



**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:

**88** years

Operations within:

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

2022 year end ARAG Group GWP:

**€2.2** billion / **CAD\$3.2** 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?

Two Key Elements That Help Mitigate Legal Risks



## Legal Assistance



Unlimited access to a Legal Helpline staffed by qualified lawyers from 8:00 a.m. to midnight local time and 24/7 in an emergency.

## Legal Insurance

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

# Customer Benefits

When A Policyholder Faces An Unforeseen Legal Event



**Exercise  
Their Rights**



**Protect  
Their Budget**



**Save  
Time and Effort**

# Definition of Insured

For **Commercial** Legal Expense Insurance Policies



\* 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



\* 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

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Property Protection

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Tax Protection

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✓





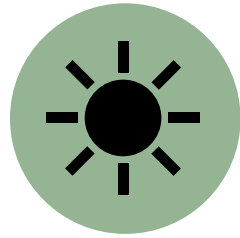
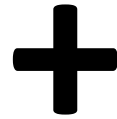
# **Insurance Claims Management Best Practices**

# 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**



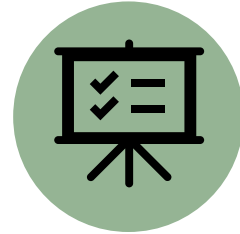
**Time  
Pressures**

# Claims Handling Best Practices

From An Insurer Perspective



**Transparent & Timely  
Communication with  
All Stakeholders**



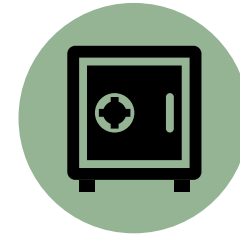
**Consistent Rule  
Driven Coverage  
Analyses**



**Continued &  
Representative  
Documentation**



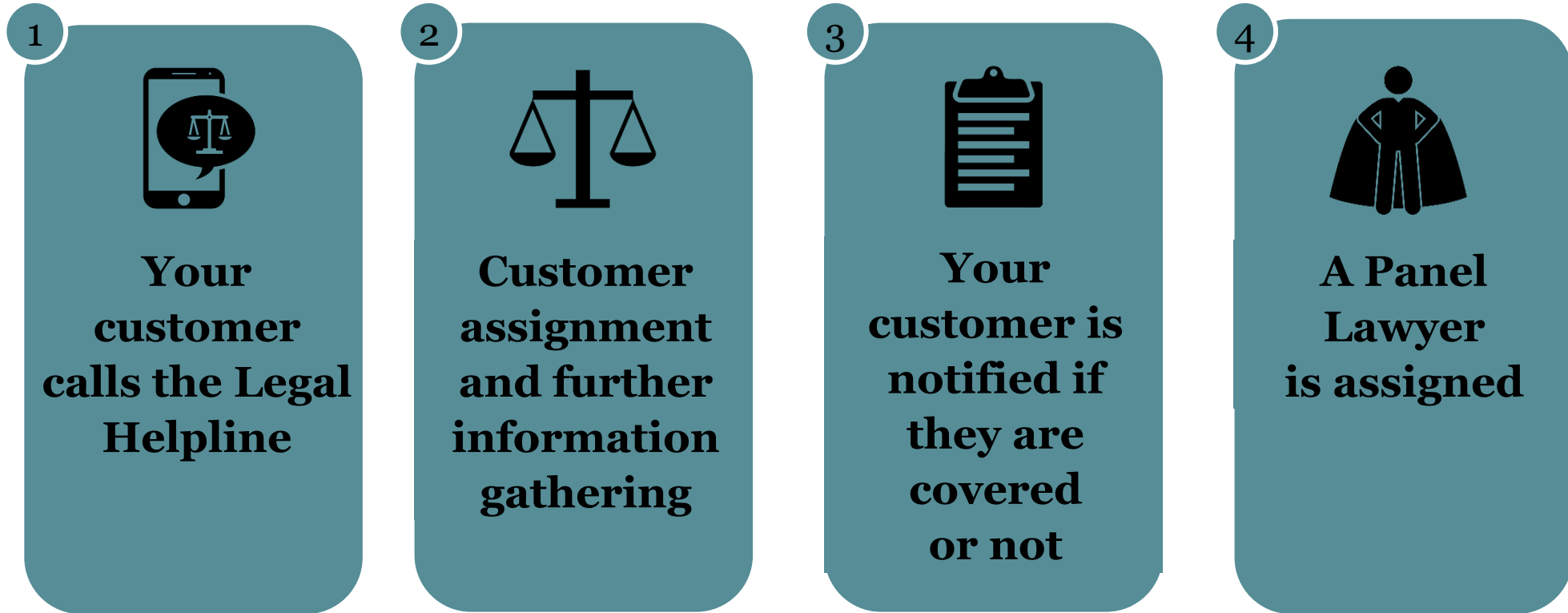
**Ongoing  
Stewardship of  
Litigation Files**



**Financial  
Oversight On  
Legal Expenses**

# Claims Handling Journey

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





**Step 1: It All Starts With The Legal Helpline**  
**LEI Claims Handling Journey**

# Legal Helpline

Unlimited Access For Assistance With Any Legal Question

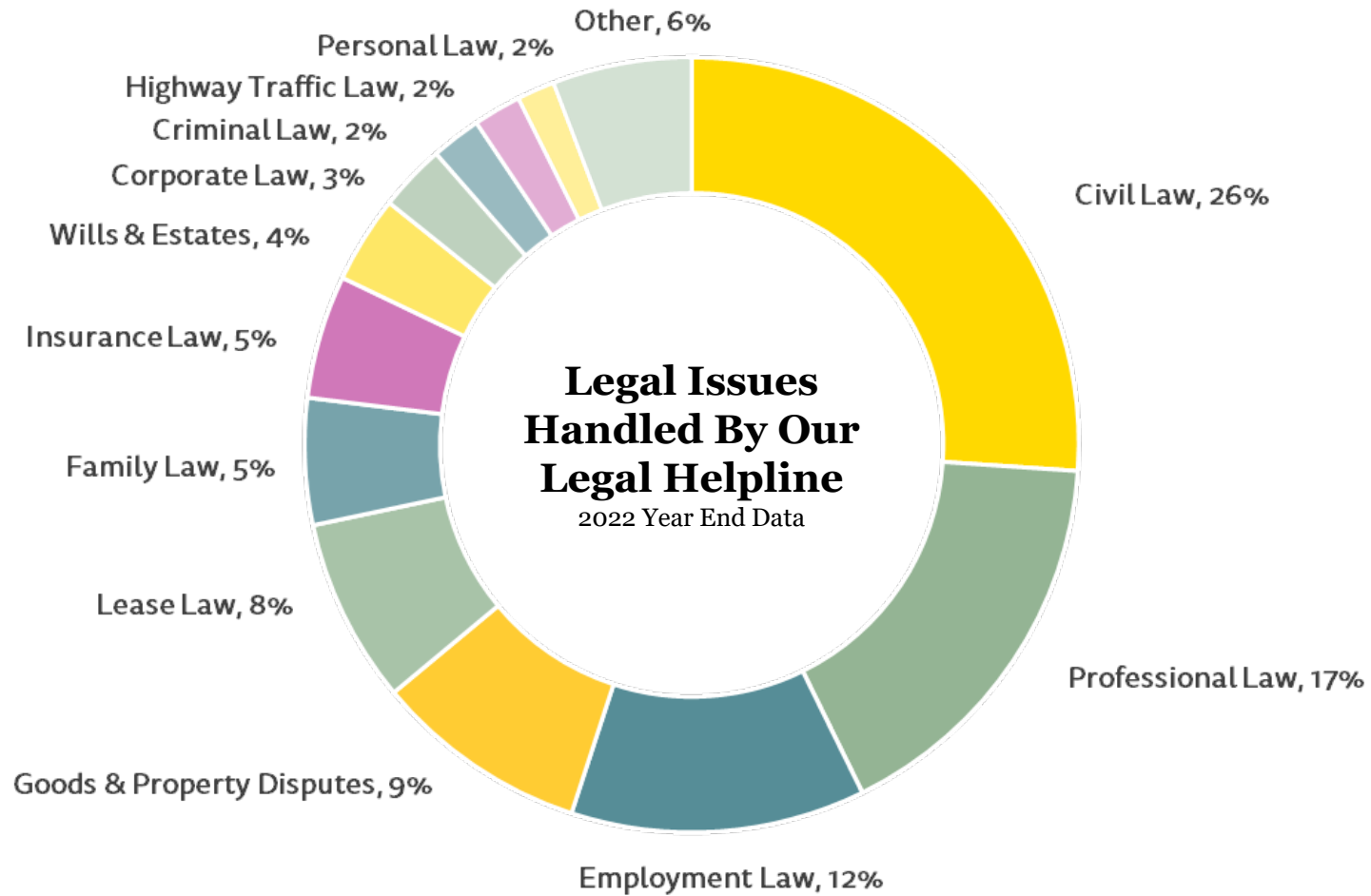
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- Review legal documents
- Provide claim determination

# 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



**Contract  
Disputes**



**Employment  
Disputes**



**Auto Legal  
Defence**

# Claims Criteria: Notification Period

Consistent Rule Driven Coverage Analysis

The logo for ARAG, consisting of the letters 'ARAG' in a bold, black, sans-serif font inside a black circle, which is set against a yellow background with a diagonal line pattern.

- 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**

# 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**

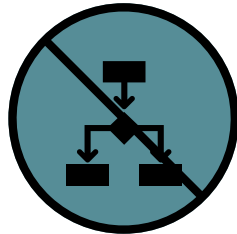
## **LEI Claims Handling Journey**

# Legal Representative Assignment

Is Based On...



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



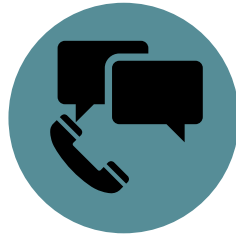
- No freedom of choice of a lawyer under a legal expense insurance policy.

# Started The Litigation Process

Ongoing Stewardship and Transparent Communication



- Letter confirming assigned counsel is sent to your customer.



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



- Claim Reserve is set

# Strategy Conference Call Objectives

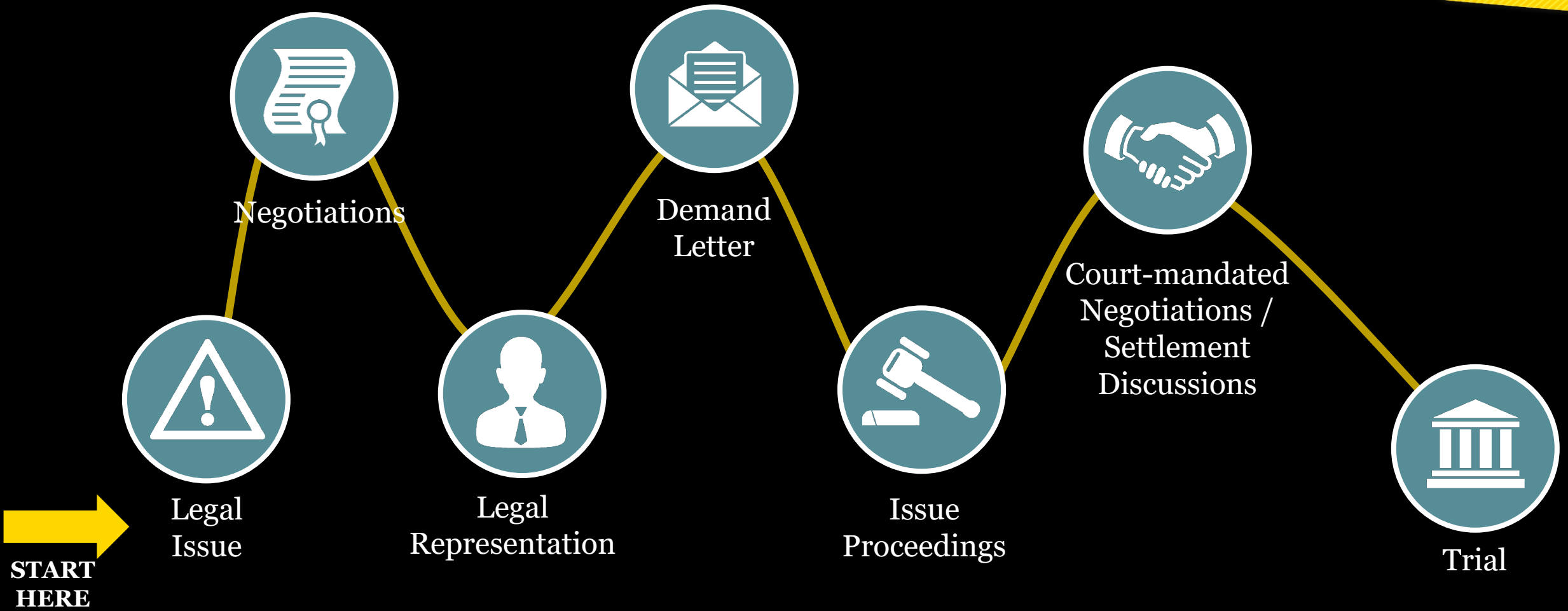
Ongoing Stewardship and Transparent Communication



- 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



- 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.

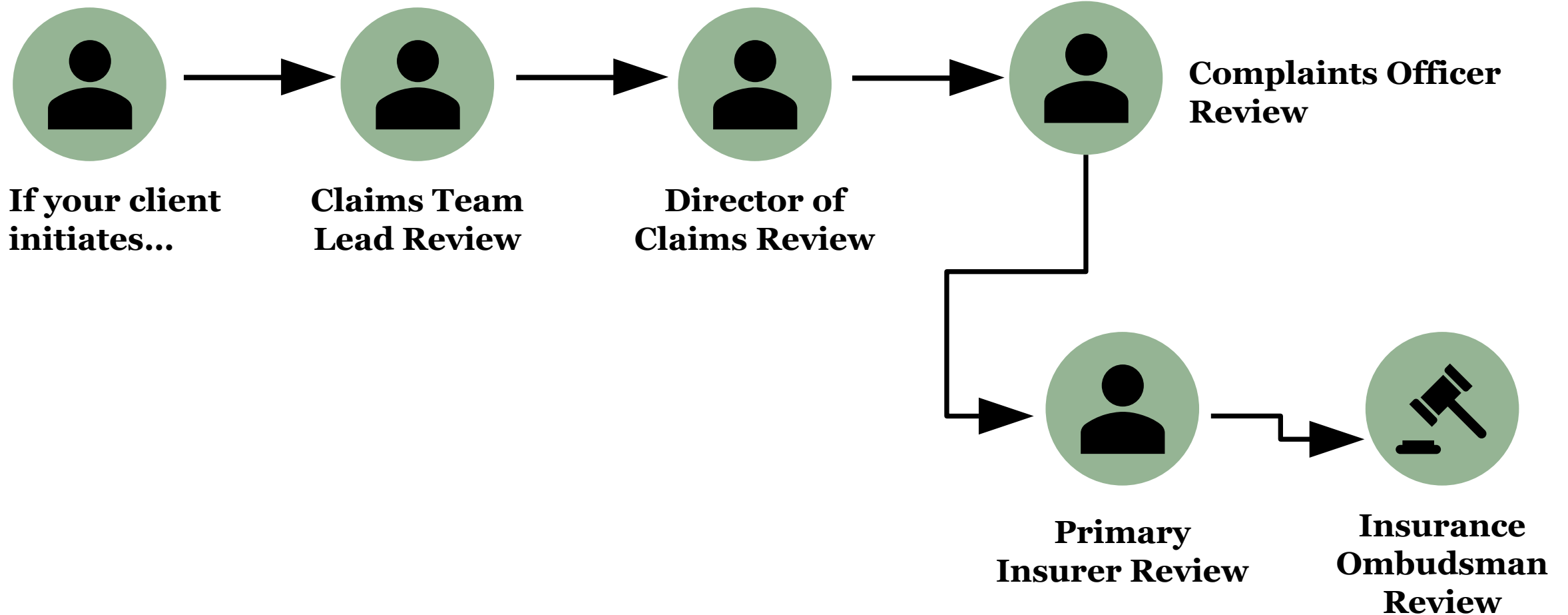


# **The Escalation Process**

## **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



**+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

# Sabiya'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

# Denise's Story

## Strata Property Protection

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- Obtained Order for Strata in Civil Resolution Tribunal (CRT)
- **Saved \$10,000** in legal 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**