

# Risk Management: Survival Tools for Law Firms

By: Anthony E. Davis, & Peter Jarvis. Published 2007. 200 pages

There's a lot that lawyers can themselves do to avoid claims. They can keep abreast of the latest substantive changes in their areas of law through CLE, improve their communications and time management skills, and take advantage of all the precedents, checklists and articles that practicePRO makes available.

But individual lawyers' efforts are just one way in which firms can avoid claims. The firms themselves also need to have a culture of risk management in everything from taking on new clients to planning for disasters.

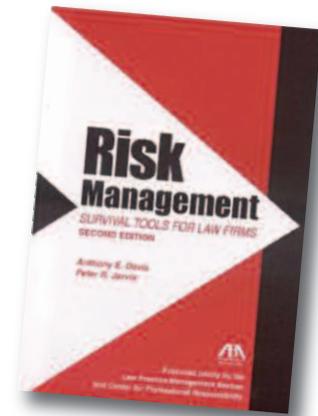
*Risk Management: Survival Tools for Law Firms* demonstrates what firms can do at a management and organizational level to reduce the chances of E&O claims. The authors are Anthony E. Davis, a partner at a New York law firm who advises lawyers and firms on risk management and loss control, and Peter Jarvis, whose practice background is in the area of professional responsibility and ethics.

The book is divided into two parts. The first explains the concepts of risk management and loss prevention as they relate to law firms. Insurance companies have long factored risk management into their underwriting strategies to try to reduce losses from the businesses they insure. The same principles can be applied to a

law practice: improvements in internal controls, personnel management and client relations at a firm will result in an improved "product," fewer malpractice claims and reduced financial losses.

Even if there is coverage under the LAWPRO policy, a claim can be a costly experience for a firm. Aside from the financial cost, there is the time needed to deal with the claim, and a potential loss of reputation and clients. As well, many dangers (e.g., fraud) could fall outside the scope of coverage. Reviewing firm practices BEFORE a situation arises can save both money and headaches. The authors drive home this point by providing a case study of how good risk management practices could have helped prevent an American law firm from being devastated by claims resulting from its involvement in a failed savings and loan bank.

So what is good risk management? It entails knowing what risks your firm is exposed to by the way in which it accepts clients, does conflicts checks, tracks billing, etc. What are the procedures and practices already in place, how diligently are they observed, and what changes may need to be made? The way to determine this is through an audit of your firm. Audits (either by an outside source or a self-audit) are common in the insurance and



accounting fields, but less used at law firms. The book devotes several chapters to explaining why audits are necessary, how to conduct them and how to implement the results.

The categories to be audited are the same ones that practicePRO regularly highlights in our material. They are management structure, risk management oversight, new client intake, client relations, docketing, practice & human resource management, trust accounts and disaster planning. Sample questionnaires are provided, and the second half of the book provides a detailed examination of the importance of each category to a strong firm risk management strategy.

Risk management is more than just a beautifully written code of practice that sits on the shelf. It is an ongoing process at a firm and requires constant work. For firm managers thinking it's time to revisit firm strategies for avoiding practice pitfalls, this book is an excellent resource.

This book can be purchased through Chapters/Indigo or Amazon.ca

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