

LEGAL MANAGEMENT

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Using the Professional Liability Insurance Renewal Process for Strategic Improvement

By Rhonda B. Amick

Law firm management trudge through the professional liability insurance renewal process each year, generally dreading the time-consuming process. Fortunately, law firms can use the information collected in this process to assess business development and marketing strategies for the coming year. Here is a checklist of some of the key strategic indicators that can be gleaned from this annual review.



GROWING PRACTICE AREAS

Have you added practice areas or changed your focus in the past year?

Firms hiring lateral attorneys or acquiring new clients with legal needs that differ from the existing practice mix may be too busy onboarding new people and supporting the needs of clients to stop and review how the firm's overall book of business is changing. This is an excellent opportunity to analyze any evolution.

The required list of active practice areas, with percentages applied to the overall book of business, is a great tool for comparison with the prior year. Determining the causes for increases or declines in specific areas will help the firm identify business development strategies. Some new practice areas may result in the need to complete special supplements required for areas considered more susceptible to potential claim activity. Areas of higher risk generally have higher billing rate schedules than less risky areas, and the review will help the firm determine if it is billing appropriately.

CLIENT RETENTION

Has the volume of matters dropped off for a particular client over the past year? Are your largest clients different from last year?

Applications capture the names of a firm's largest clients, the length of representation of those clients, the nature of legal services provided and the percent of gross revenue coming from those clients. Make the following comparisons of your current and prior year's top clients:

- Change in revenue per client
- New clients making this list
- Change in number of matters per client
- Change in the attorneys supporting these clients

What do these metrics tell you?

- Indications of client retention and reduction in number of matters handled
- Change in number of attorneys working for specific clients or matter categories not previously represented for these clients
- Client relationship succession planning needs

MARKETING

Are you aware that the information gathered for the application process could help you learn more about your attorneys' outside involvement and potential sources for new work?

Firms are required to complete an outside interest supplement for each attorney with leadership or equity interest in a client business or organization. This is an excellent opportunity to learn about attorneys' involvement in charitable and nonprofit organizations in addition to business relationships with clients.

Other benefits include:

- Firm websites often tout the firm's community involvement, so this is an opportunity to update the website listing of charities and nonprofits.
- Attorneys involved in a client's business may bring a depth of knowledge regarding a particular industry segment. Consider involvement in industry trade organizations.

RISK MANAGEMENT ASSESSMENT

Does your firm need to develop new policies to improve efficiency and reduce liability?

Below are some areas that may benefit from policy improvements:

- **Client intake and matter intake:** Better controls for client and matter intake can reduce the potential for future write-offs of accounts receivable and the need for lawsuits to collect fees owed.
- **Conflict-of-interest search:** Do you understand the procedure followed by your records team in performing the conflict-of-interest search? Are you comfortable that the data captured prevents potential conflicts with key individuals in corporate clients as well as potential issue conflicts? Make changes in the process that may assist with client relations as well as mitigate risk.
- **Engagement and disengagement letters:** Applications ask if all attorneys follow a standard written procedure for preparation of both engagement and disengagement letters. Provide templates for these letters that meet the firm's financial and risk control requirements.
- **Training programs:** Applications ask if the firm has standard training programs for attorneys and routine review of work product. Consider professional development programs that include scheduled reviews of the firm's risk management policies and in-house ethics continuing legal education (CLE) sessions.
- **Cyberliability:** Clients are now requiring law firms to confirm their cyberliability coverage and are demanding compliance on cyberliability prevention processes. Stay ahead of clients' expectations, and use procedures and policies as both client retention and marketing tools.

Take these extra steps in the annual professional liability renewal process, and you will learn how to minimize risk and obtain a heightened understanding of firm revenue opportunities.

ABOUT THE AUTHOR

Rhonda Amick served as Chief Operating Officer of the South Carolina law firm Turner Padgett for 28 years. An ALA member, she now runs her own consulting business, Amick Consulting, LLC, that counsels professional service firms in the areas of risk, profitability, talent and project management.

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A horizontal banner with a green and white background. On the left, a green leaf icon is above the word "DONATE" in large white letters. Below this, the text "to ALA's Silent Auction at the 2016 Annual Conference & Expo!" is written in green. To the right is the logo for the Foundation of the Association of Legal Administrators, which consists of three green leaves. Below the logo is the text "Foundation of the Association of Legal Administrators" in purple and black, with the tagline "advancing knowledge, creating opportunities, touching lives" in a smaller font. On the far right, the URL "ac2016.alanet.org/silent-auction.asp" is displayed. The background of the banner features a photograph of people at a silent auction table.