

Legal Notice

by Rob Vest



A PRACTICAL SOLUTION FOR LEGALESE

Give a construction professional a project, and he or she will respond with a “practical” solution, to meet the requirements of the project. Give that same construction professional a legal document, and it is more likely his eyes will glaze over with the uncertainty of “legalese.” In other words, “What does this mean, how much will it cost and how long will it take?” Is it any surprise that of the estimated 7.2 million workers in the U.S. construction industry, very few are fluent in the specialized language of the law?

It is true, of course, the legal services profession (industry) plays a vital role in maintaining the efficient operation of the legal system and our access to the system of justice. However, it comes at a price, and for some the price is beyond reach.

Right Tool for the Right Job

In the construction industry (or any industry), it is practical, efficient and often cost-saving to use the right tool for the right job. As it relates to legal services, certainly there are times when a business owner or an employee requires in-depth legal counsel on a specific legal issue, such as serious criminal acts. Then, even at a cost of \$200 or more per hour, the outcome may make that expenditure worthwhile.

But what about those everyday,



routine legal issues, such as review of a construction contract (for a business owner) or counseling on credit or collection problem (for an employee)?

Prepaid legal plans or legal service plans have been around for many years, but it has taken a few years for legal service plans to achieve some degree of market penetration and use. Not surprisingly, the “great recession” has been a catalyst for growth for legal service plans. As construction company owners and their employees pinched pennies tighter and tighter, the legal service plan was squeezed out as a viable option.

There are a variety of plans and providers in the market, and there is some degree of specialization among these providers. In one plan example,

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business owners and employees pay a designated monthly fee, and receive a package of legal services that include: legal consultation and advice, legal communications on the member’s behalf, contract and document review, will preparation and trial defense services (based on the specific area plan). Certain plans also

provide related services, such as identity theft protection.

Benefits to the Owner

Construction company owners have more things to do than there are hours in a day. There are projects to run, schedules to keep, employees to manage and bills to collect. Many of these activities have legal implications, such as contract reviews, employee human resource issues and outstanding invoices. But how likely are business owners to pick up the telephone for legal advice and assistance when every minute the clock is ticking, the “legal meter” is adding fees? With a legal service plan, business owners can pick up the telephone for professional, person-to-person legal advice and assistance as part of their “prepaid” legal service plan.

Over time, many construction company owners find new ways to use their legal service plan and often these applications go directly to the bottom line. For example, the collection letters—drafted by the provider law firm on behalf of the construction

owner—get results. In many cases, these results are more practical and effective than those of collection agencies. Typically, collections services retain 25 percent or more of the “recovery,” while the profit margin on a given construction project may be only 10 percent. In this “Catch 22” scenario, the construction company owner could be losing money in the process of trying to collect it. On the other hand, many plans include a designated number of monthly collection letters as part of the plan.

From a human resource perspective, the legal service plan allows the business owner to offer employees a voluntary benefit at no cost to the company. The monthly fee is administered through payroll deduction.

Benefits to Employees

As a primary benefit, legal service plans offer employees affordable access to the legal system and to professional legal counsel. In so doing, this re-positions the attorney as advocate (for the employee) rather than the last resort for some

unmanageable legal problem involving issues like debt collection, child support and foreclosure.

The “Now” Benefit

Perhaps the most important benefit of the legal service plan for both the construction company owner and employees is as much about perception as practicality.

Because the legal service plan grew out of the insurance industry, people tend to think of these plans as an “insurance” product. In fact, the legal service plan is a “usage” product. Unlike the traditional insurance plan that you buy and then put on a shelf as a safeguard against accidents or acts of nature, the legal service plan offers access to a service that construction company owners and their employees can use “now,” the day they sign up for the plan. ■

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