

American Prepaid Legal Services Institute

Report of the 2004 Survey of Legal Service Plan Characteristics

Rev. July, 2005

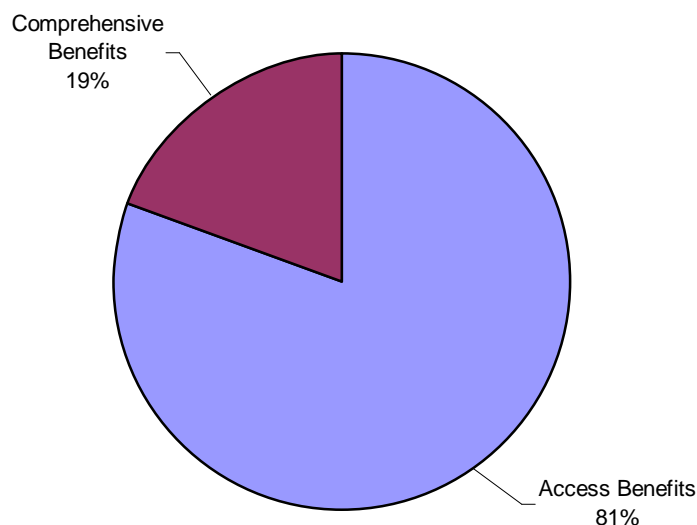
The American Prepaid Legal Services Institute (API) is pleased to release the results of its 2004 survey of legal services plans. The data was compiled primarily from confidential telephone interviews with a selected sample of legal service plan administrators from both union-based and commercial plans. The study covered only legal services plans for which membership fees, premium payments or prepaid per capita fees are used to pay for all or part of the benefit.

The data reflects the characteristics of over 2,700 legal plans with 19.4 million enrollees, covering a total of more than 45 million Americans, including eligible dependents.

An analysis of the surveyed plans shows that

- 90% of persons who have legal service benefits are covered by a plan sponsored by an employer, a trade union or both.
- Over 75% of those eligible for legal benefits are enrolled automatically by virtue of their employment or union membership status.
- Legal plans providing basic "Access" services predominate, providing service to over 80% of enrollees. The majority of people with this coverage are automatically enrolled through an Employee Assistance Program (EAP) sponsored by their employer.
- 62% of non-EAP plan members, representing some 3.8 million enrollees, plus their dependents, are eligible for "Comprehensive" legal service benefits through their legal services plan.
- Of the 4 million people represented in the survey group who have enrolled in a legal plan individually – as opposed to automatic group enrollment – 57% do so through their employer.
- Excluding EAP plan coverage, 1.8 million employees are enrolled in legal service benefit plans paid for by employers.

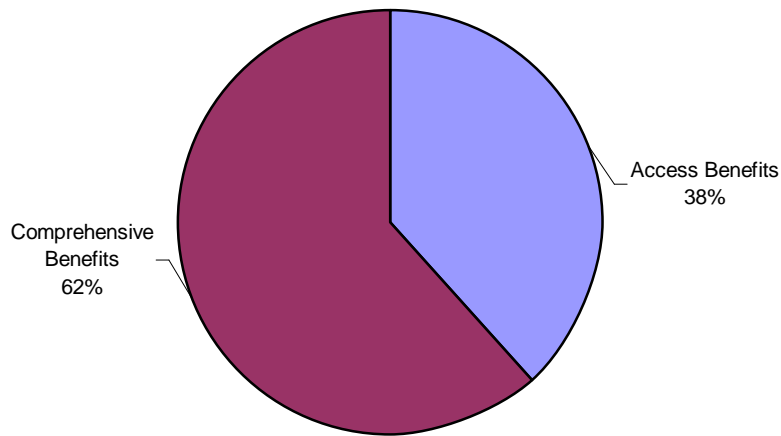
All Access and Comprehensive Legal Plan Distribution



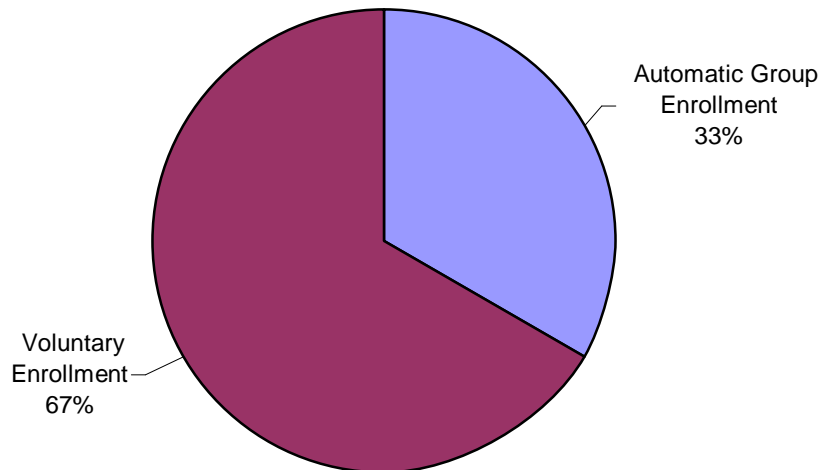
81% of plan participants in the plans surveyed are enrolled in legal “Access” plans which are designed to provide easy access to a lawyer for legal advice and other non-complex preventive services at low cost. An access plan provides an enrolled member with specified basic legal services at no additional cost, plus other services at special negotiated legal fee rates. For these additional services the member-client pays the lawyer directly. The majority of employees with access coverage are automatically enrolled by their employer through an Employee Assistance Program (EAP).

19% of plan participants in the plans surveyed are eligible for “Comprehensive” legal plan benefits. The comprehensive plan goes considerably beyond the access plan in the amount and type of legal services provided. Generally, all plan benefits, including unlimited legal advice on any subject, negotiations with adverse parties, drafting legal documents such as contracts, wills and deeds, and representation in court, are available to the plan member at no additional cost. As shown below, comprehensive benefits are more prevalent in plans which do not involve EAP services.

Non-EAP Access and Comprehensive Legal Plan Distribution

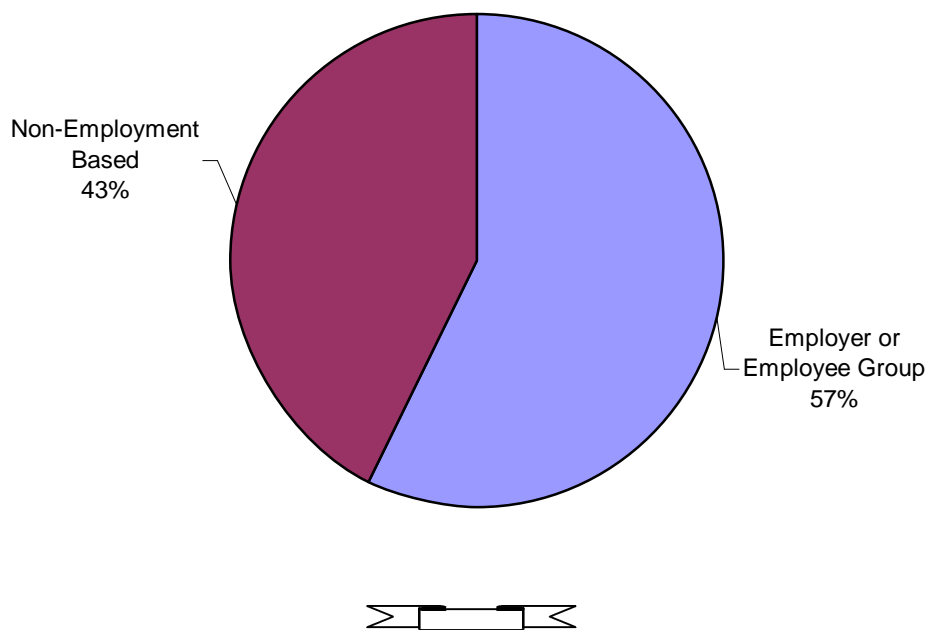


Non-EAP Legal Plans: Voluntary and Automatic Group Enrollment



For legal plans offered on a “Voluntary Enrollment” basis, individuals choose to enroll in the plan and pay the premium or membership fee either in response to direct mail offer, during individual sales presentations or during an employer's open enrollment period. The “Automatic Group Enrollment” or “100 percent participation” plan is one in which all members of the group are automatically included in the plan by virtue of their status as group members or employees. All EAP-based legal plans (excluded in the chart above) and most other automatic group enrollment plans in this study are sponsored by employers as an employee benefit.

Sources of Voluntary Legal Plan Enrollment



About the Survey

The API's 2004 Survey of Legal Service Plan Characteristics was designed to increase general knowledge about legal service plans as part of the API's overall educational mission. The survey was not intended as a complete census of legal service plan coverage in the United States. The results published herein are based exclusively upon information voluntarily furnished by the participating plan administrators who bear ultimate responsibility for the accuracy of the data furnished. Comparison of our survey results with previously published data on legal plans would not be valid because of different investigative scope, industry definitions and data collection methodologies.

Readers should note specifically that legal plans available to group members as a membership benefit without payment of a premium, subscription fee, contribution or other prepaid amount were excluded from the survey. These group plans are prevalent with large labor and consumer organizations, as well as among smaller voluntary associations and local organizations.

Questions regarding the survey should be directed to the API at info@aplsi.org.