

LEGAL MANAGEMENT

THE MAGAZINE OF THE ASSOCIATION OF LEGAL ADMINISTRATORS

What Your Managing Partner Really Thinks About Insurance

As insurance brokers to the legal industry, our team spends a significant amount of time with both legal management professionals and managing partners.



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Over the years, we have observed key differences in the way these two major stakeholders in the insurance process view and evaluate their coverages, and the way they prioritize their time invested in this area of management. Ultimately, law firms need both perspectives.

Legal management professionals spearhead the procurement process in virtually every type of coverage. They work with their insurance professionals to complete applications (sometimes very long ones), painstakingly pursue input from others in firm management when needed, and ultimately deliver key information to their brokers. At the end of the shopping process, there is a joint meeting where the legal management professional and the managing partner are expected to evaluate and make decisions about which and how much coverage to purchase, which health care options works best and what policies best suit the firm.

The best legal management professionals understand that they are co-leaders in their firm management and internalize the managing partner's perspective. So what do managing partners *really* think about in their insurance programs?

In general terms, there are some common threads I've run across in my years of working with firms.

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THE MANAGING PARTNER'S PERSPECTIVE

Professional Liability Insurance: I mostly worry about three key areas — our limits, exclusions and what I need to do to prevent the voiding of my coverage. The purpose of these policies is to make sure an innocent mistake doesn't bankrupt me and my firm; therefore, I worry about preserving the coverage and making sure that there is enough money available in my limits should we need it. I've thought about our practice areas and the type of work we do. I rely on my internal team and brokers to help me select the limit. I don't want to overpay, buy too much coverage or have too high of a deductible.

Health Insurance: This annoys me endlessly. The costs have gone up for two decades, yet our people aren't even happier with their "improved" employee "benefits." The plan choices are bizarre, and I have no real way of knowing if I am buying the right policies. While I know people will never fully be happy with the cost or coverage options, I do care about two things: I don't want us to get in trouble on the compliance side (like Affordable Care Act stuff), and I want our brokers to minimize our time spent dealing with claims and other administrative needs. I also appreciate any progress we can make in actually helping our people appreciate the massive amounts of money we spend on this.

Office Insurance: These policies are so confusing that I want to put them away and never look at them again. The irony is that I know that we are supposed to update this the most frequently as office needs change. However, it's so inexpensive that I can't focus on it. I trust that my administrator is on top of this one completely. I don't want to be shocked if a disaster hits our office — I just want enough money to make us whole (or near whole) again.

Employment Practices Liability Insurance: If I ever do buy this, I want to buy something that will cover most claims and a pretty low deductible as I know most of our potential claims are essentially people who just want a little bit more of a severance package.

Cyber Liability Insurance: I know that I need this. I'm overwhelmed by the news articles about this, and my clients demand this protection. In fact, one of my new clients asked me to indemnify them related to cyber; another wanted me to buy this insurance and answer a whole bunch of questions about our protocols. My legal manager has to be on top of this, as frankly, I don't consider myself tech enough to handle this one. I've heard that the insurance policies are all different, so that I am a bit worried that when we buy it, we must have the right coverage.

So what's a busy legal management professional supposed to do? Synthesize the managing partner's perspective. The best results are reached when you combine your dedication to detail in the process, your analytical skills and your management skills to bring all of the stakeholders to these final decision meetings.

Having advisers in tune with all of your firm's stakeholders can make your job easier, but ultimately, it's up to you.

ABOUT THE AUTHOR

Uri Gutfreund is the National Law Firm Practice Leader for Risk Strategies Company, a national top 25 insurance broker. He and his multidisciplinary team advise law firms on all types of insurance and benefits. Gutfreund is a frequent speaker at legal conferences, and a writer and blogger on insurance and risk management.

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