A major professional liability claim for a large law firm can cost between $5 million and $50 million. But the total economic cost can sometimes be a multiple of these already substantial sums. For law firms that have not historically expected much from their insurers to help them mitigate or avoid these broader economic costs, help may be at hand.

Beazley, a Lloyd’s-based insurer with a substantial U.S. presence that currently insures a third of the Am Law 200 ranking of top US law firms, has assembled what it calls an “A list” of risk management advisors available to its clients at discounted rates. All the service providers are well known to Beazley, which has been insuring lawyers’ professional liability risks for more than 20 years.

Lloyd Fielder, head of Beazley’s lawyers’ professional liability team, listed four uninsured costs of malpractice claims that effective risk management can address. These comprise:

1. the law firm’s self insured deductible and any losses that exceed the firm’s limit of indemnity from its insurer;

2. the opportunity cost in billable hours deriving from the diversion of firm resources to resolve the lawsuit;

3. the loss of existing and prospective clients deterred from the firm by bad publicity; and

4. the loss of both talented staff from the firm and prospective recruits as a result of an embarrassing and well-publicized malpractice lawsuit.

Focusing on those dimensions of law firm practice that present the greatest exposure to claims, Beazley has designed a menu of high value-added risk management services. The service providers comprise:
• David Jargiello of Virtual Law Partners LLP, a recognized attorney who is available to provide eligible Beazley insureds with consultation and guidance regarding risk management and loss through Beazley’s risk management hotline;

• Hinshaw & Culbertson LLP, a specialist law firm that has been advising other firms on the “law of lawyering” for more than 25 years;

• PricewaterhouseCoopers, which advises on the design of high quality administrative systems to detect billing and expense fraud and help manage client trust accounts;

• Lewis Brisbois Bisgaard & Smith LLP, a recognized expert in e-discovery and in helping law firms understand their document discovery, records retention and management obligations;

• Kekst & Company, a well known expert in crisis communications and reputation management, which can help law firms manage the potential reputational damage stemming from malpractice claims; and

• Berman & Associates, a management consultant that offers tailored advice on law firm management issues, particularly for smaller firms.

Detailed information on all of these service providers is available to Beazley’s clients as part of our client risk management website. The site contains a broad range of risk management tools and information resources, developed with reference to Beazley’s detailed knowledge of the major drivers of professional liability risk for law firms.

Lloyd Fielder said: “Our interests and those of our clients are closely aligned. For both of us, prevention is far better than cure. We believe we have assembled a world class range of risk management services, supplied by highly respected firms that have an intimate understanding of the profession.”

Brant Weidner, the claims expert who led the project to design Beazley’s law firm risk management program, added: “The bar is very high for law firm risk management advice. Because the law is their profession, lawyers understandably believe they have better insights into their legal liabilities than other professions do. Our goal was to put together a program that met this high credibility standard, while offering our clients an informed third party perspective on the risk management policies and procedures that they have in place.”

Further information about Beazley’s risk management offering to law firms is available from Brant Weidner.

Beazley has been underwriting lawyers’ professional liability business for more than 20 years. Today we insure a third of the Am Law 200 and nearly half of the Am Law 100 ranking of the largest law firms in the United States, as well as hundreds of regional, specialist and smaller firms. We are one of the largest insurers operating in Lloyd’s, and in the US we also underwrite business through our wholly-owned admitted carrier, Beazley Insurance Company, Inc. All our insurance businesses are rated A by A.M. Best.

Brant Weidner is a claims manager for the lawyers’ professional liability business at Beazley. He is also responsible for developing Beazley’s risk management program for the large lawyers’ line.

Brant Weidner
Claims Manager
Chicago, IL
(312) 506 6399
brant.weidner@beazley.com

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