



An Introduction to Legal Expense Insurance Claims Handling

Ensuring your customers' legal risks, are well managed!



Disclaimer

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- The content within this presentation is descriptive and for general training purposes
- For full details of coverage, including conditions, exclusions, limitations and deductibles that may apply, please read the policy wording



- GoToWebinar actively monitors your attentiveness
 - Keep this presentation as your main and active screen
 - Answer all poll questions
 - Try not to multitask
- An attentiveness score above 30 is required for CE purposes

Agenda



1. ARAG and what is Legal Expense Insurance (LEI)?
2. Insurance Claims Management Best Practices
3. The 4-Step LEI Claims Handling Journey: A Detailed Review
4. Escalation Process Overview
5. Monitoring the Customer Journey
6. How LEI Claims Handling is Different from Traditional P&C Processes
7. Wrap up and answering your questions

ARAG is the LEI Global Market Leader and Largest Family Owned insurer in Germany

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Total Legal Expense Insurance experience:

87 years

Operations within:

19 countries and **~ 4,700** employees

2021 year end ARAG Group GWP:

€2.0 billion / **CAD\$2.9** billion

In Canada we are the market leader with more than:

3 million legal assistance services and/or legal expense insurance customers.

Our insurer partner is:

HDI Global specialty SE

HDI and Hannover RE are both members of the Talanx Group based in Germany.

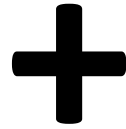
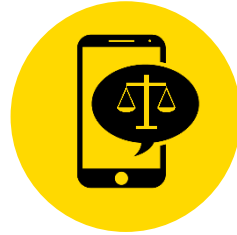


What is Legal Expense Insurance (LEI)?

Two Key Elements That Help Mitigate Legal Risks

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Legal Assistance



Legal Insurance

Unlimited access to a Legal Helpline,
staffed by lawyers.

Document Review and
Simple Legal Letter Drafting.

Unlimited access to HR Assistance
and a Legal Document Centre.

Unlimited Emotional Support
Assistance for the named insured
and all employees!

Covers a pre-selected and qualified
lawyer's hourly rate, plus
disbursements and adverse costs.

Customer Benefits

When Their Business Faces An Unforeseen Legal Event



**Exercise
Their Rights**



**Protect
Their Budget**



**Save
Time and Effort**

Definition of Insured

For **Commercial** Legal Expense Insurance Policies

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* If consent for coverage is provided by the name insured *



Insured Event

Named Insured

**Directors, Officers
and/or Partners**

Managers

Employees

Employment Disputes

✓

Employees' Extra Protection

✓

✓

✓

Legal Defence

✓

✓

✓

✓

Auto Legal Defence

✓

✓

✓

✓

Statutory Licence Protection

✓

Property Protection

✓

Bodily Injury

✓

✓

✓

✓

Tax Protection

✓

Contract Disputes & Debt Recovery

✓

Definition of Insured

For **Personal** Legal Expense Insurance Policies

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* If consent for coverage is provided by the name insured *



Insured Event

Named Insured

**Spouse or Common
Law Partner**

**Children
Including Dependent
Students**

**Relatives
Living At The Principal
Resident**

Employment Disputes

✓

✓

✓

✓

Contract Disputes

✓

✓

✓

✓

Tenancy Disputes

✓

Total Loss Valuation Disputes

✓

✓

✓

✓

Driver's Licence Protection

✓

✓

✓

✓

Legal Defence Incl. Auto Legal Defence

✓

✓

✓

✓

Bodily Injury

✓

✓

✓

✓

Property Protection

✓

✓

✓

✓

Tax Protection

✓

✓

✓

✓



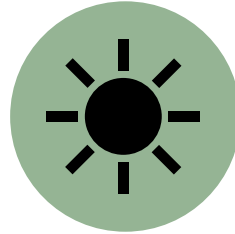
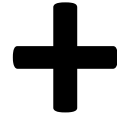
Insurance Claims Management Best Practices

Why Claims Handling Matters

Research Shows That...



**Speed of Claim
Settlement**



**Insurance Process
Transparency**



**Most Important Contributors
to Customer Loyalty**

- 94% of policyholders cite both above as key expectations when interacting with insurers during the claims process.
- With an explosion of data and channels, customers expect accuracy, responsiveness and effective insurance claims management.

Claims Handling Challenges

From A Customer Perspective



**No Visibility
of Process**



Anxiety



**Time
Pressures**

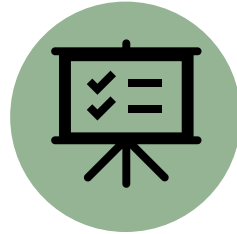
Claims Handling Best Practices

From An Insurer Perspective

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**Transparent & Timely
Communication with
All Stakeholders**



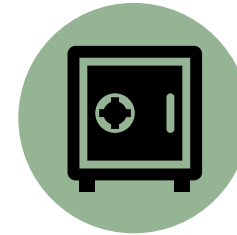
**Consistent Rule
Driven Coverage
Analyses**



**Continued &
Representative
Documentation**



**Ongoing
Stewardship of
Litigation Files**



**Financial
Oversight On
Legal Expenses**

Claims Handling Journey

A 4-Step Summary of Legal Expense Insurance Claims are Managed



1



**Your
customer
calls the Legal
Helpline**

2



**Customer
assignment
and further
information
gathering**

3



**Your
customer is
notified if
they are
covered
or not**

4



**A Panel
Lawyer
is assigned**



Step 1: It All Starts With The Legal Helpline

LEI Claims Handling Journey

Legal Helpline

Unlimited Access For Assistance With Any Legal Question

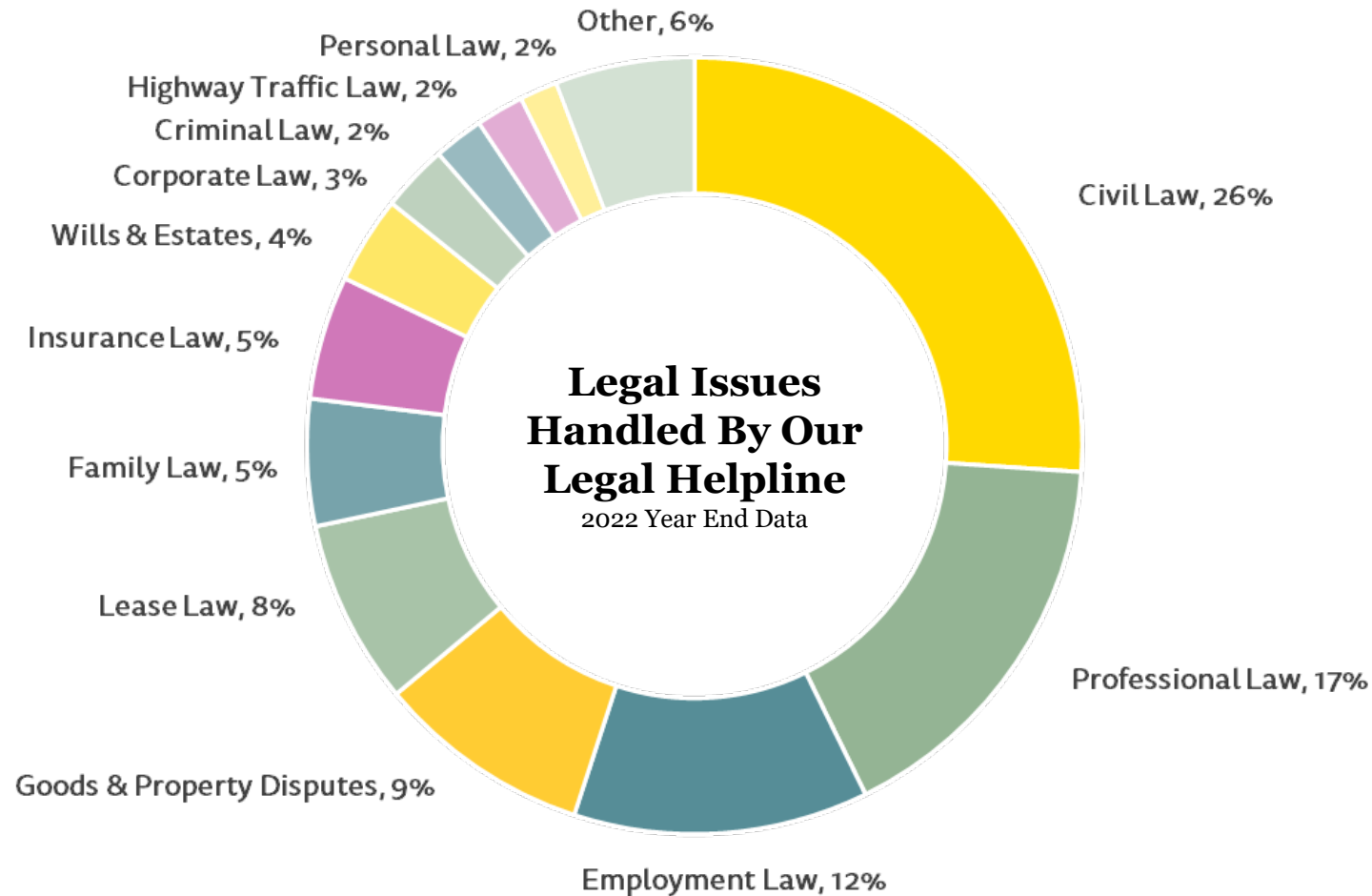
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- Available 24/7
- Any legal matter or question

Legal Assistance Provided

For A Wide Range of Issues Not Covered = Access To Justice!





Step 2: Customer Assignment & Information Gathering

LEI Claims Handling Journey

Claim Set-Up and Assignment

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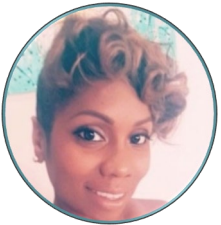
Claims Intake Handler

- Set-up customer file in our system.
- Policy coverage check.
- Assigns file to a Claims Analyst.
- Customer receives email with their Claim Reference # and a Claims Analyst has been assigned.
- Customer will be contacted within 3 business days to discuss further and expect a request for more information to be provided.

Information Gathering

By Our Claims Team

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Claims Analysts

- Will review policy for relevant coverage and dates.
- Contact customer, explain next steps and advise of any deductibles that may apply.
- Request further information or documentation that will assist in making a final determination.



Step 3: Claims Determination

LEI Claims Handling Journey

Top 3 Accepted Claims

Year End 2022

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No1



**Contract
Disputes**

No2



**Employment
Disputes**

No3



**Auto Legal
Defence**

Claims Criteria: Notification Period

Consistent Rule Driven Coverage Analysis

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- Notification of the claim (or potential claim) must occur within 120 days of the date of occurrence, or 120 days of the date that the customer knew or reasonably should have known of the claim.
- Notification of a claim does not impact premium.
- Notification of a claim or potential claim stops the 120 days clock.

Claims Criteria: Reasonable Prospects

Consistent Rule Driven Coverage Analysis

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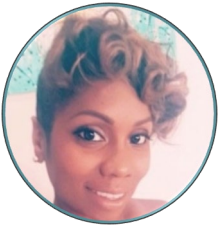


For **civil cases only**, “reasonable prospect of success” means we agree it is always more likely than not that an insured person will recover losses or damages (or obtain other legal remedy which we have agreed to) or make a successful defence.

Think of it as the 51% rule!

If A Claim is Denied

Transparent and Timely Communication



**Verbal Explanation is
Given First**



**Detailed Denial Letter is
Sent Afterwards**

If A Claim is **Accepted**

Transparent and Timely Communication



**Verbal Notification is
Given First**



Detailed **Coverage Letter
is Sent Afterwards**

If A Claim is Accepted

Ongoing Stewardship and Financial Oversight



**An Outline Strategy
is Set**



**Claim Reserve
is Set**

Broker Involvement

In The Claims Process

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- Solicitor-client privilege and client privacy / confidentiality is strictly enforced.
- While not recommended, a broker may initiate a claim on their client's behalf – following which, the LEI provider will deal directly with the policyholder.
- Further broker claims status inquiries require the provision of a Claims Authorization Form signed by their client.
- On occasions when the Claims Analyst has not been successful in contacting the client and the matter is urgent, the LEI provider may request the assistance of the broker to contact their client on their behalf.



Step 4: Panel Lawyer Assignment & Litigation

LEI Claims Handling Journey

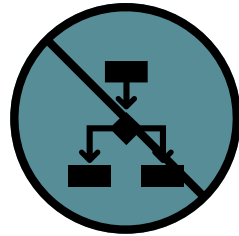
Legal Representative Assignment

Is Based On...

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- Geography
- Specialty
- Special Concerns
- No Conflicts of Interest



- No freedom of choice of a lawyer under a legal expense insurance policy.

Started The Litigation Process

Ongoing Stewardship and Transparent Communication

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- Letter confirming assigned counsel is sent to your client.



- Strategy conference call is scheduled between the Claims Analyst and assigned counsel.



Strategy Conference Call Objectives

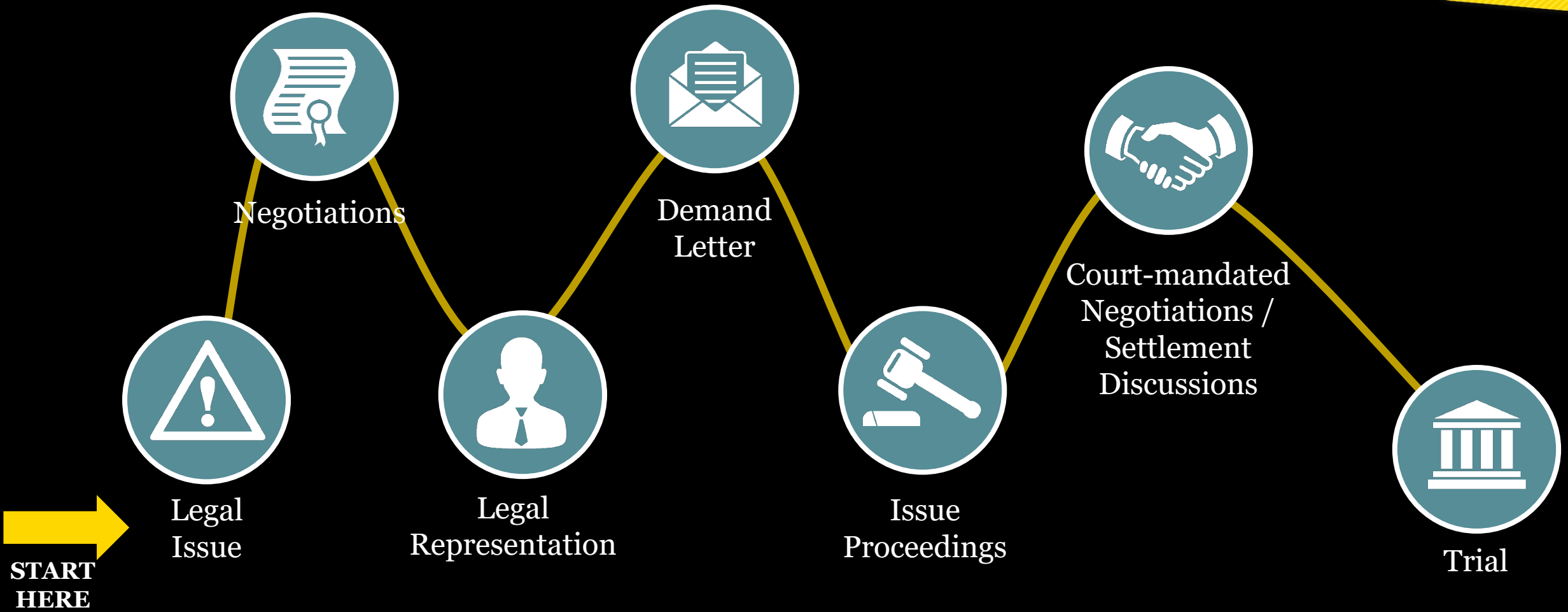
Ongoing Stewardship and Transparent Communication



- Explain roles and responsibilities, and set expectations
- Discuss strategy
- Determine budget and adverse cost exposure
- Establish timelines
- Finalize next steps

The Civil Litigation Process

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Litigation Management

Ongoing Stewardship and Transparent Communication and Financial Oversight

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- Claims Analyst manages and communicates with assigned counsel and your client.



- Claims Analyst monitors indemnity levels and notifies all parties if concerned about reaching limits.



Types of Claims Resolutions

There is More Than One Possible Outcome

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- Negotiated Settlement



- Your client walks away



- Trial and decision by a judge



- Only lawyers' fees, disbursements, and adverse costs are covered.
- Legal expense insurance (LEI) does not cover pre-incurred costs, settled amounts, damages or fines.



The Escalation Process

From Problem Through To A Potential Solution

Handling Escalations

Ongoing Stewardship and Transparent Communication





A Claims Process The Delivers Value

Last Year By The Numbers

A Claims Process That Delivers Value | 2022 Year End Data

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+2,000 in new claims were received

+3,000 claims were handled

+1,200 claims were closed

+\$15,000,000 in legal fees with unlimited legal Helpline and Legal Document Centre access*

+\$7,000,000 in legal bills was paid on behalf of policyholders.**

+\$16,000,000 in future legal bills with claims reserved.



* Value based on an average of 2.8 calls per Legal Helpline Case | 40-minute average duration per call | Average cost for an experienced Canadian lawyer of \$400 per hour | \$75 estimate average cost for a legal template.

** Based on total paid in legal fees and disbursements on all closed claims during 2022.



Customer Stories

Bringing the LEI Claims Handling Process to Life

Jeff's Story

Business Employment Dispute

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- Threat of civil litigation for \$20,000 in damages was dropped
- **Saved \$2,500** in legal fees

Philip's Story

Personal Auto Legal Defence

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- Charge was withdrawn
- No time off work
- **Saved \$450** in legal fees

Michael's Story

Business Contract Disputes & Debt Recovery

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- CNC machine was replaced and 75% of the repair costs were refunded
- **Saved \$3,500** in legal fees

Wade's Story

Personal Tax Protection

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- CRA withdrew initial assessment
- Did not have to pay \$23,000 in taxes
- **Saved \$10,000** in legal and accountancy fees



Highlighting The Differences

Between Traditional P&C and LEI Claims Handling

Some Major Differences To Remember



- The legal process is methodical, multi-stepped and slow.
- An average of **877 days** for claims that went to court.



- Solicitor-client privilege and client privacy is strictly enforced.
- Your client must sign off that they agree to share information with you.



- Legal issues are more abstract and nuanced than many traditional P&C claims.
- The law is complex and not designed for a do-it-yourself approach.
- Litigation requires specialized legal expertise for a successful outcome.



Thank You and Your Questions