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Offering legal services benefits employers

Pre-paid basic legal advice boosts productivity, keeps costs down

KATHY ROBERTSON | STAFF WRITER

When Jackie Chavez's purse was stolen in September, she called a toll-free number to get a lawyer to track how the crime was affecting her credit.

Her boss, Mimi Silvestre, used the same service this fall to learn how to comply with the Federal Trade Commission's new "Red Flags Rule" on identify theft prevention.

Both turned to a pre-paid legal service that charges a monthly fee and provides a range of basic services when needed — sort of a health maintenance organization for legal issues. If things get more complicated, fees are added, but at a discount. Around for 40 years, the business is booming during the recession, as businesses and individuals scramble for low-cost legal help with collections, lease negotiations and other matters.

"Most can't afford to hire a lawyer these days; we're just too expensive," said Robert LoPresti, a partner with Parker Stanbury LLP, a Los Angeles-based law firm that provides the lawyers at the other end of the phone line for California clients of an Oklahoma company called Pre-Paid Legal Services Inc.

There are a number of national companies in the market; most offer business plans for employers, who can also offer group plans to workers who pick up the monthly tab themselves via payroll deductions.

"We're busier than we've ever been," said Crystal Caldwell Virtue in the Sacramento headquarters of Caldwell Legal U.S.A. The family venture was founded in the 1960s and contracts with law firms across the country to provide pre-paid legal services



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Mimi Silvestre uses Pre-Paid Legal Services for her benefits business, Pacific Benefits Consultants. "We're a small company in a growing industry ... and we need adequate legal protection," she says of the service she's used for 16 years.

to individuals, unions, businesses and their workers.

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**Crystal Caldwell Virtue
Caldwell Legal U.S.A.**

month for benefits from Pre-Paid Legal Services. That adds up to \$312 a year — the average cost for one hour with a local lawyer. The fee provides access to a lawyer

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A 'SAFETY NET'

Chavez, a benefits administrator at Pacific Benefits Consultants in Sacramento, pays \$26 per month for Pre-Paid Legal Services. That adds up to \$312 a year — the average cost for one hour with a local lawyer. The fee provides access to a lawyer

Why legal services?

- One in three people will encounter a legal problem within the next year
- 65 percent of Americans don't have a will
- At least 80 million lawsuits are filed per year
- 42 percent of employees take time off each year to deal with legal problems
- An employee with legal problems uses medical benefits four times more than the average worker
- An employee with legal hassles takes sick leave twice as much as the average employee
- An employee bogged down with legal woes is likely to show a significant decline in productivity

Source: Caldwell Legal U.S.A.

for help with simple legal issues such as credit assistance, contract review or bankruptcy matters.

Silvestre, vice president of operations at Pacific Benefits, pays less than \$100 per

LEGAL HELP | Lawyers are seeing more bankruptcy and collections questions in recession

month for services that range from legal advice on regulatory compliance to document review and collection letters.

“We’re a small company in a growing industry, providing services to more than 500 clients ... and we need adequate legal protection,” Silvestre said. The company has used Pre-Paid Legal Services for 16 years. “You always have it, like life insurance. It’s not that you want to use it; it’s a safety net.”

Chavez signed up for the service about a year ago and didn’t use it until her purse was stolen. She’s worked on mortgage loans, knew how difficult a credit screw-up can become, and signed on for peace of mind.

When she needed help, she got a response within 24 hours.

“If anyone tries to use my credit, they will investigate it for me,” Chavez said. “I don’t have to get involved.”

Pre-Paid Legal Services founder Harland Stonecipher started the company in 1969 after a head-on collision resulted in hefty legal fees. Car insurance covered damage to the vehicle and medical insurance paid for his hospital stay, but he had no protection from the legal bills that accumulated.

Stonecipher researched European legal expense plans and started a similar idea as a benefit associated with a motor services

club. The company targets businesses with 100 or fewer workers. It currently provides legal services to more than 1.5 million families across the U.S. and Canada.

“It’s helped companies with absenteeism; workers are not taking care of problems on the side, like a landlord-tenant issue ... or a teenager with traffic problems,” said Aaron Gonzales, Sacramento regional manager for Pre-Paid Legal Services. “And it doesn’t cost the employer any money.”

Mickey Lebeck, president and chief executive officer at Mailing Systems Inc., a full-service mail house in Rancho Cordova, signed on about a year ago for both a company plan and group benefit for employees.

“I was looking for a coach to help us through the legal challenges we have on a monthly basis — mostly to check before we do something,” Lebeck said. “It’s also a nice, inexpensive way to show appreciation to employees.”

STABLE BUSINESS FOR CONTRACT LAWYERS

The benefit is good business for lawyers at the other end of the phone line, too.

Parker Stanbury had 9,800 members in California in 1994, the first year it had the Pre-Paid Legal contract for the state. It has 209,000 now. Calls come in on a toll-free

number and are parceled out to lawyers by area of expertise; 65 lawyers at several offices participate.

“It’s a very good business for us; (Pre-Paid Legal) is our No. 1 client,” LoPresti said. Los Angeles is the firm’s biggest market, but Sacramento has always been a good one, he added.

Parker Stanbury hasn’t seen a big uptick in the recession, but the types of matters have changed, he said. More bankruptcies, dissolutions of business and requests for advice on collections and loan modifications.

“Our hourly rate is \$250 to \$350,” LoPresti said. “Some of these matters easily take multiple hours, but we do it for the monthly fee, so savings can be significant.”

Bob Scheblein, owner of River City Health Care & Pharmacy, bought a corporate and group plan from Pre-Paid Legal about two years ago. Employees who signed up got a free will.

He gets basic advice and services for \$75 per month.

“They send nice collection letters that say ‘pay or else’ with clout we don’t have,” Scheblein said. “A phone call gets you an attorney — I don’t know how else you do that without spending a lot of money.”

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