

LEGAL

INSURANCE

THE FOLLOWING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

SECTION III

COMPARATIVE ANALYSIS OF SELECTED PREPAID LEGAL SERVICE PLANS
ALLOWING FREE CHOICE OF LAWYER

BENEFITS OFFERED

Plan	1. Advice and Consultation	2. Office Work	3. Judicial/Administrative Proceedings
<p>I. SHREVEPORT BAR PLAN (operative) [Benefits allocated by dollar amount for lawyer functions performed; co-insurance available if defendant only]</p> <p>(No fixed hourly rate of charge—whatever lawyer would normally bill)</p> <p>(All civil and criminal covered except exclusions)</p>	<p>\$100 worth per year, not to exceed \$25.00 per visit (No deductible)</p>	<p>\$250 worth per year for Conferences, Negotiations, Investigation and Research [Excluding legal research but including title examination and expenses "reasonably necessary to the adequate legal representation of the client"]; Letter Writing and Document Drafting and Review or Filling out of Forms (10 deductible)</p>	<p>\$325 for preparation and filing of pleadings and briefs and attendance at trial.</p> <p>(Benefit C—\$25 deductible if plaintiff; none if defendant.)</p> <p>\$40 for court costs and witness fees.</p> <p>\$150 for out-of-pocket expenses and costs (depositions, toll calls, etc.)</p>
<p>II. LOS ANGELES COUNTY BAR PLAN (Proposed June 28, 1971)</p> <p>(Fees allowable in fee schedule computed on hourly rate of \$30 per hour)</p>	<p>PREPAID BENEFIT includes (1) legal check-up: 2 hours of consultation and advice (may be divided into 4-1/2 hour segments); (2) preparation of simple document (like contract will); (3) fixed fee schedule for specified services No minimum percentage of group must enroll. No deductible</p> <p>COMPREHENSIVE BENEFIT allows (1) legal research—2 hours; (2) \$40 worth of document preparation; (3) deposition—2 hours; (4) legal defense—one day; (5) scheduled services up to \$100; (6) Supplementary services up to \$1,000</p> <p>25% of group must enroll</p> <p>Deductible of \$10 payable on benefits (1) and (2); (3) and (4) limited to cases where client is defendant or respondent in court or administrative tribunal; (5) and (6) require payment by client of 20% of fees with Plan paying 80%.</p>		
<p>III. OTHER VARIATIONS</p>	<p>1. Plan A</p> <p>(Model Plan suggested by Preble Stolz in 1968. See University of Chicago Law Review 417, at 455-466)</p> <p>One hour per year on any problem except preparation of tax returns No deductible</p> <p>No provision for office work as a separate benefit, but 1 additional hour of consultation (without counting against benefit under (1)) if "scheduled" event occurred.</p> <p>At beginning would normally exclude all negotiation, research, etc., because of danger of lawyer abuse.</p> <p>On happening of "scheduled" event client entitled to one day of lawyer time in court or before administrative tribunal. Client would have to be defendant or respondent. Fees payable by plan limited to \$150 per day of trial; \$100 for 1/2 day; \$35 for appearances on motions.</p>		
<p>2. Plan B</p> <p>[Benefits limited to \$2,500 gross dollar amount per year per family, and only \$500 "per case". Benefit amounts further limited by type of cases, i.e., bankruptcy, contested divorce.]</p> <p>(Basic hourly rate of charge is \$30.00)</p> <p>(All civil and criminal covered except exclusions.)</p>	<p>[\$500 worth of services (at hourly charge of \$30) is available for benefits 1-3 above for each "case" subject to four limitations: (1) Maximum amounts established for specific types of cases; (2) Maximum for functional services; (3) Deductibles for specific types of cases; (4) Exclusions]</p> <p>Maximums imposed (\$100 deductible if started*):</p> <ul style="list-style-type: none"> (a) Workmen's Compensation: No attorneys' fees but up to \$100 for filing fees, process service, depositions, reporters' fees, private investigations and photography (b) Adoptions: \$150 (c) Bankruptcy: \$200. For non-business and wage earner plans only. \$50 additional if spouse joins in proceeding. (d) Probate: * \$100. Only for matters not subject to administration of the court (e) Wills: \$30. One will per family per year. (f) Real Property foreclosure: \$300 when member is defendant, \$200 when member is plaintiff* (g) Debt Collection: \$200 when defendant in collection on note or chattel mortgage (h) Felony Criminal Defense: \$1,000 (one per family per year) (i) Misdemeanor Defense: \$300. (Excluding traffic) (j) Criminal Defense: * \$300. For traffic offenses of DWI, Hit and Run, Reckless use, or drug offenses (k) Miscellaneous Criminal: * \$200. All other misdemeanors except (j) above (l) Defense in Small Claims Court: \$30.00 for defense cost of member where plaintiff has attorney. (m) <ul style="list-style-type: none"> 1. Contested Divorce (dissolution): \$500* 2. Uncontested Divorce or Annulment: \$300* 3. Disputed Property Rights, Support, Custody: \$75* (Payable in addition to 2 above) 4. Services after Judgment: * \$150 For modification of decrees. 		
<p>3. Plan C</p> <p>Based on a \$25 hourly charge</p>	<p>\$100 maximum for advice on matter unrelated to other specific type of case for which benefit provided. (No deductible)</p>	<p>\$150 allowed for "settlement negotiations" if on case not specifically covered in benefit schedule (\$100 deductible)</p>	<p>\$150 allowed for attorneys' fees only where plaintiff has dropped action against defendant member (\$100 deductible)</p>
<p>The type of benefits provided by this plan would be almost identical with those provided under Plan B above. The same amount of fees for the same services are allowed with the exception of bankruptcy, defense of collections, misdemeanor and felony defense. For these matters the fees are substantially lower.</p> <p>Although the maximum benefit payable is \$2,500 as in Plan A, no more than \$500 shall be payable in the first year and the maximum would not be reached until the client has participated in the plan for 5 years.</p> <p>\$50 are allowed for costs related to personal injury, workmen's compensation, and uninsured motorist.</p>			

4. Co-Insurance

If defendant (or respondent), reimburse 80% of \$1,000 of expense in excess of limits in Benefit C.

5. Exclusions

None as to advice component, but as to all other benefits.

1. Business Expenses
2. Controversies involving immediate parties to the Plan
3. Contingent fee cases
4. Fines and Penalties
5. Charges that are unreasonable
6. Filling out tax returns
7. Class actions (not involving immediate interest of member)
8. Where legal services provided through insurance or other means (group plan, etc.)
9. "Shopping"

Exclusions apply to Comprehensive Benefit:

1. Services provided under Prepaid Benefit
2. Contingent fee cases
3. Liability insurance
4. Any other group legal service program
5. Available through any governmental body or otherwise provided without charge

To supplement benefit provided in (3) plan would pay for 10 additional days of trial. No contribution by client if defendant, but first trial day fees (\$150) payable by client if plaintiff.

1. Insurance or other coverage
 2. Contingent fee
 3. Preparation of tax returns
 4. Probate
 5. Wage claims and Enforcement of Support
- Also, possibly:
6. Divorce
 7. Criminal

- (1) Preparation of income tax returns.
- (2) Probate proceedings, except as provided for herein.
- (3) Guardianship or Conservatorship proceedings.
- (4) Partnerships and/or joint ventures.
- (5) Corporations.
- (6) Patents and copyrights.
- (7) Proceedings under National Bankruptcy Act relating to joint ventures, corporations, or partnerships, and any business advice under Chapters 10, 11, or 12 of said Act.
- (8) Fines and/or penalties whether imposed by a court or other agency
- (9) Any judicial, administrative or arbitration proceeding wherein the Trust Fund, the Trustees herein, the Administrator of this Trust Fund, any Labor Union or any other person, firm, or organization that may be a party to this Trust Fund is either a plaintiff or a defendant, or the equivalent.
- (10) Services rendered in connection with arbitration hearings, except workmen's compensation litigation and uninsured motorist litigation.
- (11) Services rendered in connection with an appeal either from Civil, Criminal, Administrative, or Arbitration processes.
- (12) Any legal action herein which arose prior to the effective date of this Agreement, or prior to the eligibility of the "member", which ever is later. "Member" may not use as an excuse or defense the fact that said "member" was not aware of such legal action until after becoming eligible for benefits.
- (13) Any proceedings where the prayed for relief is within the jurisdiction of a Small Claims Court or its equivalent, except where other side has attorney.
- (14) Any case of proceeding where proof of benefit has not been properly submitted.
- (15) Legal representation which "Member" was eligible to obtain by reason of another program, plan, group arrangement, or insurance policy even though "member" failed to request such benefit of coverage.

No co-insurance for expenses in excess of \$2,500 basic benefit.

The exclusions are substantially identical to Plan B

OTHER CHARACTERISTICS

6. Choice of Lawyer and Operating Organization

Any member of Shreveport Bar; lawyer to submit bill at customary rates within 30 days and is paid within limits stated in Plan. Payment can be made to any duly licensed attorney in U.S. if covered member needs service elsewhere.

Not for profit corporation. [501 (c) (3) status applied for]

Directors appointed by Shreveport Bar Association

Cost and other remarks

Union member contributes 2¢ per hour; grant from ABA covers part of administration expense; grant from Ford Foundation backstops benefit payments.

True cost was estimated at 5¢ to 7¢ per hour; actual usage, however, indicates much less cost.

Group-600 members plus dependents of Laborers Union. All members of group subscribe. No modification of Plan during its Term.

Free choice from members of panel who voluntarily enroll with LA Bar to provide scheduled services.

Payment to be made to plan attorneys in accord with schedule of fees agreed to

Probably not for profit organization similar to Shreveport under control of LA County Bar.

Prepaid Benefit-\$30 per year
Comprehensive Benefit-\$60 per year additional or total of \$90

Group - California Teachers Association members in L.A. area.
Enrollment is voluntary for Prepaid Benefit; 25% must enroll for Comprehensive to become effective

Free choice of lawyer. Possibly should form a not for profit entity like Blue plan with enabling legislation needed.

Estimated cost of \$50 per year
100% group participation.

Any duly authorized attorney in U.S., Mexico, Canada

For profit corporation organized as administration firm which sells its services to group or employer who form legal service programs. Agreement contemplated an employer trust or, later, jointly trusted organization that will be in control of plan.

Schedule of Benefits shown here is priced at 6.5¢/ per hour; may be varied up or down by use of Relative Percentage Table.

Changes or Modification. The Trustees, by majority vote, may change, modify, or terminate this agreement:

- a. Benefits payable hereunder may be revised as required by the Trustees, as experience dictates.
- b. Any change or modification of this agreement must be preceded by notification in writing, forwarded to all signatories to this Agreement by registered mail, to allow at least ten (10) days between the receipt of said notification and the effective date of such change, modification or termination.

Choice of lawyer is same as Plan B
Organized as a corporation, probably for profit.

Cost is estimated at \$2.25 per week (\$124.50 per year) for 100% participation of group to be covered

HOME ADDRESS
STAN BUNN
Rt. 2, Box 271
DAYTON, OREGON 97114
YAMHILL, MARION COUNTIES
DISTRICT 28



COMMITTEES
MEMBER:
AGRICULTURE AND
NATURAL RESOURCES
JUDICIARY

HOUSE OF REPRESENTATIVES
SALEM, OREGON
97310

December 13, 1973

Representative Terry Gardiner
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Representative Gardiner,

A friend of mine, Mr. Bruce Botthelo, has indicated your interest in pre-paid legal services programs.

I was the primary sponsor of legislation which allowed the Oregon State Bar to set up a non-profit organization to administer such a program.

Pre-paid legal services is analogous to Blue Cross coverage in the medical field. I have enclosed a copy of House Bill 2289 for your use and have also enclosed a few other materials which I hope will be of help to you in reviewing the pre-paid legal services program.

Sincerely,

A handwritten signature in cursive script that reads "Stan Bunn".

Stan Bunn

SB:mjb

House Bill 2289

Sponsored by Representative BUNN. Senators CARSON, EIVERS, Representatives BLUMENAUER, COLE, HAMPTON, KATZ, LANG, MARTIN, MARX, OAKES, PAULUS, RIEKE, R. STULTS, WHITING, C. WOLFER, Senators BROWNE, J. BURNS, COOK, MACPHERSON, ROBERTS, SMITH

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Authorizes establishment of nonprofit corporation to provide insurance to cover cost of legal services. Prohibits distribution by corporation of any of its income to its members, directors, trustees or officers except for reasonable value of services rendered. Requires corporation to maintain capital or surplus of at least \$25,000 and file surety bond in sum of \$50,000. Subjects corporation to certain provisions of Insurance Code.

NOTE: Matter in bold face in an amended section is new; matter [italic and bracketed] is existing law to be omitted; complete new sections begin with **SECTION**.

1

A BILL FOR AN ACT

2 Relating to legal insurance; creating new provisions; and amending ORS
3 731.004 and 731.026.

4 **Be It Enacted by the People of the State of Oregon:**

5 Section 1. ORS 731.004 is amended to read:

6 731.004. ORS chapters 731, 732, 733, 734, 735, 737, 743, 744, 746, 748, 750,
7 [and] 751 and section 3 to 6 of this 1973 Act may be cited as the Insurance
8 Code.

9 Section 2. ORS 731.026 is amended to read:

10 731.026. The Insurance Code shall apply to:

11 (1) An educational institution or nonprofit corporation issuing annuity
12 policies in compliance with ORS 731.704 to 731.724, only as provided in such
13 sections.

14 (2) A fraternal benefit society complying with ORS chapter 748, only
15 as provided in such chapter.

16 (3) A health care service contractor complying with ORS chapter 750,
17 only as provided in such chapter.

18 (4) A motorist service club complying with ORS chapter 751, only as
19 provided in such chapter.

20 (5) A legal service contractor complying with sections 3 to 6 of this
21 1973 Act, only as provided in such sections.

22 **SECTION 3.** As used in sections 3 to 6 of this Act:

23 (1) "Attorney" means any person authorized to practice law in this
24 state.

25 (2) "Legal service contractor" means any corporation organized not
26 for profit that is sponsored by or otherwise intimately connected with a
27 group of attorneys.

28 (3) "Legal service" means any service furnished by an attorney that is
29 within the scope of the practice of law.

30 **SECTION 4.** No legal service contractor shall distribute, upon liquida-
31 tion or otherwise, any part of its income to its members, directors, trustees
32 or officers except for the reasonable value of services rendered such con-
33 tractor.

34 **SECTION 5.** (1) A legal service contractor shall possess and there-

1 after maintain capital or surplus, or any combination thereof, of not less
2 than \$25,000.

3 (2) In addition to its required capitalization the legal service contractor
4 shall file a surety bond or such other bond or securities in the sum of
5 \$50,000 as are authorized by the Insurance Code as a guarantee of the due
6 execution of the policies to be entered into by such contractor in accord-
7 ance with sections 3 to 6 of this Act.

8 **SECTION 6.** (1) The following provisions of the Insurance Code shall
9 apply to legal service contractors to the extent so applicable and not in-
10 consistent with the express provisions of Sections 3 to 6 of this Act:

11 (a) ORS 731.004 to 731.026 and 731.032 to 731.150, 731.204 to 731.280 and
12 731.284 to 731.354, 731.382, 731.386, 731.398 to 731.430, 731.450, 731.454, 731.504,
13 731.508, 731.512, 731.574 to 731.620, 731.640 to 731.652, 731.804 and 731.844 to
14 731.992.

15 (b) ORS 732.230, 732.245, 732.250 and 732.505 to 732.570.

16 (c) ORS 733.010 to 733.050, 733.140 to 733.170, 733.210 to 733.680 and
17 733.720 to 733.780.

18 (d) ORS chapter 734.

19 (e) ORS 743.003 to 743.012, 743.021, 743.036, 743.042 to 743.051, 743.054
20 to 743.096 and 743.114.

21 (f) ORS 744.005 to 744.265.

22 (g) ORS 746.005 to 746.045, 746.065, 746.075, 746.100 to 746.130, 746.160
23 to 746.210 and 746.230 to 746.370.

24 (2) For the purposes of this section only, legal service contractors shall
25 be considered insurers.



PROPOSALS FOR A PREPAID LEGAL SERVICE PLAN

Submitted by the subcommittee on Prepaid
Legal Services of the Committee on
Availability of Legal Services
to the moderate-income public

The following proposals have been prepared as part of a study commenced by the General Practice Section in 1967 to determine methods by which legal services may be made more available to the American people. Perhaps the greatest obstacle to utilization of legal services by the middle-or moderate-income public is fear of cost. To a large measure this concern can be overcome if the cost of needed legal services has been prepaid. A substantial reduction in the cost of legal services to an individual can be realized if the risk is spread over a large group.

The proposals set forth below have not been approved by the General Practice Section or the American Bar Association. They have been drafted only for the purpose of illustration in the belief that state and local bar associations may find them helpful in considering whether or not to adopt a plan of Prepaid Legal Services. The benefits to be offered, the charge for subscription to the plan and the amount to be paid attorneys for services under the plan all depend upon local conditions and negotiations between the entity administering the plan and groups contracting for benefits under the plan.

The proposals contain the following principal features:

1. Administration by a nonprofit corporation the directors of which are initially at least to be named by the sponsoring bar association.

2. Utilization of an "open panel" of attorneys, i.e., all members of the sponsoring bar association will be eligible to render services and the clients covered by the plan will have the freedom of choice of counsel.

3. "Basic Benefits" designed to encourage "preventive law" and to include one hour for a "legal checkup" and three hours of advice and consultation.

4. Use of the lawyers referral system for those clients who request assistance in the selection of attorneys.

The General Practice Section Subcommittee in making this report hopes that the following suggestions it has drafted will be of assistance to bar associations interested in sponsoring prepaid legal plans:

Proposals for a Prepaid Legal Service Plan

1. Administration

A nonprofit corporation should be organized to administer the Plan. Suggestions as to the administering corporation are set forth under paragraph 10. Such an administering corporation is hereinafter referred to as "the corporation."

State bar associations will in many instances be the appropriate body to initiate the organization of the corporation. Local bar associations will be appropriate in those instances where the members of the group contracting with the corporation live and work in the area over which the local bar association has jurisdiction. No bar association should undertake to organize a corporation and sponsor the plan until its membership has been fully informed as to the terms of the plan and have indicated that they support the plan and that a substantial number are willing to serve as counsel under the plan.

2. Attorney Co-operation

All attorneys in good standing will be invited to join the plan. They will constitute a panel from which the subscribers will have an absolute choice of selection. Bar-sponsored lawyer referral systems should be used to assist members who have not established a relationship with a particular lawyer.

The attorneys who join the panel will initially act as co-insurers. "Co-insurance" in this context means that the attorneys rendering services under the plan will bear the risk that the plan may be unable to pay the cost of services rendered. Panel attorneys will agree not to charge at a rate greater than that provided under the plan and that their claims may be met in stages. When a claim submitted by an attorney has been approved by the corporation, the attorney shall be entitled to an initial reimbursement of 50 percent of the claim. At the end of the financial year, the balance of the claim will be paid to the extent that there are funds sufficient to meet the claims of all attorneys.

It is expected that the hold-back will be necessary only for the first several years of the plan and until experience has demonstrated that the charge and schedule of legal services are actuarially correct.

3. Costs of Administration and Reserve Fund

It is recommended that 20 percent of the income derived from payments by the subscribing group be set aside in equal proportions to pay the costs of administration and establish a Reserve Fund. E.g., if the gross payments are \$180,000, \$18,000 should be set aside to meet costs of administration and \$18,000 should be set aside as a reserve. Thus the corpus to which the attorneys may look for reimbursement would be \$144,000. Monies in the Reserve Fund equal to 10 percent of the annual income from

subscribers should be invested at the discretion of the Board.

The primary purpose of the Reserve Fund would be to provide for any unforeseen contingency which may arise in the form of attorneys' claims or administrative costs. Thus when the holdback is discontinued, there may be years in which claims exceed payments and the reserve fund would be required. After five years of operation, 50 percent of the Reserve Fund may be used to pay off any outstanding claims of attorneys during the hold-back period.

4. Adjustment of Subscription Payments and Dollar Benefits

If experience reveals that the amounts charged are excessive, the corporation in conjunction with the group management would have the power to reduce dues or increase benefits. Conversely, if the amounts charged are not sufficient to carry on the program, the corporation and the group management may negotiate an actuarially realistic set of charges and benefits.

The corporation will have the discretion to increase or decrease the attorneys' fees or to otherwise alter the schedule of services but only prospectively, if in the corporation's opinion such action is warranted by a change in the economy or in the fee structure of the bar.

5. Contracts to be made with Groups

Services should be contracted for by a group of individuals for two reasons. The group can be charged with the task of collecting the subscribers' fees. Collection of fees from individuals would greatly increase the administrative costs of the plan. If contracts are made on an individual basis, it is likely that the large majority of persons who subscribe would already have legal problems and immediately utilize the benefits, making the plan unworkable and uneconomical.

6. Description of Subscribing Groups

The subscribing group may be any professional association, trade association, union or other nonprofit organization, or combination of persons, incorporated or otherwise.

The members covered by the plan and referred to as subscribers are:

- i) Persons who have been certified by the contracting group as being members in good standing until written notice to the contrary is given to the corporation by a responsible officer of the group.
- ii) The group member's spouse, unless legally separated or divorced.
- iii) All unmarried children of the group member, including any stepchild, legally adopted child, or foster child under 19 years of age and unmarried children under 23 years of age attending college or university full time, financially dependent upon their parents.

7. Charges and Benefits Available

The optimum group should consist of approximately 1,000 members. The plan should contain a detailed schedule of

benefits to avoid confusion and misunderstanding by attorneys as well as subscribers.

It is estimated that no benefits of any substance can be provided at less than \$100 per year. Recently, a union made demand on management for \$200 per member per year for legal services. Another group estimated the cost per member at \$500 per year. It is at this time unlikely that the public can be persuaded to prepay legal expenses at such a high rate. It is believed that \$10 to \$15 per month would be an acceptable charge. One of the plans provided by "legalcare," a private firm in California offering "closed-panel services," charges \$15.00 per participant per month for coverage comparable to the benefits proposed herein.

8. Basic Benefits

One of the most attractive features of prepaid legal service plans is the emphasis placed on preventive law and the availability of early consultation. Subscribers are encouraged to submit their problems for review and early correction. In order that the "Legal Check-up" will not preclude a person who feels that he has a legal problem from consulting an attorney, a further benefit "Advice and Consultation" should be included so that a covered member, subsequent to a legal check-up, will not feel inhibited if he believes that due to some new occurrence he has a legal problem.

The Basic Benefit should not be subject to any limitations or exclusions because of the desirability of encouraging subscribers to consult with attorneys and to obtain the benefits of preventive law. No charge should be made for the initial consultation where further benefits are incurred. An interview will often lead to other legal work and the charge for that work includes the interview.

9. Additional Legal Benefits

The most elaborate additional benefits will relate to litigation. The plan should be able to bear the cost of such services because of the low incidence of such claims. It is estimated that only about 5 to 10 percent of legal problems result in suit and only about 15 to 20 percent of these reach trial.

It has been suggested that divorce be excluded from the categories of benefits. Mr. Preble Stolz, professor of law, University of California, (35 *Univ. of Chicago Law Rev.* 417, 458) suggests that the plan can be effectively sold without including divorce notwithstanding the fact that a large majority of the claims involve domestic relations cases. Domestic relations cases have been included in the schedule of benefits because it is felt that the plan should offer benefits which the subscribers need and will use.

10. Organizational Structure of Administering Corporation

The membership of the corporation should consist of all the lawyers who are members of the sponsoring bar association and who agree to become members of the panel rendering services under the plan.

The Board of Directors should be composed entirely of active members of the sponsoring bar. Initially, the Board could be selected by the Board of Governors of the sponsoring bar on the basis of professional and business

ability. The subsequent selection of directors could be by election by the membership from persons nominated either by the Board of Governors or the general membership.

The By-Laws of the corporation should provide for no compensation for the directors. The By-Laws should also permit the creation of an Executive Committee of the Board at such times and for such purposes as the Board determines appropriate. The By-Laws should provide the appointment of an advisory committee for any purpose.

The success of the program would largely depend on a very competent staff, the size and composition of which will be left to the discretion of the Board of Directors. Provision should also be made for consultations with accountants, actuaries and others.

11. *Collection of Subscription Charges*

The subscribing group should be responsible for the collection of payments required for membership in the plan.

Payment should be due as of the subscriber's first day after the effective date of the agreement adopting the plan. Membership under the plan and the obligation to pay by a member of a group organized on the basis of employment should cease at the end of the pay period during which the employment is terminated, except that an employee who ceases work because of sickness or injury should be deemed to be still actively employed at work for a period of three months from the last day of the month in which such disability commenced.

Termination of employment should include voluntary termination, lay-off, discharge, work stoppage, or entry into active service in the armed forces of the United States or any State thereof, except as a member of a reserve organization for a training period of one month or less.

12. *Claims Procedure*

A. Subscriber contacts the Administrative Office of Corporation which may be at the office of the Group.

B. The office does not give legal advice. It verifies the coverage, partially completes the claim form and gives it to the subscriber. The subscriber is then free to contact the attorney of his choice who has enrolled in the panel. If the subscriber does not know any lawyer and wishes assistance in this regard, a bar sponsored lawyer referral service will be recommended and if one is not available the office will refer him to a lawyer under procedures which may be devised by the Board of Directors.

C. The attorney completes the claim form stating the nature of the services rendered, the charges for the services and the result, if any, accomplished for the participant. The form is then returned to the Administrative Office.

D. The Office then verifies the result accomplished by securing the subscriber's confirmation, and if so confirmed, provides the office of the group of which the client is a member a copy of the confirmation.

E. If the subscriber does not confirm the attorney's reports, the attorney will be called upon to explain the nonconfirmation.

F. On being satisfied with the claim, the office pays the

attorney within the amounts specified, and obtains a receipt from him.

G. It shall be the duty of the corporation to ascertain whether or not the attorney is providing professional services in a competent and ethical fashion.

13. *Maintenance of Ethical Standards*

When a subscriber selects an attorney and that attorney consents to represent him, the attorney-client relationship comes into existence. This relationship shall be inviolate, and under no circumstances will the powers granted to the corporation or its Board of Directors be construed to authorize any interference whatsoever with the independent exercise of the professional judgment of the attorney. Furthermore, the professional responsibility of the attorney shall be maintained at its highest levels, and participation in the program shall not obligate an attorney to act in any manner which might be in derogation of his professional responsibility.

14. *Resolution of Disputes Arising Under Plan*

i) The corporation may entertain any grievance or complaint from a subscriber or from the group management.

ii) Any grievance relating to the quality of the services, scope of benefits available, charges or contributions or any other matter relating to the administration or implementation of the plan shall be reduced to writing and forwarded to the corporation. A copy of such grievance or complaint shall be filed with the sponsoring bar association.

iii) On receipt of a complaint from a subscriber or the group management, the corporation shall investigate the nature of the grievance and forward such written reply as it deems appropriate to the subscriber or group management. A copy of such reply shall be filed with the sponsoring bar association.

iv) If the subscriber or group management is dissatisfied with the response referred to in (iii) he or it shall so inform the corporation, whereupon one representative designated by the corporation and one representative designated by the member or group management and a third person mutually agreed upon by such representatives shall meet and attempt to arrive at a solution.

v) In the event of no acceptable solution being reached, the parties may proceed to either arbitration or litigation.

15. *Termination of Contract between Corporation and Group Management*

The agreement should be for year to year and subject to termination only upon three months' notice.

16. *Annual Report*

The Corporation shall cause to be published at the end of each financial year a report of its activities which shall be

distributed to the members of the group, participating attorneys, the sponsoring bar association, and other interested persons. Such report shall include information relating to the finances of the plan, the use patterns, the number of attorneys whose services were utilized, the number of beneficiaries who used the plan, and other matters.

17. Advisory Group

There should be an advisory group consisting of members appointed by the corporation, group management, and the sponsoring bar. The members may be attorneys, subscribers, group officials, consumers and other interested persons. The function of the Advisory Group shall be to review the organization and operation of the plan and suggest improvements.

Proposals For Schedule of Benefits

A. Basic Benefits

1. *"Legal Check-Up"*: Maximum Per Year Per Family \$ _____. Persons covered by the plan will be entitled to have their activities reviewed in order to find out whether they have any legal problems by any attorney of their choice who has joined the panel.

This benefit will be available annually and will be of one hour's duration. The attorney's fee will be \$ _____.

2. *Advice and Consultation*: Maximum Per Year Per Family \$ _____. A participant who feels that he has a legal problem will be entitled to a consultation with a panel attorney of his choice.

The attorney will be paid a fee of \$ _____ per consultation. The subscriber shall not be entitled to more than three of such consultations.

If the consultation discloses the need for further legal services which are provided by the plan, no charge will be made for the consultation leading to the use of these extra benefits. In this case, the claim will be submitted under the appropriate category.

However, if the consultation leads *only* to the drafting or review of a single legal document, form or other instrument, a claim for \$ _____ for such work may be submitted under this benefit and charged against the maximum allowable.

B. Additional Benefits

If there is a need for further legal service in connection with a case or problem relating to the categories mentioned below, and not falling within any of the exclusions, the attorney shall be entitled to reimbursement up to the maximum amounts stipulated per year. A deductible of \$ _____ per year per case and not to exceed \$ _____ per year is payable by the subscriber. This does not include the deductible payable under paragraph 5. However, if benefits under paragraph 5 are used as a part of other additional benefits, the deductible will not exceed \$ _____.

1. *Negotiation of Settlements*: Maximum Per Year Per Family \$ _____. This relates to meeting with adverse or associated parties, their attorneys or agents in efforts to settle

cases or problems short of litigation or after litigation has commenced.

2. *Adoption*: Maximum Per Year Per Family Indicated Below:

- a) Uncontested Adoption. \$ _____
- b) Contested Adoption. \$ _____ plus benefits under Paragraph 5
- c) Custody Proceedings. \$ _____
- d) Contested Custody Proceedings. \$ _____ plus benefits under Paragraph 5

3. *Bankruptcy*: (Individual non-business). Maximum Per Year Per Family Indicated Below:

- a) Preparation and filing of voluntary petition, including schedules and statement of affairs. \$ _____
- b) Attendance at the first meeting of creditors. \$ _____
- c) Conference with creditors, auditors, and accountants, trustee and trustee's attorney. \$ _____
- d) Obtain discharge. \$ _____
- e) Spouse with similar schedules filing contemporaneously. \$ _____

4. *Change of Name*: Maximum Per Year Per Family Indicated Below:

- a) First person in the family. \$ _____
- b) Each additional person in the family. \$ _____

5. Court Proceedings Involving Civil Suits

This benefit extends to hearings, trials, motions, rules or appearances in any *trial court* of general jurisdiction or before any administrative board or agency or *arbitration panel*. A deductible of \$ _____ is chargeable.

- a) Maximum of 8 hours for the following services:
 - i) Initial Conference
 - ii) Investigations
 - iii) Interviewing witnesses

iv) Legal Research		i) Ascertainment and analysis of family assets	
v) Preparation, drafting and filing of complaint		ii) Determination of desires and objects of clients	
b) 1 day of hearing or trial.	\$	iii) Computation of death taxes and liquidity requirements	
c) Out of Pocket Expenses and Costs.	\$	b) Drafting:	
i) Deposition including stenographic fees		i) Simple will	\$
ii) Printing and copying, including briefs		ii) Will containing trust	\$
iii) Long distance toll charges		iii) Codicil to will	\$
iv) Photocopy		iv) Husband and wife creating simple trusts	\$
v) Bond Premiums		v) Husband and wife wills	\$
vi) Scientific or technical assistance, reports or tests including medical examination		8. <i>Marital Relations:</i>	
6. <i>Criminal Matters:</i>		a) Divorce (dissolution of marriage) including filing complaint, default hearings, interlocutory and final judgment.	\$
a) Arranging release or bail in felony cases.	\$	b) Initial order to show cause.	\$
b) Release or bail in misdemeanor and traffic cases.	\$	c) Appearance in connection with order to show cause, each appearance.	\$
c) Juvenile court proceedings (first appearance).	\$	d) Final decree (when only service) prepared by panel attorney.	\$
d) Juvenile court proceedings (each subsequent appearance).	\$	9. <i>Conveyance and Landlord and Tenant:</i>	
e) District Court appearance through first day of trial.	\$	a) Agreement for Sale.	\$
f) District Court, each subsequent day of trial.	\$	b) Deed on printed form.	\$
g) Superior Court appearance (for other than capital offense) through first day of trial.	\$	c) Note and mortgage on all new title and re-loans.	\$
h) Superior Court (for other than capital offense) each subsequent day of trial.	\$	d) Residence lease on standard form.	\$
7. <i>Estate Planning:</i>		e) Notice to quit premises.	\$
a) 10 hours for the following services. Maximum Per Year Per Family	\$	f) Note and chattel mortgage (printed form).	\$
		g) Note and trust deed on standard form.	\$
		10. <i>Sales:</i>	
		a) Bill of Sale.	\$
		b) Contract of sale (simple)	\$

C. Major Legal Expense Benefit

Subject to the exclusions listed below, a subscriber who is:

- i) Named as a defendant in a civil suit, in a trial court of general jurisdiction;
- ii) Charged with a felony by information or indictment;
- iii) Named as respondent in any action before an administrative agency of the state, municipality or federal government;

or has

- iv) His tax audited by the state or federal government

in addition to the benefits listed in B.5 and B.6 shall be entitled to payment and reimbursement of 80 percent of the net \$ incurred, over and above the said covered expenses, costs and fees.

D. Exclusions

Excluded from coverage under Benefits "B" and "C" of the plan are the following:

1. Business Expenses—Legal fees and expenses for which a federal income tax deduction would be allowable as a business expense, including the purchase, sale or

management or rental of income property of every nature.

2. Controversies between members of the same family unit, except that by agreement, one member may use the services of a panel attorney and receive benefits under this plan.

3. Contingent Fee Cases.

4. Fines and Penalties or amounts for which any subscriber may be liable as a result of judgement or verdict.

5. Charges that are unreasonable or for services that are unnecessary or for which no charge would have been made except for the existence of the plan or in which the costs and/or attorneys' fees are recoverable and are in fact, recovered.

6. Cases arising out of the operation of an automobile by a motorist subscriber who has failed to comply with statutes requiring insurance etc.

7. Physically filling out and filing of tax returns.

8. Class actions or interventions or *amicus curiae* filings in any suit or controversy among other parties not involving the immediate and direct interests of the subscriber.

9. Cases in which any government agency or attorney, federal, state or local or a private attorney can and will represent the interest of the subscriber without charge or expense except that charges will be allowed for work necessarily performed in determining the availability or nonavailability of these services.

10. Any case in which defense or other legal representation is provided to the subscriber through any policy of insurance.