

## Legal Insurance: The Chance to Do the Right Thing

Many producers help employees build a financial foundation with life insurance. Many employees know they need life insurance and gain peace of mind knowing that they've taken care of their family in the event of their death. What may not be as apparent is that many of these same employees could be ideal prospects for a comprehensive indemnity legal insurance plan to provide a "living benefit" and "income protection" for employees and their families. Consider this rule of thumb: If you're selling employees life insurance for risk protection, they also need legal coverage that could be used *before* any life insurance event.

A colleague agent of ours shared a good example of this: He was diligent about helping employees purchase the appropriate amount and type of life insurance, and about creating estate plans for some employees. However, he didn't consider what would happen to all of that planning if the client or their family members or elder parents became involved in a legal emergency that cost thousands of dollars.



One day, the spouse of an employee of one of his biggest employer clients left him a message. Her husband [of 9 years] had been served with a lawsuit by his ex-wife that sought custody of the couple's now well-established adopted and blended family. The ex-wife was apparently seeking full custody and visitation of the children from the previous marriage – the children that had been blended into the family over the past nine years and had enjoyed their lives, their school, their friends and their step-mother. The prognosis of the lawsuit was not good, as the ex-wife had hired a top-notch attorney in town determined to gain custody and control over the children's lives – the children she had abandoned more than nine years ago while she had abused drugs and lost nearly everything. The couple expected a grueling litigation period. Since the couple had no legal insurance protection,

they would have to fund the litigation themselves with their savings. She called the agent because she wasn't sure how they'd make ends meet using all of their regular paychecks to fight the litigation. She wanted to know their options, and was sure that the agent who sold her husband the life insurance had considered this possibility and would have provided protection to the family.

The agent became very upset. He actually hadn't talked to the employee about this scenario, and wasn't sure how to return the spouse's phone call and deliver the news. He had helped hundreds of employees of this valued client company with many elements of their financial plans, but had never considered legal protection – which was really *income protection* much like a disability plan. Before he could return her call, the spouse called again to say her husband had lost his job.

You might be thinking, “They wouldn't have been able to afford a legal insurance policy after the husband lost his job, after all.” You might be right – but, what if? What if the producer had to return the call and admit there was a gap in the financial matters they discussed and developed together? What if everything the family had planned for – for the blended family - retirement, college for the children – was now in jeopardy – from an unexpected and expensive lawsuit?

This was a turning point in the agent's career. He saw this event as a second chance to do the right thing with all of his client's employees and became a strong advocate for the importance of *income protection* – that is legal insurance. In every new and existing case, this agent discussed the importance of both life and legal insurance. If employees chose not to purchase legal insurance, he asked them to sign a declination of coverage form for his files.

### **Opportunities in your block of business**

Do you have life insurance employees you could call today to discuss the importance of adding a legal insurance plan to their financial foundations? When determining who to call first, consider these characteristics of an ideal DI candidate:

- Ages 30 to 55 and in good health
- Earning at least \$50,000 per year
- Employed in any type of occupation
- Dependent on their income to pay everyday living expenses with not many emergency savings
- Interested in protecting their children and their elder parents and their spouse's elder parents from unpredictable or emergency legal issues and lawsuits
- Interested in protecting their income, their business, or their ability to save for retirement

To help narrow your focus, first reach out to employees with these characteristics who have recently experienced a life change, such as a new job, marriage, home purchase, or birth of a child. These common life events are ideal triggers for discussing the importance of income protection – a legal plan.

Also, consider employees whose spouses may own small or home-based businesses. Not only can you offer legal insurance to help protect their personal needs, but you can offer additional legal coverage to help protect their businesses from disastrous legal consequences. In fact, a recent survey conducted by Harris Interactive and the

Principal Financial Group indicates that business owners see business protection and income protection as two of their top three financial priorities. And legal insurance performs both functions.

There's never been a better time to reach out to employees. Help your employees today with their income protection needs. Unlike our colleague, you may not get a second chance to do the right thing.