

# Pro Manchester's Business Of Law Discussion Group: MFL Professional's PI insurance perspective



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I spoke at the Pro Manchester Business of Law Breakfast Discussion Group on Tuesday, 25th November and it seemed to be well received. The subject matter was Professional Indemnity & Risk Management and my co-speaker was Michelle Garlick, partner at Weightmans. The tone of my part of the talk emphasised the Professional Indemnity Insurance (PII) side of Law, as you'd expect. It touched upon:

## **The current market position and some thoughts on the state of the market**

"The smart money seems to be on the total amount of primary premium declared going down – and it's just a question of by how much"

## **The demise of the Assigned Risks Pool (ARP)**

"If there is no ARP or insurer of last resort, is the rest of the market expected to pick up the slack? Perhaps the only thing that will help a firm differentiate itself from the pack and save itself is a solid risk management process."

## **What Outcomes Focussed Regulation will bring from a PII standpoint**

"Many firms in the past have paid lip service to the regime of risk management with lawyers often seeing it as an administrative task whenever there's some fee to be earned"

## **Risk Management, Lexcel and PII**

"For the broker it (Lexcel) gives them a fighting chance to hold a reasoned conversation with any insurer about the premiums their clients should be charged going forward as, on balance, a firm that is proactive and is addressing their risk proactively is a better bet than one that isn't.

"At its most mundane level, every legal process moved from A to Z, from the client giving instruction through to paying their final bill. In that process there are inherent risks and it's how the firm views those risks, deals with and minimises them, that's important to an underwriter because in all probability, less claims will flow."

## **Merger/Takeover Activity, Due Diligence and PII**

"Underwriters want to know that the firm has gone into the marriage with its eyes open and they are managing their risks properly.

"Services like claims reviews, running burning costs analysis models, liaison and negotiation with insurers plus giving clients the insurance premium implications of a deal are all important. They are all part of what a recognised Professional Indemnity broker can do for a law firm."

Stuart Dugdill is Director for Professional Liabilities at McParland Finn Ltd. Stuart brings with him a wealth of knowledge spanning over 20 years experience in the insurance industry both as a broker and insurer.

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