



State of Washington
Office of the Insurance Commissioner
Hearings Unit
PO Box 40255
Olympia WA 98504-0255
5000 Capitol Boulevard
Tumwater, WA 98501
(360) 725-7002 FAX (360) 664-2782
HearingsU@oic.wa.gov

Demand for Hearing

Please type or print in ink. Attach a copy of the Order or correspondence in dispute and all documents supporting your demand. This Demand for Hearing can be mailed, faxed, hand-delivered or emailed to the Hearings Unit at the address above. For OIC Demands, please provide contact information for all other interested parties and their representatives.

1 Requesting Party (required information)

Name/Business Name		OIC Case/Order No.
Street Address		City, State, Zip
Telephone Number	Fax Number	
Contact Person	Telephone Number	Email Address

2 Authorized Representative/Attorney for Requesting Party

Last Name	First	M.I.
Business Name		
Street Address		City, State, Zip
Telephone Number	Fax Number	Email Address

3 Subject Matter of Demand for Hearing

- Revocation or Denial of License
 Revocation or Denial Certificate of Authority or Registration
 Cease and Desist Order
 Imposition of Fine/Consent Order
 Other _____

4 Additional Parties/Representatives (for more parties and/or representatives, please attach additional pages)

Last Name	First	M.I.
Business Name		
Street Address		City, State, Zip
Telephone Number	Fax Number	Email Address

5 Issues and Arguments

- a. **Issues** – Briefly describe each issue or area of dispute that you wish us to consider. Attach additional pages if necessary.

- b. **Arguments** – Explain why each issue or area of dispute listed above should be decided in your favor. Attach additional pages if necessary. To the extent known, cite applicable rules, statutes, or cases in support of your arguments. Enclose copies of documents concerning your arguments including documents the Department previously requested from you that you have not yet provided.

6 Signature

Either the Requesting Party or the Attorney/Representative can sign this Demand for Hearing. However, if the Representative is submitting the Demand, contact information for the Requesting Party must be provided under Section 1 above and the Attorney/Representative's contact information must be provided in Section 2.

Requesting Party:

Signature

Date

Name (please print or type)

Title

Authorized Representative:


Signature

Date

Name (please print or type)

Title



Ryan, Swanson & Cleveland, PLLC
1201 Third Avenue, Suite 3400
Seattle, WA 98101-3034
206.464.4224 | Fax: 206.583.0359
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graff@ryanlaw.com
Ref. No. 2048196.03/012746.00007

December 9, 2019

VIA E-MAIL AND U.S. MAIL

Washington Office of the Insurance Commissioner
Attn: Ross Valore, Insurance Enforcement Specialist
Attn: Toni Hood; Deputy Commissioner, Legal Affairs
5000 Capitol Blvd.
Tumwater, Washington 98501
RossV@oic.wa.gov
ToniH@oic.wa.gov

Re: LegalShield Plans for Members in Washington

Dear Mr. Valore and Ms. Hood:

Our firm represents Pre-Paid Legal Services, Inc. d/b/a LegalShield (“LegalShield”). We have reviewed your letter to LegalShield’s counsel, Brian Kreger, dated November 27, 2019, as well as background documentation between the Office of Insurance Commissioner (“OIC”) and LegalShield. Please direct future correspondence concerning this matter to us.

LegalShield is pleased to enclose with this letter a modified plan for LegalShield’s Washington members effective January 1, 2020, and to be implemented with LegalShield’s members in Washington as their existing plans come up for renewal. The enclosed modified plan takes into account suggestions OIC made to LegalShield in your November 27, 2019 letter. Similar changes will be made to all other LegalShield plans in accordance with the changes set forth in the enclosed plan.

LegalShield continues to believe that its previous plans, and earlier proposed modifications to those plans, do not constitute “insurance” as defined by RCW 48.01.040, but LegalShield prefers to continue cooperatively working through these issues with the OIC. The potential impact on LegalShield’s existing members in Washington, as well as the detrimental impacts on access to justice for the citizens of Washington are too important.

LegalShield has offered plans and access to justice to Washington citizens for more than twenty-five years. Today, approximately 40,000 Washingtonians are LegalShield members who rely on the benefits provided by the plans. A February 1991 letter from the deputy commissioner of the OIC, recognized LegalShield’s program, *inter alia*: “this is not an insurance product in

Washington state ... because it is what we have determined to be an access only plan.” Five years later, in 1996, James Tompkins, Assistant Deputy Commissioner, wrote to LegalShield stating “we agree that the prepaid service plan, form PPLCI261 (2/95) you intend to offer to Washington residents is not a plan of insurance.”

In 2011, the OIC also looked at a competitor of LegalShield offering a similar plan, LegalZoom, and likewise concluded that LegalZoom’s plan was not “insurance” under RCW 48.01.040.

The position of the OIC, based upon the same statutory definition of insurance in effect today, remained consistent until October 12, 2018, when the OIC initiated a new discussion about the topic that has continued until now.

As you know, this is a very important issue for LegalShield and its approximately 40,000 members in Washington. In your November 27 letter, you stated that OIC “would like all further communication regarding LegalShield to occur in writing, whether by email, letter, or fax.” LegalShield will, of course, communicate with OIC in the manner OIC prefers, but please understand that LegalShield and we, as counsel, also remain willing to meet with you, hold a phone conference with you, or take whatever steps are necessary to further answer any questions the OIC may have and to ensure OIC fully understands LegalShield’s modified plan. We believe full and open communication for LegalShield and its Washington members is important on these critical issues.

While we anticipate an adjudicative process may ultimately prove unnecessary in light of LegalShield’s enclosed modified plan, this letter also constitutes, and should be considered, a formal written demand for hearing pursuant to RCW 48.04.010(1)(b). As RCW 48.04.020 states, in part:

- (1) Such demand for a hearing received by the commissioner prior to the effective date of action taken or proposed to be taken by him or her shall stay such action pending the hearing...

In your November 27, 2019 letter, you write that “if the OIC and LegalShield are not able to reach agreement regarding modifications to the LegalShield plans..., this will not exempt LegalShield from discontinuing the offering of pre-paid legal plans that constitute insurance by January 1, 2020.” On behalf of LegalShield, we submit the enclosed modified plan which does not constitute insurance as defined by RCW 48.01.040 and which LegalShield will proceed with operational implementation of now. Please confirm that OIC received this formal demand and that the mandatory stay provision of RCW 48.04.020(1) is in effect pending LegalShield’s demanded hearing under RCW 48.04.010(1)(b).

As you know, a hearing is required by the provisions of RCW 48.04.010 which states in part:

(1) The commissioner may hold a hearing for any purpose within the scope of this code as he or she may deem necessary. The commissioner ***shall hold a hearing***:

...

(b) Except under RCW 48.13.475, ***upon written demand for a hearing made by any person aggrieved by any act, threatened act***, or failure of the commissioner to act, if such failure is deemed an act under any provision of this code, or by any report, promulgation, or order of the commissioner other than an order on a hearing of which such person was given actual notice or at which such person appeared as a party, or order pursuant to the order on such hearing....

RCW 48.04.010(1)(b) (emphasis added).

LegalShield is “aggrieved” by the threatened act of the OIC due to OIC’s demand that LegalShield discontinue offering its plans in Washington by January 1, 2020, and the uncertainty and anticipated harm posed to LegalShield and its members. A forced discontinuance of LegalShield’s offerings in Washington would undermine access to justice in Washington, mischaracterize LegalShield’s plans as insurance, and would cause immediate and irreparable harm to LegalShield and its members, who would be deprived of the benefits afforded under their LegalShield plans. Accordingly, LegalShield must make this written demand for hearing, and looks forward to proceeding with the hearing in the absence of an earlier agreement between OIC and LegalShield concerning LegalShield’s enclosed, modified plan.

We look forward to hearing from you soon and offer to meet you at your earliest convenience to continue to resolve any questions on this plan.

Sincerely,

RYAN, SWANSON & CLEVELAND, PLLC



Bryan C. Graff
Roger J. Kindley

Enclosure

cc: Client
Brian Kreger, Esq.
Joe Lombino, Esq.



Dear Member:

In consideration of your payment of the membership fee and your abiding by the terms and conditions of this Contract and any attached addendums, you will receive the herein contained Benefits. Such Benefits will be provided by duly licensed attorneys (referred to as the Provider Attorney). This Contract covers legal matters within the state of the Named Member's primary residence. For legal matters that arise within the United States and outside of the Named Member's primary residence, the Provider Attorney will assign an attorney who is duly licensed to practice law in the jurisdiction of the legal matter to provide benefits under this Contract. Should the Named Member move to another state, the Company, at its option, may transfer the Named Member's Contract to one available in that state.

BENEFIT I: UNLIMITED TOLL-FREE TELEPHONE CONSULTATIONS

The LegalShield member may receive toll-free telephone consultations on unlimited legal matters, personal and/or business, to the extent that the Provider Attorney deems it necessary to adequately advise the LegalShield member on the legal matter. Additionally, if, in the Provider Attorney's Professional Judgment, the legal matter cannot be adequately addressed during the telephone consultation, the Provider Attorney will provide up to one (1) hour of legal research concerning the matter. For this consultation and advice, the LegalShield member may call the appropriate telephone number listed on the membership card during regular office hours, except on holidays.

BENEFIT II: PHONE CALLS AND LETTERS ON YOUR BEHALF

If the consulting Provider Attorney, in his/her Professional Judgment, determines from the toll-free consultation with the LegalShield member that either a telephone call or a letter would be of further assistance to the LegalShield member, then in that event, the first such letter or telephone call for each non-related personal legal subject matter per Membership Year will be written or made on behalf of the LegalShield member. The LegalShield member is also entitled to a maximum of two (2) such letters or phone calls per Membership Year on business legal matters with no more than one (1) per subject matter.

OFFERED BY:
PRE-PAID LEGAL SERVICES, INC.
ONE PRE-PAID WAY
P.O. BOX 145
ADA, OKLAHOMA, 74820
1-800-654-7757

BENEFIT III: CONTRACT AND DOCUMENT REVIEW

After consultation, the LegalShield member may have reviewed by the Provider Attorney, any personal legal document of ten (10) pages or less in which the Covered Person is a contracting party. Additionally, the Covered Person may have reviewed one (1) business legal document of ten (10) pages or less, per Membership Year, in which the LegalShield member is signing on behalf of the business so long as the business is a sole proprietorship owned by the LegalShield member. The LegalShield member shall mail a copy of the document to be reviewed, retaining the original, together with his/her telephone number, to the Provider Attorney. The Provider Attorney will review the copy and thereafter advise the LegalShield member by telephone.

BENEFIT IV: MORTGAGE DOCUMENT ASSISTANCE

The Named Member and Named Member's spouse are entitled to have any and all mortgage loan documents, as may be required by the lending institution and not otherwise provided or prepared by the seller, lender, or other third party, prepared by the Provider Attorney, as required by state law. All information necessary for the preparation of the documents must be provided to the Provider Attorney at least three (3) business days prior to the closing date. Legal services under this Benefit are available once each Membership Year for the Named Member's primary residence. Any documents prepared by a third party may be reviewed by the Provider Attorney prior to closing, provided they are submitted to the Provider Attorney at least three (3) business days prior to the closing date. This Benefit does not include review of the Abstract and preparation of a Title Opinion thereon nor the Provider Attorney's presence at closing. Any and all costs and expenses payable in connection with the loan; any and all cost and expenses required to be paid by the lender in advance; benefit charges; recording/transfer charges; survey and pest inspection charges; attorney, notary, closing charges, and any other settlement charge required by law to be disclosed in a settlement statement prepared in accordance with state law will be the sole responsibility of the Named Member and/or Named Member's spouse.

BENEFIT V: UNCONTESTED SEPARATION

The Named Member may choose to receive Services relating to an uncontested legal separation in the state of member's primary residence. Uncontested legal separation is defined as a legal separation where counsel does not represent the Member or the Member's spouse, where the Provider Attorney does not provide any legal advice to either Member or Member's spouse as to the terms and conditions of their legal separation and all issues are agreed upon in writing by the parties without negotiation by the Provider Attorney. Exclusions from this benefit include preparation and/or filing of any documents pertaining to division of military or retirement benefits, Qualified Domestic Relations Orders, personal and real property transfer documents such as Quit Claim Deeds and Excise Tax Affidavits, lis pendens, Deeds of Trust, Reconveyances, documents pertaining to encumbrances on property, promissory notes, Satisfaction of Judgments and post decree matters.

BENEFIT VI: UNCONTESTED DIVORCE

The Named Member may choose to receive Services relating to an uncontested divorce. Uncontested divorce is defined as a divorce where counsel does not represent the Member or Member's spouse, where the Provider Attorney does not provide any legal advice to either Member or Member's spouse as to the terms and conditions of their divorce and where all issues are agreed upon by the parties, in writing, without negotiation by the Provider Attorney, and net material assets of the marriage are under \$500,000. If a court or third party modifies any terms previously agreed upon by the Member and Member's spouse, the matter will become contested, unless both parties agree to the changes. Exclusions from this benefit include preparation and/or filing of any documents pertaining to division of

military or retirement benefits, Qualified Domestic Relations Orders, personal and real property transfer documents such as Quit Claim Deeds and Excise Tax Affidavits, lis pendens, Deeds of Trust, Reconveyances, documents pertaining to encumbrances on property, promissory notes, Satisfaction of Judgments and post decree matters.

BENEFIT VII: UNCONTESTED ADOPTION

The Named Member and Named Member's spouse may choose to obtain an uncontested adoption. An uncontested adoption is defined as an adoption where all parties have agreed in writing to the adoption, all required consents are attainable and the adoption is not contested or challenged. All court costs and fees are the sole responsibility of the Covered Person. Guardianship proceedings are specifically excluded under this Benefit.

BENEFIT VIII: UNCONTESTED NAME CHANGE

A. LegalShield member may choose to have telephonic consultation and assistance in the process and procedure in securing an uncontested name change. An uncontested name change is defined as a name change where all required consents are obtained and the name change is not contested or challenged. All court costs and fees are the sole responsibility of the LegalShield member.

BENEFIT IX: HEALTH CARE POWER OF ATTORNEY

The Named Member and Named Member's spouse may choose to have a Health Care Power of Attorney prepared according to their instructions and which conforms to state law. Execution and storage of the Health Care Power of Attorney shall be the responsibility of the LegalShield member. The Named Member and Named Member's spouse shall be entitled once during each Membership Year, to have the Provider Attorney review his/her Health Care Power of Attorney to make any changes thereto which are necessary.

BENEFIT X: DIRECTIVE TO PHYSICIAN

The Named Member and Named Member's spouse may choose to have a Directive to Physician/Living Will form prepared which conforms to state law. Execution and storage of the document shall be the responsibility of the LegalShield member. The Named Member and Named Member's spouse shall be entitled once during each Membership Year, to have the Provider Attorney review his/her Directive to Physician/Living Will to make any changes thereto which are necessary.

BENEFIT XI: WILL PREPARATION

The LegalShield member may choose to have a standard Last Will and Testament prepared by the Provider Attorney. Trusts are not included with this benefit. Any LegalShield member desiring a Last Will and Testament should complete a Will Questionnaire and return it by mail to the Provider Attorney. Execution and storage of the Last Will and Testament shall be the sole responsibility of the LegalShield member (Testator).

The LegalShield member may choose once during each Membership Year to have the Provider Attorney review his/her Last Will and Testament and make any changes which are necessary. The LegalShield member has the sole responsibility to initiate the annual review and such review rights do not accrue from year to year.

BENEFIT XII: MOTOR VEHICLE RELATED BENEFITS

Legal services requested under Benefit XII are available fifteen (15) days after the Effective Date of this Contract. Any matter arising or reasonably anticipated or foreseeable prior to the expiration of the fifteen (15) day waiting period shall be considered a Pre-existing Condition and will not be covered.

If the LegalShield member, while driving any Licensed Motor Vehicle, with the express consent and permission of the Licensed Motor Vehicle's owner, shall become involved in a motor vehicle accident, have a collision, or be charged with a moving traffic violation, the LegalShield member may choose to receive the following Services from the Provider Attorney, in the court of original jurisdiction.

A. Defense of moving civil traffic violations in the State of Washington, where, in the professional judgment of the Provider Attorney, there is a valid defense to said moving civil traffic violation with attorney's fees for representation to be the Provider Attorney's standard flat fee rate for defense of moving civil traffic violations (\$25) for each said moving civil traffic violation to be paid by the LegalShield member to the Provider Attorney. In addition, the Provider Attorney will also, when appropriate, include phone consultation and advice on responding to traffic violations and assisting the LegalShield member in their requests for discovery, document review up to 15 pages, assistance in writing motions for contested and mitigated hearings for moving and non-moving civil traffic violations, as well as phone consultation, advice and assistance in writing and submitting post-judgment failure to respond or appear motions according to the Provider Attorney's professional judgment and discretion.

B. In each of the following two (2) situations set forth immediately below, the LegalShield member may choose to receive legal services at the Provider Attorney's standard hourly rate for Driver License matters (\$200.00 per hour) subject to the Provider Attorney's Professional Judgment and a separate Attorney-Client contract:

1. When the LegalShield member has been denied a driver's license or a driver's license has been cancelled, suspended, or revoked by the issuing authority in a situation where a right to appeal is provided by statute.

2. When legal assistance is needed to reinstate or maintain a driver's license because of job related matters or medical reasons.

C. The Provider Attorney will provide a LegalShield member with telephonic consultation up to, but not including, the filing of a lawsuit to collect all property damage claims of \$5,000.00 or less. These Services are available for property damages incurred as a result of the LegalShield member driving, being a passenger in, or being struck by any motor vehicle.

D. Traffic tickets must be submitted to the Provider Attorney within 15 days issuance of the ticket to receive Motor Vehicle Related Services.

E. The LegalShield member shall be responsible for all costs associated with any of the services referenced above.

Motor Vehicle Related Exclusions:

1. Pre-existing Conditions for Motor Vehicle Related Services are defined as those acts or events which give rise to the issuance of a citation, ticket, or the filing of a criminal charge listed in paragraph B of this section and alleged to have occurred prior to the Effective Date of this Contract, even though the citation, ticket, or criminal charge might not be issued or filed until after such Effective Date.

2. Any matter in which it is alleged that the LegalShield member is under the influence of or impaired by the use of alcohol, intoxicants, controlled substances, chemicals, or medicines, whether prescribed or not.

3. Any matter where, in the Professional Judgment of the Provider Attorney, a claim, defense, or legal position cannot prevail in court. This includes matters that are considered frivolous, groundless or without merit.

4. Any matter associated with driving a Commercial Vehicle. A Commercial Vehicle is defined as any motor vehicle being driven by a LegalShield member for commercial or income-producing purposes.

5. Any matter associated with hit-and-run related charges, leaving the scene of an accident or similar charges, or criminal charges, except as provided above.

6. Any matters, tickets, or violations which do not adversely impact a driving record or insurance record.

7. Any matter associated with charges that a LegalShield member is driving without a valid operator's license, statutorily required insurance, proper registration, inspection, or properly working equipment.

8. Any appeal or any other post judgment relief action, including any matters or actions that must be filed in a different court for reconsideration or review.

9. Any matter where a moving violation and a non-moving violation are on the same citation.

10. Any traffic violation that results in misdemeanor or felony charges.

BENEFIT XIII: TRIAL DEFENSE AND PRE-TRIAL DEFENSE SERVICES

A. If the Named Member or Named Member's spouse is the defendant in a covered civil action filed in a state or federal district court, subject to the exclusions below, the named member and/or the named member's spouse may choose to have representation at trial at the Provider Attorney's standard rate for Trial Defense Services of \$200.00 per hour or as otherwise determined by the Provider Attorney. Representation at trial (Trial Defense Services) is defined as Attorney time rendered in defense of a covered lawsuit from the date of and including jury selection (in a jury trial) or opening statements (in a non-jury trial) to the date of verdict or bench decision. Trial Defense services as defined hereinabove shall include Pre-Trial Defense Services which shall be defined as time rendered by the Attorney in defense of a covered lawsuit prior to the date of jury selection (in a jury trial) or opening statements (in a non-jury trial) and includes all time, work and services rendered by the Attorney on behalf of the member including, but not limited to, file work-up and maintenance; consultations (in-person and telephonic) with clients, witnesses, experts and other people associated with the case including staff members; drafting of pleadings and correspondence (including email); preparation of case, research, settlement conferences, pre-trial conferences with the tribunal or judge, depositions, discovery, preparation of motions and briefs, including motions for summary judgment, travel time and all court appearances prior to the time of trial. Pre-Trial Defense Services also is chargeable at the Provider Attorneys standard rate for Trial Defense Services of \$200.00 per hour or as otherwise determined by the Provider Attorney.

Trial Defense Services and Pre-Trial Defense Services Exclusions:

1. Defense of any criminal charge.
2. Defense of IRS Audit (see separate benefit section XIV).

3. Any lawsuit involving allegations of alcohol, drugs, substance abuse, chemical abuse, dependency, or the use of medicines, whether prescribed or not. Any lawsuit involving hit-and-run charges or leaving the scene of an accident.
4. Assistance in matters relating to dissolution of marriage, separation, annulment, child custody, or any other family law, divorce or domestic related issues as well as assistance in bankruptcy proceedings, including adversary proceedings as well as any matters for which Services are provided for or identified under other provisions of this Contract.
5. Pre-existing Conditions, for Trial Defense Services, are defined as those acts which give rise to a lawsuit which are or alleged to have occurred prior to the Effective Date, even if the lawsuit was filed after such Effective Date.
6. Any matter where, in the Professional Judgment of the Provider Attorney, a claim, defense, or legal position is groundless, frivolous and/or not likely to prevail in court.
7. Garnishment, attachment, collection, appeal, or any other post judgment relief action, including any matters or actions that must be filed in a different court for reconsideration or review and any arbitration, mediation, administrative proceedings, or other disputes, matters and actions outside a court of law and before a third-party decision maker.
8. Counter claims where the LegalShield member initiated a lawsuit.
9. Any matter where a LegalShield member is acting on behalf of, or representing, another party (for example: executor, administrator, guardian, or trustee).
10. Any matter against a LegalShield member which arises as a result of business matters or interests (regardless of the form of the entity), as well as any employment matters are excluded. These matters include:
 - a. Ownership, management, or association with a business, partnership, or corporate entity, or trust.
 - b. Any income producing property or venture regardless of the full-time or part-time nature.
11. Class actions, amicus curiae filings, or interventions filed in which the LegalShield member is a party or potential party are excluded.
12. Any actions following the verdict or bench decision, including but not limited to, appeals and Motions for Reconsideration.
13. Attorney retains sole discretion to charge member a retainer/advance fee deposit and cost retainer as is appropriate for the case.

BENEFIT XIV: IRS AUDIT TRIAL DEFENSE AND IRS AUDIT PRE-TRIAL DEFENSE SERVICES

A. If the IRS sues the Named Member in the United States Tax Court or, after paying the disputed tax, the Named Member sues the IRS, subject to the exclusions below, the Named Member may choose to have representation at trial at the Provider Attorney's standard rate for IRS Audit Trial Defense Services of \$200.00 per hour or as otherwise determined by the Provider Attorney. Representation at trial is defined as litigation in the United States Tax Court and Attorney time rendered in defense of a covered lawsuit from the date of and including jury selection (in a jury trial) or opening statements (in a non-jury trial) to the date of verdict or bench decision. IRS Audit Trial Defense Services as defined hereinabove

shall include IRS Audit Pre-Trial Defense Services which shall be defined as time rendered by the Attorney in defense of a covered lawsuit prior to the date of jury selection (in a jury trial) or opening statements (in a non-jury trial) and includes all time, work and services rendered by the Attorney on behalf of the member including, but not limited to, file work-up and maintenance; consultations (in-person and telephonic) with clients, witnesses, experts and other people associated with the case including staff members; drafting of pleadings and correspondence (including email); preparation of case, research, settlement conferences, pre-trial conferences with the tribunal or judge, depositions, discovery, preparation of motions and briefs, including motions for summary judgment, travel time and all court appearances prior to the time of trial. IRS Audit Pre-Trial Defense Services would further encompass consultation with the LegalShield member when he/she is notified in writing by the Internal Revenue Service (the "IRS") of an audit, investigation, or examination of his/her tax return or when he/she is requested, in writing, to appear at the offices of the IRS concerning his/her tax return as well as upon receipt of written notice by the LegalShield Member from the IRS that the LegalShield Member's Federal individual tax return is being audited (an audit is defined as an examination of any federal individual income tax return for any given year precipitated by a Notice of Examination by the IRS), investigated, examined, or when requested in writing to appear at the offices of the IRS concerning his/her tax return. IRS Pre-Trial Defense Services are further defined to include legal assistance at the audit (an audit is defined as an examination of any federal individual income tax return for any given year precipitated by a Notice of Examination by the IRS) and for negotiations, conferences, telephone conversations with the attorney, and settlement conferences subsequent thereto, but prior to a lawsuit. Provider Attorney Services do not include the preparation of any tax returns; any such tax compliance is the sole responsibility of the tax payor/LegalShield member. IRS Audit Pre-Trial Defense Services also is chargeable at the Provider Attorneys standard rate for IRS Audit Trial Defense Services of \$200.00 per hour or as otherwise determined by the Provider Attorney.

IRS Audit Legal Services Exclusions:

1. Garnishment, collections, attachment, or any other post judgment relief action.
2. Charges of tax fraud, income tax evasion or other criminal tax charges.
3. Trust and/or estate returns, business and/or corporate tax returns, payroll and information returns, partnerships, corporation returns, or portions thereof that are included in the LegalShield member's tax returns.
4. Pre-existing Condition(s) which, for IRS Audit Legal Services, includes any event, investigation, facts or notice from the IRS that the LegalShield member knew of or had been notified of prior to the Effective Date.
5. Audits (an audit is defined as an examination of any federal personal income tax return for any given year precipitated by a Notice of Examination by the IRS), examinations or investigations where culpability rests with a professional preparer or an IRS enrolled agent is making a defense available.
6. Requests by the IRS asking for additional information to be supplied by mail or telephone before written notification of an audit is received.

BENEFIT XV: IN-OFFICE CONSULTATION

The Named Member and/or Named Member's spouse may choose to have one (1) hour of in-office consultation per Membership Year at the main office of the Provider Attorney.

BENEFIT XVI: 25% DISCOUNT

The LegalShield member may choose to receive legal services for all other legal work at a twenty-five percent (25%) discount from the Provider Attorney's standard hourly rate, including but not limited to, additional telephone calls and letters over and above the benefit provided in Benefit II per membership year, contested legal separations, contested divorces, preparation and/or filing of any legal separation or divorce documents pertaining to division of military or retirement benefits, Qualified Domestic Relations Orders, personal and real property transfer documents such as Quit Claim Deeds and Excise Tax Affidavits, lis pendens, Deeds of Trust, Reconveyances, documents pertaining to encumbrances on property, promissory notes, Satisfaction of Judgments and post decree matters, contested adoptions, contested name changes and Trusts, . This does not apply to contingency or flat fee matters which may be negotiated at a separate rate with the Provider Attorney.

GENERAL PROVISIONS

All Benefits are a part of and are subject to the General Provisions of this Contract.

A. **Named Member:** The person executing this Contract, who shall be a natural person, is the "Named Member."

B. **Unless otherwise noted in this contract, a person who may choose to receive benefits include:**

1. The Named Member.
2. The Named Member's spouse.
3. Any unmarried dependent children of the Named Member, or Named Member's spouse, under 21 years of age who are permanent residents of the Named Member's household. The term unmarried for the purpose of this Contract is defined as persons who have never been married.
4. Any child under 18 years of age for whom the Named Member, or the Named Member's spouse, is the legal guardian.
5. Any unmarried dependent children of the Named Member, or Named Member's spouse, under 23 years of age who are full-time students.
6. Any dependent child, regardless of age, who is incapable of sustaining employment by reason of mental or physical disability and is chiefly dependent upon the Named Member, or Named Member's spouse, for support.
7. The term dependent for the purpose of this Contract is defined as the natural or adopted child of the Named Member, or Named Member's spouse, unless otherwise specified in this Contract.

C. **Licensed Motor Vehicle:** Any properly licensed and insured motor vehicle, except commercial vehicles with more than two (2) axles.

D. **Contract:** Any reference to "Contract" herein refers to this legal service contract between the Company (Pre-Paid Legal Services, Inc. dba LegalShield) and the Named Member. By signing this Contract, the LegalShield member is not entering into a contract with the Provider Attorney.

E. **Availability of Benefits:** Not all benefit provisions are available in every state. A LegalShield

member is entitled to the Benefits outlined in this Contract only to the extent such benefit is available and permitted by the laws of the state having jurisdiction over the legal matter.

F. **Entire Agreement:** This Contract represents the entire agreement between the Named Member and the Company.

G. **Provider Attorney:** The Provider Attorney is an independent law firm that is neither employed by LegalShield nor its agent. The Provider Attorney exercises complete discretion in the performance of its legal services and utilization of rates for legal services without any input, involvement and/or direction by LegalShield.

H. **Territory:** This Contract provides services within the United States.

I. **Effective Date:** The Effective Date is the date on the membership application or date the application is submitted to the Company via the Internet.

J. **Eligibility Period:** The Eligibility Period begins on the Effective Date of the Contract and terminates immediately in the event of cancellation by the Company for fraud. Should the Named Member cancel the Contract, either in writing or by non-payment of membership fees, the Eligibility Period shall terminate on the date the membership is no longer paid current to the Company.

K. **Membership Year:** Membership Year shall be defined as the period of time beginning on the Effective Date of the Contract, extending for a period of one (1) year thereafter, and each one (1) year period thereafter while this Contract is in force.

L. **The Company:** Any reference to the "Company" in this Contract shall refer to Pre-Paid Legal Services, Inc. dba LegalShield.

M. **Pre-existing Conditions:** Pre-existing Conditions under the terms of this Contract mean acts or occurrences that existed or conditions which were reasonably anticipated or foreseeable prior to the LegalShield member's enrollment. Pre-existing Conditions are also defined as those acts which give rise to the issuance of a citation for a moving violation and which are alleged to have occurred prior to fifteen (15) days after the Effective Date of the Contract, even though the citation might not be issued until after fifteen (15) days following the Effective Date of the membership.

N. **Exclusions:** All acts or omissions otherwise giving rise to coverage if such acts or omissions were performed in the commission of any crime under any municipal ordinance or state or federal statute, except as otherwise specifically provided for and covered under Benefit XII of this Contract. This Exclusion does not apply to legal services provided under Benefits I or XVI of this Contract.

O. **Specific Exclusions:** The following items are specifically excluded and shall not be interpreted as included benefits:

1. Any action, proceeding, or dispute relating to the Named Member's employment.
2. Fines, court costs, filing fees, Guardian ad litem fees, penalties, expert witness fees, bonds, bail bonds, and any and all out-of-pocket cost or expense, and any matter which the Provider Attorney determines is raised an inordinate or unreasonable number of times without substantial change of circumstances.
3. Any person or entity who initiates or participates in a lawsuit against the Company or any of its subsidiaries, or is named as a defendant or respondent in a lawsuit initiated by the Company or any of its subsidiaries, shall be specifically excluded from receiving any of the legal services under any Benefit of this Contract, during the pendency of such lawsuit or until its resolution.

4. Any action, proceeding, or dispute between the LegalShield member and the Provider Attorney.

P. Attorney-Client Contract: The Company does not provide legal services. The Provider Attorney referenced in this Contract, as well as any other attorneys who may assist the LegalShield member, are third party independent contractors who provide legal services directly to a LegalShield member, not through the Company, via a separate attorney-client relationship between the LegalShield member and the Provider Attorney. The Company makes no guarantees as to the Services provided by a Provider Attorney. All services provided under any Benefit herein, except Benefit I, shall be subject to the terms of an Attorney-Client Contract to be executed by the LegalShield member prior to the time services are rendered, which contract shall require payment of anticipated fees, costs and payment of whatever retainer to the Provider Attorney that is required by the Provider Attorney to cover reasonably anticipated legal services not covered by this Contract. All determinations of fees, retainers and anticipated costs to be incurred shall be made in the sole discretion of the Provider Attorney, and eligibility for receipt of benefits hereunder is contingent upon payment of same prior to commencement of legal representation by the Provider Attorney.

Q. Provider Attorney's Professional Judgment: It is within the absolute and sole discretion of the Provider Attorney to determine whether claims or defenses pertaining to any matter under any Benefit of this Contract present a frivolous, groundless or otherwise unmeritorious claim or defense, including decisions to take any contingency case or to appeal any judgment or decision. The Provider Attorney further has the sole and absolute power, control and discretion to determine its own fees, rates and retainers for all legal services it provides. It is within the sole province of the Provider Attorney to make independent professional judgments regarding presentation of same. The Company shall in no way influence, direct, have any input in or attempt to affect the rendering of professional services provided by the Provider Attorney or the Provider Attorney's fees, rates or retainers.

R. Examination Right: The Named Member shall have ten (10) days after delivery to examine the Contract and, if the Named Member is not satisfied with it for any reason, the Named Member may return the Contract and have the paid premium refunded. Upon return of the Contract to the Company or the agent through whom it was purchased, within ten (10) days of delivery, the Contract shall be void from the beginning and the parties shall be in the same position as if this Contract had not been issued.

S. Cancellation of Contract: The Company may cancel this Contract for fraud, non-payment of membership fees, or if the Provider Attorney determines, in its professional and independent judgment, that the Named Member is unable, unwilling or incapable of accepting or understanding legal advice and services. The Company shall notify the Named Member in writing of any such cancellation. All benefits will automatically terminate at the end of the Eligibility Period. The Named Member may cancel the Contract at any time by giving written notice to the Company. Upon written request, the Named Member shall be entitled to be reimbursed by the Company the unused portion of the membership fees paid for this Contract, the amount to be calculated on a pro-rata basis over the period of the Contract. Any enrollment fees are considered earned when paid and will not be refunded should this Contract be cancelled by the Named Member. In the event of cancellation by the Company, only those events reported in writing to the Provider Attorney during the Eligibility Period are covered.

T. Settlement of Disputes: All disputes or claims relating to the Company, this Contract, any Company products or services or any claims or causes of action between you and the Company, and any of the Company's officers, directors, employees or affiliates, whether in tort or contract, shall be settled totally and finally by arbitration according to the Commercial Arbitration Rules of the American Arbitration Association, including the optional rules for emergency measures of protection. If you file a claim or counterclaim against the Company or any of its officers, directors, employees or affiliates in any such arbitration, you may do so only on an individual basis and not with any other member or as part of a class action. In the event that a provision of this Contract is held to be invalid or unenforceable, such provision shall be reformed only to the extent necessary to make it enforceable and the balance of the

Contract will remain in full force and effect. Parties agree that personal jurisdiction shall exist in the State of Oklahoma and that the State of Oklahoma shall have subject-matter jurisdiction over any issues arising from interpretation, enforcement or dispute pertaining to this Agreement. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Oklahoma, without regard to the conflict of laws principles thereof. Any arbitration arising out of this Agreement shall be brought in Pontotoc County, Oklahoma.

U. **Application:** No statement made by the Named Member in his/her application for this Contract shall void this Contract or be used in any legal proceeding hereunder unless the application or an exact copy thereof is attached to this Contract.

V. **Duplication of Coverage:** A LegalShield member may not secure services from the Provider Attorney for the same matter under more than one (1) of the Company's or its subsidiaries' or affiliates' contracts, no matter how many such contracts the Covered Person owns. Once a LegalShield member has been determined to be entitled to legal services under any Benefit of this Contract, the LegalShield member shall communicate only with the specific attorney or attorneys handling those legal services rather than utilizing the legal services available under any other Benefit for that legal matter. This limitation is provided to facilitate the most effective representation of the LegalShield member.

W. **Change of Contract:** No change in the Contract shall be valid until approved by an officer of the Company and unless such change is endorsed on or attached to the Contract. No agent or sales associate has authority to change the Contract or to waive any of its provisions. A thirty (30) day notice will be given should there be any change in this Contract.

X. **Reinstatement Procedure:** The LegalShield member may reapply for this Contract after cancellation. The Company, at its option, may reinstate this Contract upon payment by the Covered Person of the appropriate fee without change in the Contract. Benefits are not available for any act or occurrence during the lapse period.

Y. **Change In Fees:** The Company reserves the right to change the established membership fee for this membership. Changes in the membership fee will only occur after the current payment period has expired. Should the membership fee be changed, the Named Member will be given a thirty (30) day written notice at the Named Member's address according to the records of the Company.

Z. **Adequate and Timely Notice:** The LegalShield member must submit to the Provider Attorney adequate facts, necessary documents, and authorizations, in a timely manner, to receive Services under this Contract. Trial Defense matters must be reported to the Provider Attorney within 10-days of receiving first notice of the matter. Failure to timely submit adequate documents and facts to the Provider Attorney shall render any obligation of the Provider Attorney to enter an appearance in the matter, or to provide any other services, null and void.

AA. **NOT INSURANCE:** This Contract is not a contract of insurance or indemnification insurance plan, and is not regulated as such. The Company is not an insurance company and does not guarantee legal representation in every situation. This Contract provides a LegalShield member with access to legal services from a Provider Attorney as described above. The Company does not reimburse or indemnify any LegalShield member or pay any Provider Attorney legal fees or expenses.

Jeff Bell
Chief Executive Officer
Pre-Paid LegalServices, Inc.

