



April 6, 2015

Testimony Before the Senate Business and Transportation Committee

By: Shawn Miller on behalf of Legalzoom

In Support of Senate Bill 922

Under current law, Oregon's insurance statute requires companies that provide specified legal services or reimbursement for legal expenses to become licensed and regulated as insurance companies.

Certain legal access plans, such as Legalzoom, that do not provide legal services or reimburse for legal expenses do not appear to be within the intended scope of the Act, but could be subject to regulation unless the law is changed. Licensing would not provide any additional protection for consumers, but would needlessly increase costs or block services for small businesses and Oregonians.

Since the Act was passed, legal access plans have evolved to provide consumers a variety of products and services for a monthly fee, such as access to an attorney licensed in the state for consultations; discounts off any further legal work that may be needed from the attorney; downloadable forms; and other discounts on certain products and services.

The plan members benefit with access to attorneys at reasonable costs for limited scopes of work; the attorneys benefit from referrals of clients in need of assistance. The attorneys often receive a small monthly administrative fee per enrolled customer to cover costs related to opening files and handling administrative matters under the plan. This is not compensation for legal services or related to consultations provided.

The legal access provider does not provide any legal advice or representation and all legal arrangements are directly between the client and the attorney.

Senate Bill 922 will provide a common sense approach to give consumers and small businesses greater access to legal advice and representation at an affordable price.

The bill clarifies current law to remove any doubt as to the possible regulation of legal access companies by the Department of Consumer and Business Services, which is neutral on the bill.

The bill does not affect the practice of law or prohibitions against the unauthorized practice of law.

Support for Legal Plans:

The American Bar Association ("ABA") supports consumer access to legal plans and formed the ABA Standing Committee on Group and Prepaid Legal Services. This Committee's sole

purpose is to remove legal barriers to the growth of the legal plan industry and encourage state and local bar associations to foster lawyer participation in legal plans.¹

The National Association of Attorneys General adopted a resolution supporting the concept of prepaid legal service plans because they:

1. Are important to maintaining the confidence in our justice system and the rule of law.
2. Efficiently and inexpensively provide preventative legal services to low and middle income Americans.
3. Ease the burden on overtaxed government programs.
4. Enhance productivity by allowing employees to focus on their jobs, not their legal troubles.²

About LegalZoom:

LegalZoom is a company that offers basic legal forms to the general public (e.g., simple wills, powers of attorney, leases, etc.) through software on its website and access to prepaid legal services plans. As LegalZoom moves forward, it wants to provide increased access to independent licensed attorneys and has launched personal and business legal plans in 42 states to make this happen. Personal plans start at just \$9.99 per month and business plans start at just \$23.99 per month based on length of commitment purchased either in conjunction with a legal form or as a standalone legal access plan. More than 9 out of 10 of its customers who complete a satisfaction survey say they would refer friends and family to LegalZoom. LegalZoom is a Better Business Bureau accredited business with an “A+” rating. LegalZoom has an exceptionally generous satisfaction guarantee. Call LegalZoom during normal business hours, within 60 days of purchase, and LegalZoom will process a refund or authorize an exchange.

¹ See http://www.americanbar.org/groups/group_prepaid_legal_services/policy.html

² <http://www.naag.org/assets/files/pdf/Resolution.PrepaidLegalServicesPlans.Adopted.pdf>