offerings.

This white paper explores nine reasons for benefits brokers to embrace this evolving business model, and the competitive gains they stand to make in offering their clients voluntary products such as IDT protection and legal plans. Those nine reasons include:

1. Employers and employees alike are demanding a broader selection of voluntary benefits.
2. Voluntary legal plan and IDT protection benefits resonate with business owners because they make a bottom-line difference.
3. Voluntary legal plan and IDT protection also are gaining popularity with employees for their ability to fill coverage gaps.
4. Legal plans and IDT protection give your direct and indirect customers — businesses and their employees — a user-friendly, affordable way to access the legal system.
5. From the consumer perspective, identity theft protection and legal plans stand out among voluntary benefits for their broad accessibility and user-friendliness.
6. Offering a legal plan as a voluntary benefit positions the broker as the business owner’s trusted advisor and strategic ally.
7. Offering voluntary benefits such as IDT protection and legal plans makes takeover sales easier.
8. Offering legal plans and identity theft protection solutions makes sound business sense for brokers.
9. It pays to find the best-in-class identity theft protection and legal plan solutions for your clients.

Introduction

When in 2014 30-year insurance industry veteran Bob Hayworth took the reigns at Willis of Greater Kansas, a risk management and human capital brokerage and consultant in Overland Park, Kansas, among his first recommendations was for producers to place a greater emphasis on voluntary benefit products such as identity theft protection and legal plan solutions.

It turned out that as part of the Willis Group, the world's third-largest brokering consultant, producers at the firm already had plenty of firsthand experience with both legal and IDT voluntary benefit solutions, says Hayworth. "The Willis Group provides identity theft protection and legal plan benefits to its associates globally, and the participation rate is strong." The company has some 18,000 associates worldwide.

That dual internal and external focus on IDT protection and legal plans is indicative of what Hayworth terms an industry-wide "worksite voluntary benefits explosion," whereby savvy benefits brokers are strengthening their voluntary offerings to meet surging demand from both their direct and indirect clients — employers and employees.

Today voluntary benefits such as IDT protection and legal plans provide a powerful means for benefits brokers to strengthen their overall service proposition, and to build relationships of trust with clients, while also creating new business opportunities and revenue streams for themselves. This white paper details **nine compelling reasons for brokers to consider adding IDT and legal solutions** to the mix of voluntary benefits they offer to their worksite clients and prospects.

1. Employers and employees alike are demanding a broader selection of voluntary benefits.

Voluntary/worksite sales rose to \$6.644 billion in 2013 from \$6.03 billion the previous year, according to Eastbridge Consulting Group's annual *U.S. Worksite/Voluntary Sales Report*.¹

What's more, according to Eastbridge report, non-traditional voluntary benefits "are increasingly seen as a potential new revenue source for brokers, an innovative and easy-to-offer benefit for employers, and a valued benefit addition for employees." Legal coverage and identity protection are among the most popular with those three groups, the firm says.²

"So-called non-traditional voluntary benefits have become so integral to the mainstream benefits business," says James Rosseau, president of LegalShield Solutions, "that employers now view products such as IDT protection and legal plans as 'volun-core' offerings — integral parts of their benefits mix, for their ability to address blind spots and fill gaps in employee coverage."

Today business owners are looking to their benefits brokers to provide them with additional voluntary options for two reasons:

1. As employees become more educated about voluntary benefits and the coverage gaps they fill, they are demanding more worksite voluntary products. "They want tools to make informed decisions and purchase what's right for them and their families," Hayworth explains.
2. Employers increasingly view voluntary benefits as a means of attracting and retaining talent. All the better when they don't have to pay for those voluntary benefits.

2. Voluntary legal plan and IDT protection benefits resonate with business owners because they make a bottom-line difference.

Some 120 million workers are employed by small businesses, and about 500,000 new businesses launch every month, according to Rosseau. These figures highlight a massive opportunity for brokers to tap a largely underserved market for voluntary benefits.

Access to legal plans and identity theft solutions as voluntary benefits answers several top business owner priorities:

- a broader range of benefits options to attract and retain skilled workers.

- cost-certainty and cost-efficiency with their benefits offerings.
- increased employee productivity as a result of a more engaged, less distracted workforce.

Legal plans and IDT solutions are voluntary products that employers and employees actually use. Last year, LegalShield, one firm that provides voluntary worksite IDT and legal plan solutions, received more than 2.1 million calls from its members.³

So-called non-traditional voluntary benefits are particularly appealing to small businesses, says Rosseau, because the owners of these businesses tend to be value-driven and inclined to try “non-traditional” approaches. What’s more, small business owners in particular tend to fund things from personal savings, so they may be more inclined to want to protect their business assets with legal plans and the like.

The value of a legal plan to business owners cannot be underestimated. Indeed, more than 13 million, or nearly 60%, of all small businesses, have experienced significant legal events in the past two years. Small business owners spend an inordinate amount of time dealing with complex legal issues on their own because they don’t believe hiring an attorney is worth the significant cost they would have to pay. This is time they could be spending on managing and growing their business.⁴

Having a legal plan eliminates that cost barrier, affording them ready access to legal advice and counsel on issues they wrestle with on a regular basis (see Figure 1).

Business owners report spending an average of \$7,600 in legal expenses per year, with 20 percent indicating they spend \$10,000 or more per year for legal help. What’s more, of the 13 million small businesses that said they had a significant legal event, seven million (54 percent) did not seek the help of an attorney and three million of them (40 percent) cited high cost as the reason. The most common reasons small business owners seek legal help are debt collection and the review of contracts and other business documents. Many legal plans, including those offered by LegalShield, provide those services.⁵

In legal plans, brokers have an opportunity to deliver a service business owners truly need — a need many business owners evidently have yet to realize or address. In fact, fewer than 20 percent of American small businesses currently subscribe to a legal plan.⁶

There’s also a strong business case for organizations to offer voluntary legal plan and IDT protection benefits to their employees. Workers who have those protections gain peace of mind and will spend less time dealing with legal and IDT issues themselves. That translates into greater job engagement and productivity.

In addition, offering voluntary benefits such as these gives companies an edge in hiring and keeping top talent.

For all these reasons, “enrollment numbers are coming in very strong” for legal plan and IDT products, according to Hayworth, with some reports placing election rates above 50%.

FIG. 1

10 LEGAL ISSUES FACED BY SMALL BUSINESSES

- | | |
|----------------------------|-----------------------------------|
| ◦ Debt Collection | ◦ Tax Audits |
| ◦ Product liability issues | ◦ Contractor/supplier disputes |
| ◦ Contract Review | ◦ Employee confidentiality issues |
| ◦ Employee Theft | ◦ Internet security breaches |
| ◦ Document Review | ◦ Threats of consumer lawsuits |

SOURCE: IBID

3. Voluntary legal plan and IDT protection also are gaining popularity with employees for their ability to fill coverage gaps.

With today's headlines full of news about massive data breaches, widespread identity theft, and consumer legal struggles, affording consumers access to IDT protection and legal plans in the workplace via their employers is especially timely.

IDT and other legal issues exact a high cost on employees and employers alike. Some 13.1 million people were victims of identity fraud in 2013 according to Javelin Research.⁷ The total cost of identity theft to the American economy is estimated at about \$100 billion annually.⁸

Identity theft topped the Federal Trade Commission's national ranking of consumer complaints for the 15th consecutive year — 332,646, 13% of all consumer complaints logged by the FTC in 2014.⁹ Meanwhile, the number of U.S. data breaches tracked in 2014 hit a record high of 783, according to a recent report released by the Identity Theft Resource Center. This represents a significant increase of 18.3 percent over the previous high of 662 breaches in 2010.¹⁰

Beyond IDT, Americans have plenty of other legal issues where having a worksite legal plan benefit would prove valuable. LegalShield's Legal Needs Study shows that 57 million full-time working Americans experienced at least one significant legal event in the past 12 months, yet only 60 percent of them actually sought out the services of a lawyer for assistance, with the cost of legal

services the chief deterrent.¹¹

The areas in which individuals and families have the greatest need for legal counsel are highlighted in Figure 2.

With the backing of a worksite legal plan benefit, people gain peace of mind in knowing they'll have access to an attorney to guide them in addressing these issues, at a fraction of the cost they would likely pay without a legal plan.

4. Legal plans and IDT protection give your direct and indirect customers — businesses and their employees — a user-friendly, affordable way to access the legal system.

Employers and employees are increasingly turning to voluntary IDT protection and legal plans for their robust, flexible coverage, ready access to legal advice and ease of use.

"We can all benefit from having the ability to engage an attorney on a moment's notice," says Hayworth, referring to the broad applicability of legal plan voluntary benefits.

Today's best-in-class worksite IDT and legal solutions offer simple, fast enrollment. Once enrolled, members for whom a situation arises simply call a toll-free number to connect with an expert (an IDT specialist or an attorney) to manage their case, however small or large the matter is.

With an IDT service such as LegalShield's, for example, members receive:

FIG. 2

10 CRITICAL ISSUES FACED WITHOUT ATTORNEY ASSISTANCE

- IRS audit
- Adoption of a child
- Divorce
- DWI or DUI
- Automobile accident
- Identity theft
- Spouse died without a will
- Bought or refinanced home
- Arrested or detained by police
- Unjustified property repossession

SOURCE: LEGALSHIELD, LEGAL NEEDS OF AMERICAN FAMILIES STUDY

- family coverage
- single bureau credit reports
- single bureau monitoring and activity alerts
- credit score analysis
- unlimited consultation on identity theft matters
- comprehensive identity restoration, with a dedicated counselor to work with the member until all issues have been resolved.

On the legal plan side, a low monthly fee affords members access to experienced, qualified attorneys who are experts in the areas of law that most impact families and small businesses. For example, LegalShield legal plans include:

- family coverage
- legal consultation on unlimited matters
- business law expertise
- contract and document review
- debt collection assistance
- up to 75 hours in trial defense services, including 15 hours of pre-trial

5. From the consumer perspective, identity theft protection and legal plans stand out among voluntary benefits for their broad accessibility and user-friendliness.

Unlike many voluntary benefits that come with burdensome and restrictive qualifying and enrollment requirements, enrollment in a legal plan and an IDT protection service is red-tape-free and open to anyone, without time-consuming, costly and off-putting underwriting that tends to reflect less than favorably on a broker.

Worksite legal plans and IDT protection reflect positively on the broker by providing a simple, positive enrollment experience, with:

- No credit check needed
- No health exam required
- No one is turned down

For the broker, this ease of enrollment creates good will with clients and their employees.

Cost is another reason worksite IDT and legal plans appeal to employees, notes Hayworth. “A plan purchased on a group basis is usually going to be more affordable than one purchased individually, outside the workplace.”

6. Offering a legal plan as a voluntary benefit positions the broker as the business owner’s trusted advisor and strategic ally.

Demand from business owners and their employees is only one factor driving the voluntary benefits explosion. Strategically savvy brokers are making a greater effort to fortify their voluntary product know-how and offerings in order to better position themselves as trusted advisors and solution-providers, not just commodity salespeople, in the eyes of their clients and prospects.

“Our industry has changed dramatically in the last 10 years. This is now a consumer-driven industry,” says Hayworth. “Clients view brokers as advisors and mentors whom they rely on for counsel. If you want to have success in 2015 and beyond, you want to position yourself as an advisor and a mentor to your clients.”

There are few more effective ways to build trust with a client or prospect than to point out a glaring void in a client’s coverage, then have the means to fill that void within easy reach. IDT protection and legal plans fill such a void — one that business owners and employees in many cases aren’t even aware they have.

Voluntary products such as legal plan solutions have been shown to create satisfied, loyal clients for the brokers that offer them. For small businesses that subscribe to a legal plan, 100% report they are satisfied with the services they receive. This positive sentiment is similar to attitudes expressed by small businesses that seek out legal assistance in general. According to the survey, 90 percent of small business owners said they had a favorable experience when they sought out legal help via a legal plan.¹²

7. Offering voluntary benefits makes takeover sales easier.

Takeover sales — where a business replaces its entire benefits plan with one offered by another insurance carrier — represent a huge opportunity for benefits brokers. And in many cases, the edge a broker gains by offering a strong array of voluntary benefits just may be the decisive factor in landing a takeover sale.

Takeover sales accounted for half the new voluntary sales premium reported in 2013, up from just 12 percent in 2006.¹³

In many cases, offering non-traditional but appealing voluntary benefits provides the broker with a clear pathway to a takeover sale. “The increase in takeovers comes as more group companies begin focusing on and selling more voluntary products. Many group carriers report that their non-medical voluntary sales are now nearly equal to their traditional non-medical sales,” says Bonnie Brazzell, vice president of Eastbridge.

“Another reason for the increase is that Benefit Brokers are responsible for a higher percentage of the voluntary sales (57% of all voluntary in 2013),” adds Eastbridge President Gil Lowerre. “The fact remains that too many brokers do not recognize all the opportunities for virgin sales in the voluntary market.”

Among the virgin opportunities:

- Accounts that do not currently offer voluntary.
- Employees who have not yet purchased coverage in accounts where voluntary is offered.
- New lines of coverage sold to any employee in an existing account.

Some 71 million employees lack access to voluntary benefits. Another 43 million who own at least one voluntary benefit are candidates to purchase additional such benefits, according to Eastbridge. “The bottom line for brokers and carriers is that you do not have to be satisfied with just replacing an existing plan,” asserts Lowerre. “There is tremendous opportunity for new premium dollars in the market.”¹⁴

8. Offering legal plans and identity theft protection solutions makes sound business sense for brokers.

The time and effort a broker invests to integrate IDT protection and legal plans into their voluntary product mix can yield tangible benefits on a number of fronts:

- It opens the door to a largely untapped market. Fewer than 20 percent of American small businesses currently subscribe to a legal plan. What’s more, about half of small business owners say they’ve never even considered subscribing to one.¹⁵
- It enhances a broker’s problem-solving capabilities, providing tools to address potentially damaging coverage gaps and vulnerabilities.
- It diversifies a broker’s product mix in an era where consumers demand choice with their voluntary benefits.
- It diversifies a broker’s revenue stream.
- IDT protection and legal plan solutions complement one another as well as the other voluntary workplace benefits a broker offers.
- Adding these products is a straightforward and easy process for brokers, as is climbing the learning curve on these products.

9. It pays to find the best-in-class identity theft protection and legal plan solutions for your clients.

Not all IDT and legal plans and providers are created equal, which is why, from a client service and customer satisfaction standpoint, it behooves brokers to shop around for best-in-class products and providers.

Some important question to ask during the due diligence process:

Q. What’s the provider’s track record? There’s value in experience. LegalShield has offered legal services for more than 40 years and provides legal services to 1.4 million families covering 3.5 million lives across North America. More than 34,000 companies offer LegalShield plans to

their employees as a voluntary benefit.

Q. Does the provider offer a range of plans to meet a variety of needs? Client needs vary by number of employees and other factors. So look for providers that offer a range of plans to suit different client profiles.

Q. Is family coverage available in addition to individual coverage? Some plans only cover individuals. Others, like LegalShield, provide built-in family coverage at no extra cost.

Q. How strong is the service's identity restoration program? Not all providers offer comprehensive identity restoration. LegalShield partners with the ID restoration expert Kroll, Inc., which deploys licensed private investigators for each restoration case.

Q. Is the IDT service proactive as well as reactive? Best-in-class IDT providers offer proactive consultations to defuse potential threats before they do damage.

Q. To what extent do members get personal attention? Look for a service that gives each member access to a dedicated counselor to work on a case until it's resolved.

Q. Is the legal plan backed by an extensive attorney network? Look for a plan that uses experienced attorneys around the country. LegalShield has dedicated law firms in 49 states and four Canadian provinces. Their attorneys specialize in handling legal issues such as family matters, estate planning, financial and business issues, consumer protection, tax, real estate, benefits disputes, and auto/driving issues.

Conclusion

In today's consumer-driven worksite benefits world, the most consistently successful brokers are those who earn status as trusted advisors to their business owner clients. One of the most effective ways for brokers to earn the trust of clients and prospects, and to differentiate themselves in a crowded marketplace, is to become a voluntary benefits-focused solutions provider and problem-solver.

By bringing to the table voluntary benefits such as identity theft protection and legal plans, brokers empower their business owner clients to better manage risk and address glaring gaps in coverage. And in doing so, not only do they position themselves as business partners to their employer clients, they also generate new profit centers for themselves and their firms.

Footnotes

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- ¹⁵ LegalShield *Legal Needs of Small Business Study*, 2014; <http://www.legalshield.com/about-us/pressmedia-kit/the-legal-needs-of-small-business>, accessed 02.28.15



(855) 572-7653
legalshield.com