



Lawyer's Professional Liability Claims Trends 2013

Professional Liability Attorney Network, Turner Field

Claims Frequency is Rising

- 71% of the Insurers participating in the Ames & Gough survey indicated the number of new claims filed in 2012 was higher than 2011.
- 60% of the insurers in the A&G Survey indicated the frequency of claims increased by more than 11%
- A lot of claims are now being reported as a result of work that took place during the downturn in the economy.
- GEORGIA: 6 year statute of limitation for LPL claims if there is a written fee contract between the attorney and client. 4 years if there is no written contract.

Areas of Practice with Highest amount of Frequency

1. Real Estate
2. Corporate Business Organization & Securities
3. Trusts & Estates
4. Business Transactions-Commercial Law
5. Personal Injury Plaintiff
6. Tax
7. Collections & Bankruptcy
8. Family Law

Severity of LPL Claims Increasing

- # of Large claims is growing significantly
- Larger Transactions therefore larger potential damages.
- Escalating Defense costs are driving the increase.
- Added complexity involves higher amounts in dispute.
- 6 of 7 insurers in the A&G Survey saw an increase in the number of claims with a reserve of more than \$500K in the past year.
- Rates charged by Defense counsel over the last decade has increased significantly.
- 4 of 7 insurers in the A&G Survey reported they paid or had participated in paying a claim of \$100MM or greater.

Severity Claims Practice Areas

1. Business Transactions-Commercial Law
2. Intellectual Property
3. Corporate Business Organization & Securities
4. Plaintiff Personal Injury/ Property Damage
5. Commercial Real Estate
6. Civil Litigation
7. Wills, Estate, Trust Probate & Planning
8. Residential Real Estate
9. Family Law

Most Frequent Alleged Malpractice Errors

1. Conflict of Interest
2. Procedural Error
3. Failure to Know or Properly Apply the Law
4. Failure to File Timely
5. Inadequate discovery or discovery sanctions
6. Failure to calendar or follow up
7. Clerical Error
8. Breach of Fiduciary Duty
9. Fee Disputes

Law Firm Mergers, Lateral Hires Driving up Malpractice Claims

- 88 Law Firm Mergers & Acquisitions were announced in the U.S. in 2013. The total is up 47% from 2012.
- 82% of these deals were acquisitions of firms with 20 or fewer attorneys.
- Southern U.S. was most active region for law firm combinations in 2013.
- Growth brings elevated risks of malpractice claims involving conflicts of interest with respect to whom the firm should represent.
- Lateral Hired Attorneys who continue to work on clients of their former firms while employed at their new firm— as creating potential claims issues.
- Some insurers indicated an uptick in claims as a result of new attorneys not being trained or supervised properly.
- 5 of 7 Insurers in A&G survey reported increase in claims as a result of Lateral Hires or Firm Mergers.