



## Legal Marketing Strategies

# Insurance Defense Marketing for Client Diversification

By Margaret Grisdela

### Highlights of this Article

- How to avoid client erosion in an insurance defense law firm
- What common insurance industry risks put law firm revenue in jeopardy
- Why a marketing committee can help attract new insurance business
- When to schedule insurance defense marketing campaigns (*Hint: Always!*)

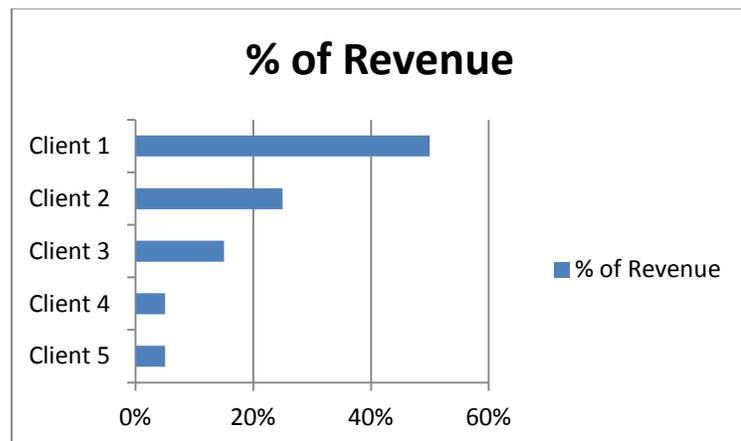
Insurance defense law firms that have been approved as panel counsel for multiple insurance companies can inadvertently find that their revenue base is increasingly dependent on a shrinking number of insurance companies over time. This article addresses why this happens, and what can be done to protect the revenue stream.

### Risk #1: Revenue Risk in the Insurance Defense Law Firm

Insurance is about risk management, specifically the process of identifying, assessing, and quantifying risk. Attorneys practicing in the area of insurance defense may find it beneficial to apply some risk assessment principles to the business development efforts within their own law firm.

A leading risk facing insurance defense law firms is that a small number of clients may represent a large portion of the firm's revenue base.

In the adjacent chart, Client 1 represents 50% of revenue while Client 2 brings in 25% of revenue. Loss of either Client 1 or Client 2 would put the firm's continuation in danger.



Reliance on a handful of clients is a common situation early in any law firm's lifecycle. The same can be true later in the lifecycle, as natural attrition chips away at a previously robust client base.

## **Risk #2: Changing Dynamics within Insurance Panels**

*The times they are a-changin*, as Bob Dylan warned in his well-known ballad. Here are several actual experiences where insurance defense managing partners either lost or risked losing a major insurance account.

### **The Industry Consolidation Scenario**

*“We were the lead insurance defense law firm in our state for a respected insurance company,” recalls a managing partner for a California law firm. “Suddenly, without any advance notice, our insurance client was acquired by a larger insurance company. Not only did we lose the work, but many of the claims managers at our insurance client lost their jobs in the post-merger consolidation.”*

### **The “Out for Bid” Scenario**

*“Our law firm grew extremely rapidly after its founding in response to the needs of our primary client,” reports a founding member of a Northeastern law firm. “We opened new offices and added attorneys simply to keep up with the client’s case load. The quality and pricing for our legal services was widely acclaimed, but a new Vice President of Claims brought in after a reorganization decided that he wanted to put our work out for bid. We eventually retained our work, fortunately, but it was a hard-fought RFP process.”*

### **The Attrition Scenario**

*“Our insurance defense practice has a twenty-year history of success,” explains the managing partner of a six-attorney firm who spends his work day as one of the lead litigators. “Over the years, however, I did not have the time to develop new business while also serving the needs of current clients. We found ourselves overly reliant on one client, and without the benefit of an established business development process.”*

### **The “No One Told Me” Scenario**

*“I suddenly noticed that we were not receiving the same level of incoming cases,” reports a practice group chair with a long history of providing specialized legal services to one of the country’s leading banks. “In researching the problem, not even our internal contacts could tell us who was now responsible for panel appointment decisions. It took many days to identify the bank’s panel manager and realize that they had decided to favor regional law firms over single-location firms like ours. We ultimately got back on the panel, but it was a very nerve-wracking process.”*

Insurance defense law firms also face more routine risks, including:

- Departure of a partner who leaves with their book of business
- Retirement of a founding member who served as primary rainmaker
- Insurance clients that decide to hire more in-house attorneys
- Centralization of the insurer’s litigation management team

The best defense is a good offense. Paying close attention to existing clients, while maintaining an active business development process, is an effective way to minimize revenue risk.

### **Risk #3: Lack of Time to Expand Your Insurance Defense Base**

Once approved as outside panel counsel, law firms frequently enjoy a steady stream of cases that arrive at their doorstep with little additional business development effort.

Of course, panel members must perform satisfactorily, maintain good relations, be available around-the-clock for the (hopefully) infrequent emergency, and offer billing rates that are attractive to the insurance company.

The challenge is that existing clients, particularly large accounts, can easily consume all available capacity within a law firm, leaving little time for courting new clients.



It is indeed a juggling act to manage the day-to-day requirements of meeting court deadlines and responding to client requests, while also trying to devote time to business development.

Looking back at the risks mentioned earlier, however, it may be easier to make time for marketing after considering what would happen if you lost one of your largest clients. The loss of a major account could result in lay-offs, as well as possible difficulty making lease and other overhead payments. In an extreme case, a law firm may need to quickly affiliate with another firm, thereby losing its independent status.

### **Risk Avoidance with a Law Firm Marketing Committee**

Insurance defense law firms or practice groups that plan for long-term success may find it helpful to create a Marketing Committee tasked with responsibility for establishing panel counsel relationships among a broader range of insurance companies and other entities.

Marketing Committee members can address issues like the following:

- **Where to expand geographically.** This can be a difficult question, since it may involve an acquisition and/or opening up a new office.
- **Development of new insurance defense skill sets.** A firm that handles auto cases may want to expand into related forms of transportation, like trucking, railroads, or aviation.
- **Exploration of new market segments.** Staying with auto for the moment, law firms could try to create business opportunities with fleet managers or delivery services.
- **Growth in the self-insured market.** Many large retail, municipal, or corporate accounts self-insure up to a certain level.

The time to start looking for more clients is before you are desperate for new business. Attracting a new account takes time, so it is advisable to work on business expansion while you have a satisfactory level of business already in place.

### **In Summary**

Start early. Marketing for insurance defense success is a long-term process that benefits from a continuous focus on business development campaigns.

*Legal Marketing Strategies*  
**Courtesy of Legal Expert Connections, Inc.**

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**Legal Expert Connections** is a national legal marketing agency focused on business development for attorneys and experts. Our services include insurance defense marketing, outsourced legal marketing management, law firm brochures, content marketing, and more.

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Remember, never stop marketing! The author invites your questions and comments. She can be reached at [mg@legalexpertconnections.com](mailto:mg@legalexpertconnections.com).

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