



Legal Sector Breakfast Briefing

Tuesday 12 June 2012

The benefits of developing and maintaining a risk aware culture





Legal Sector Breakfast Briefing

Welcome

Andrew Argyle
Chief Executive
Zenith Chambers





Legal Sector Breakfast Briefing

Introduction

Andy Poole
Legal Sector Director
Armstrong Watson



Legal Sector Breakfast Briefing

Tuesday 12 June 2012

8.00am	- Arrival and breakfast
8.30am	- Welcome
8.35am	- Briefing
9.30am	- Q & A
10.00am	- Close





The benefits of developing and maintaining a risk aware culture

Presented by

Colin Taylor CIRM, Lexcel Consultant
Director, Head of Risk Management Services





- Specialist, Independent Lloyd's Insurance Broker
- A leading broker in
 - Financial Institutions
 - Trust and CSPs
 - Solicitors
 - Accountants
 - Surveyors/Architects
- Consultative approach
- Risk management



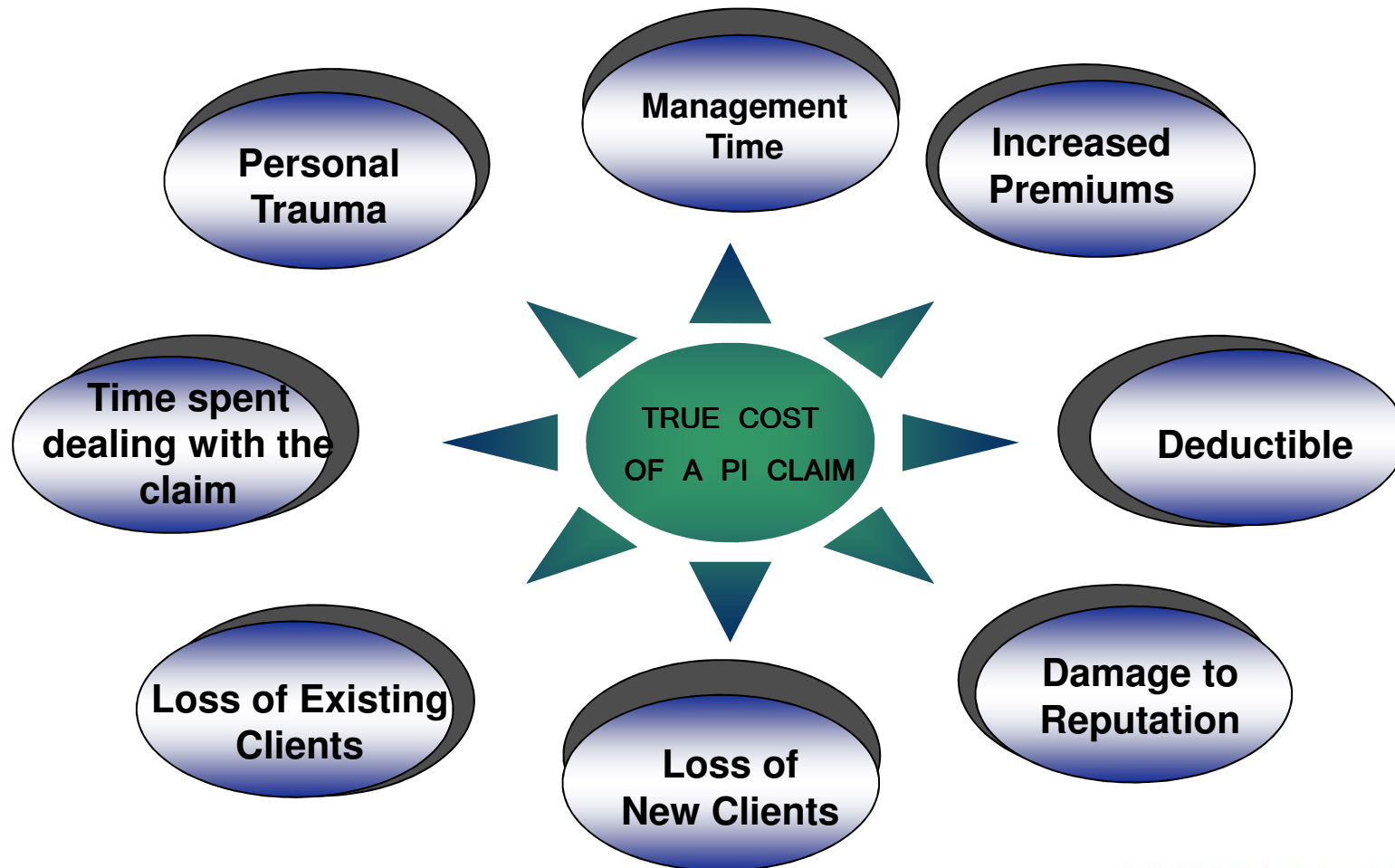


Why Should We Care About Risk Management?

- Reputation
- Client Retention
- Tighter Regulation
- Increasing Insurance and Legal Costs

Risk Management is just Good Management

The True Cost of PI Claims





Risk management survey

- More than 58% of Board members said their employees had little or no understanding of risk exposures
- Although we believe “tone at the top” is important, many staff take the lead from their immediate line manager.
- Without training there is no basis for critical thinking and judgement around risk decision-making.

Source: KPMG



Common Causes of Claims

- **Matter Opening**

- Is it for us? – Can we do it?
- Who is the Client?
- Anti-Money Laundering
- Conflicts of Interest

- **Service Delivery**

- Meeting Clients' Needs
- Ensuring Quality
- Workload
- Training, Technical & Soft
- Delegation & Supervision

- **Engaging the Client**

- Establish Scope of the Retainer
- Capping Liability?
- All Matters **MUST** have a Letter of Engagement
- Critical Dates - Record, Research and React



What do insurers look for?

What do insurers expect from a top professional service firm

- All should have exceptional risk management but they don't (this shows up in their claims experience)
- Senior responsibility and authority for risk
- Risk identification and action plans for managing, monitoring performance and demonstrating continuous improvement.
- Overseas offices – control and communication
- **Maverick/Rainmakers no exceptions to risk controls**



What do insurers look for?

What do insurers expect from a top professional service firm?

- Controlled business management practices
- Many firms have merged or acquired – different cultures
- Sufficient resource for risk management and compliance separate from fee earning?
- Clear management responsibility
- Consistent procedures/contract terms/case management approaches
- Work/client selection
- Training and development



For

- PI claims
- Fee disputes
- Regulatory fines
- Increased premiums



File Management

- Compliance and regulation
- Confidentiality
 - Sensitive information
 - Data protection
 - Mobile phones
 - Public spaces
 - IT security
- Document generation and retention
 - Claims-made
 - Attendance notes
 - Engagement creep
 - Telephone notes
 - Email



Telephone notes – a poor example

TELEPHONE MESSAGE FOR.....TAKEN BY.....
DATE 20/7/93.....TIME.....TEL NO:.....
NAME OF CALLER.....MRS MCK.....
RE:.....
MESSAGE.....Blah-Blah-Blah.....
.....
.....
.....
ACTION TAKEN.....
.....
.....
.....

5



- Wrong addresses
- Breach of confidentiality
- Speed of transmission
- Angry responses/Poor responses
- Psychology – headed paper
- New/Reply/Reply to All/Forwarding
- Deleting ?
- Metadata
- Personal use – Virus transmission
- Blackberries
- USBs





Current business environment

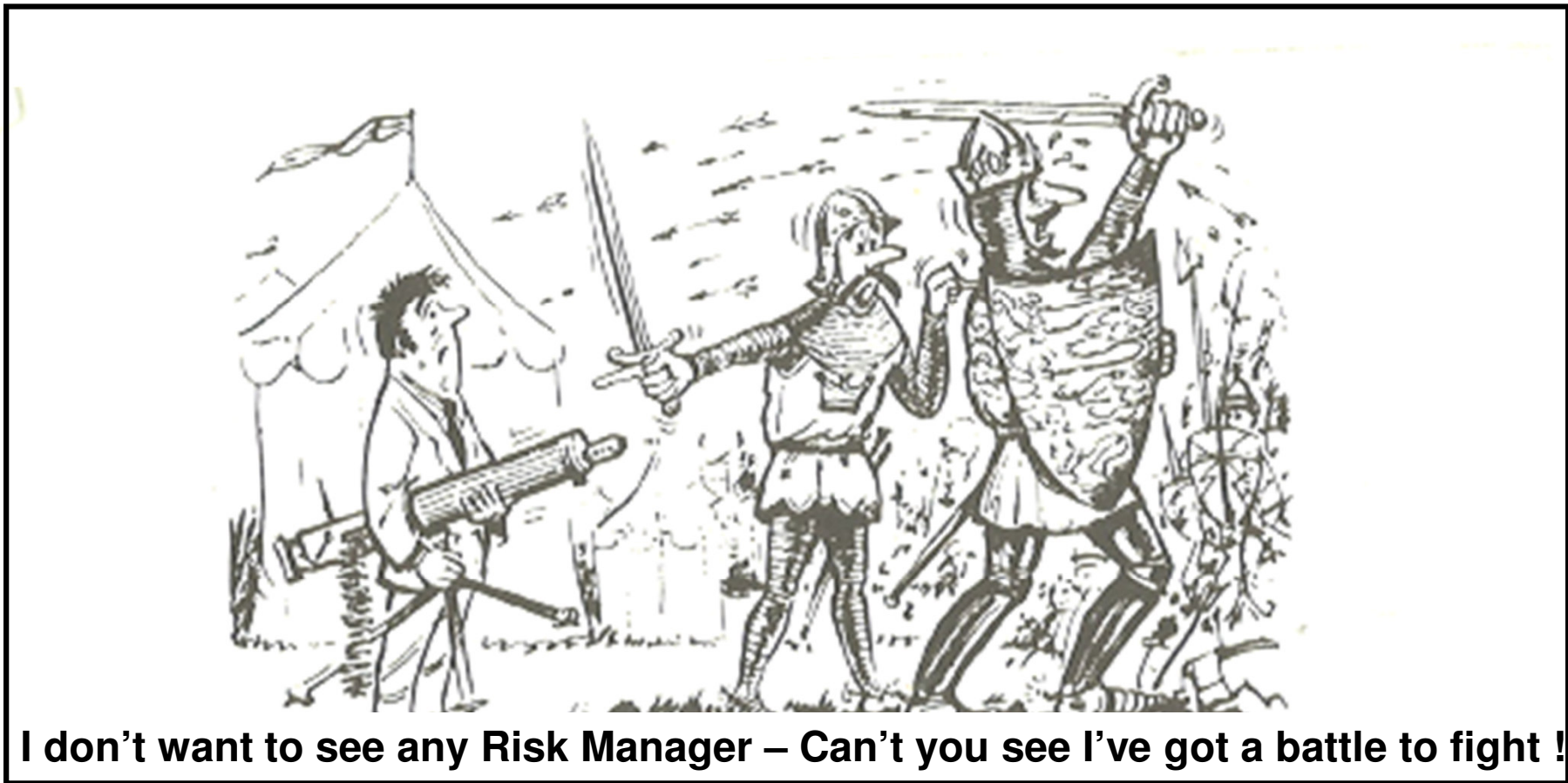
- Increasing regulation has increased operating costs
- Budgets are leaner – need more bang for your buck
- Risk management departments now much higher profile
- “Old School” risk management – hazard prevention
- “New School” – managing uncertainty
- More information can lead to better decisions
- Biggest barrier remains “Silo’d” work environment
- Information is not knowledge

“Culture eats strategy for breakfast”



Risk Management?

Resistance?



I don't want to see any Risk Manager – Can't you see I've got a battle to fight !



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Questions and Conclusion

Ian Appleby

Professional Practices Director

RBS

