



Topic of the Month

Q&A The Importance of Offering Executive Plan Benefits for Your Firm

Interview by Arielle Eaton

The American Bar Association Insurance Program has partnered with Peck Financial, a nationally recognized Executive Benefits practice specializing in law firm sponsored supplemental income protection and life insurance plans for attorneys. To introduce this new partnership, ABA Insurance sat down with Randall Peck, the firm's Managing Principal, to discuss why law firms should consider increasing plan limits and how they should structure them to minimize firm costs. "It goes without saying most law firms require a competitive benefits program to attract and retain talent," said Peck. However, all too often medical insurance is the primary focus when reviewing firm benefits and it can take a partner's untimely death or disability to catch management's attention and update their plans. A proactive review can identify deficiencies, gaps in coverage and improve overall awareness.

Q. How does a supplemental Executive Benefits plan help a law firm and its key personnel?

In today's job market, certain insurance benefits are expected by those in the legal field, such as medical, dental and vision insurance. However, non-medical Executive Benefits, specifically high limit life and disability insurance, can serve as an added benefit to attract, reward and retain key staff.

According to Peck, it is fairly common that attorneys put their clients' needs ahead of their own and fail to spend enough time understanding their benefits package, therefore often overlooking their own coverage gaps. For example, a typical group Long Term Disability(LTD) plan will cover base salary for attorneys and staff as well as protect K1 earnings for partners up to a cap. This leaves many of them exposed if they are unable to work due to a disability. A separate personalized communication illustrating potential coverage gaps along with a supplemental benefit solution to close those gaps is perceived very favorably by participants who appreciate the education and discounted solutions. These plans can be designed to protect uncovered income for even the highest earners, without medical evidence of insurability. "Underwriting concessions and deep discounts are simply not available to individual attorneys on their own," Peck said. "It is they who will greatly benefit from these supplemental portable executive benefit offerings," Peck said.

Another important benefit that law firms provide to their key personnel is group life insurance. However, the guaranteed issue limits, age mandated benefit reductions and lack of portability can be problematic for partners. Many firms have adopted group universal life plans (GUL) to mitigate these concerns. This tends to be a good strategy and can help insulate the firm's group life experience by placing the partner risk in a non-experience rated GUL plan. If maintaining a competitive plan is important to a firm, it is recommended that the firm conduct a periodic plan review, which can be done independent of changing broker representation.

Q. What size firm would benefit from these Executive Benefits?

While, according to Peck, most brokers target large firms, over the last 25 years Executive Benefits have proven to be valuable to firms of all sizes. "If you ask an insurance company this question, they will undoubtedly tell you they prefer to spread risk among large numbers of eligible firms," Peck said. "But what we have found is that some carriers have reduced their required minimum number of lives and will still offer high limits of guaranteed issue coverage."



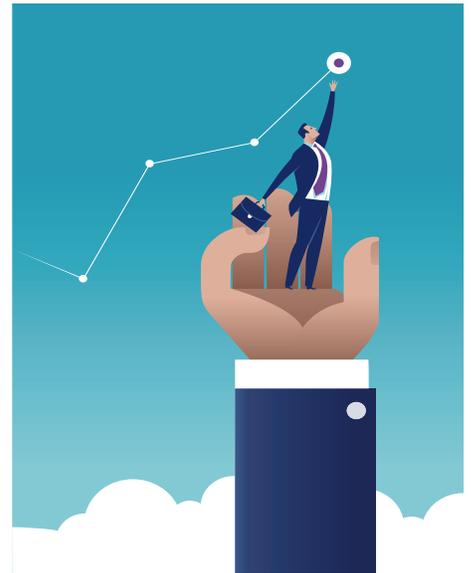
Randall Peck
Owner & founder
Peck Financial

Q. How frequently should benefits be reviewed with law firms?

“If a firm has not done a comprehensive review of its plan, benefits and benchmarking, time is of the essence,” said Peck. “Firms are typically focused on their largest benefit expense, which is most often medical. So, sometimes the life and disability benefits get pushed off to the side.” The typical renewal period for group programs is every 24 to 36 months. When a broker receives a census, they can evaluate the coverage and ensure that everyone within the firm is properly covered. A broker specializing in this space, who will have current firm data, will help provide guidance as to the competitiveness of a firm’s coverage and discuss if they should be upgrading coverage at renewal.

Q. What is involved in benchmarking?

“Often a firm’s current benefits are evaluated relative to their compensation and each class is compared with that of their closest peer firm ranked by size and profits per partner. It can be eye opening for some firms while others have peace of mind that they are where they should be,” said Peck.



Q. What should someone look for when working with an Executive Benefits practice?

When it comes to law firms, a good Executive Benefits practice stands out from its competitors by harnessing an in-depth understanding of how law firms function and how to help them make informed decisions about their coverage. Maintaining strategic carrier relationships and track record also helps when negotiating high limit guaranteed issue offers and discounted pricing. Additionally, a practice’s ability to provide concierge level customer service for all plan participants is crucial to evaluate when considering a benefits provider. These practice qualities are the essence of what Peck Financial strives to provide its clients.

Q. What do you find most rewarding when working with law firms?

Last year, a couple of top 10 firms, ranked by profits per partner, asked Peck Financial to help them achieve very detailed, high limit life and disability plans for their partners. “While I consider this a unique achievement, what I find most rewarding is delivering benefits to an insured at the time of a claim. A firm will rely on us to help them navigate these very delicate situations, which are often the result of an unexpected disability or passing,” Peck said. When it comes to a disability claim, there is a complex process compared to handling a life insurance claim. As a result, there is a great deal of interaction with a claimant and the firm to get their benefit paid. “Although many of our clients have been with us for over 20 years, we know that each year comes with a new set of challenges and requires that we innovate in such a way so that our clients’ plans remain competitive for current and future Partners.

If you would like to learn more about the positive impact of offering Executive Benefits, please contact Christina Morgan at (610) 537-1449 or [click here](#).

Peck Financial was started in 1992 by Randall Peck, a second generation insurance professional. In its 25 years of service, Peck has helped to innovate and design comprehensive risk management strategies that to this day continue to protect the integrity of the firm’s clients’ plans while controlling premiums. As a result of their tried-and-true approach, Peck Financial is proud to include many of nation’s largest and most prominent law firms as clients.

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