

Third Edition

Risk Management in the Legal Profession

FRANK MAHER





Risk Management in the Legal Profession

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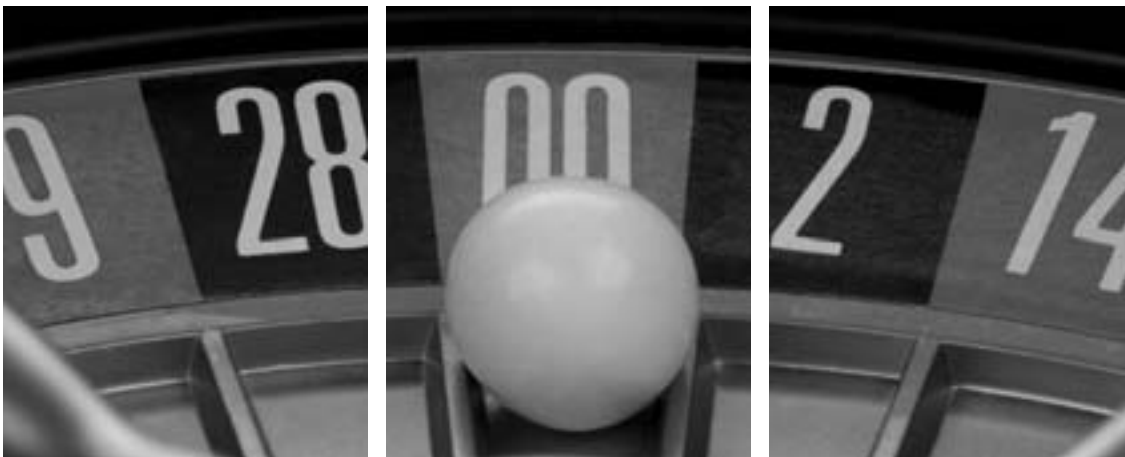
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Contents

Executive summary.....	V
About the author.....	VII
Disclaimer.....	IX
Table of Cases	XI
Chapter 1: Risk management today	1
Risk management – now a statutory obligation.....	3
What should be included in a risk management strategy?.....	4
The returns on investing in risk management.....	6
Chapter 2: People risk.....	9
Supervision.....	9
Factors affecting risk management	11
Equality and diversity.....	14
Lateral hire and recruitment risk.....	15
Chapter 3: Compliance and regulation	23
Solicitors Regulation Authority (SRA) inspections	23
File audit.....	24
Regulation.....	26
Conduct rules.....	26
Consequences of breach.....	28
How does the SRA find out about breaches?.....	30
Anti-money laundering and counter-terrorist finance compliance	32
The Money Laundering Reporting Officer (MLRO).....	36
Risk management – not just about business prevention, but about business development	37
Financial services.....	38
Insurance mediation.....	38
Mortgages.....	40
Introductions and referrals	41
Chapter 4: Client risk in a recession.....	43
Acting for friends and family	44

Rule 2	46
Limiting the scope of duty	49
The credit crunch and risk	50
International jurisdictions and risk	52
Chapter 5: Professional indemnity	57
Introduction	57
Obtaining cover	60
Aggregation	61
The proposal	66
Other types of insurance	68
Chapter 6: Financial management	71
Partner borrowings	72
Who can open accounts?	73
Secret profits	73
Regulatory Settlement Agreements	73
Chapter 7: Limiting liability	75
The reasonableness test	75
Limiting liability in litigation	78
Professional restrictions on limiting liability	78
Scope of duty	78
Limiting liability in practice	79
Chapter 8: Office systems	83
Confidentiality	83
Document retention	84
Information technology	86
Data protection	87
Business continuity	88
Outsourcing	89
Reputational risk	90
Implementing a risk management strategy	91
Index	93

Executive summary

RAPID CHANGE in the world around us highlights the need for our approach to risk management to be kept under regular review. Since the second edition of this special report, we have seen a major economic crisis unfold, the loss by various government departments in the UK of personal data relating to nearly half the population, and a major London law firm evacuated from its offices due to flooding. And we have not even touched on professional liability claims, which was once the sole focus of those responsible for law firm risk management. Nor have we touched on the developing approach of regulators to enforcement, particularly in the larger law firms which were previously thought to be, in practical terms, beyond the radar of the Solicitors Regulation Authority (SRA) and, before that, the Law Society.

All these events, as well as other new issues added to this edition, require the attention of those responsible for law firm risk management. They demonstrate graphically the need for the documented systems governing law firm risk management to reflect a living, breathing approach to the subject.

This new third edition of *Risk Management in the Legal Profession* contains a review of current risk issues affecting legal practice, distilled from the concerns which are on the minds of managing partners and risk managers. The credit crunch raises the game for all firms substantially, bringing issues involving people, clients, regulatory risk and insurance to the fore.

This report, substantially increased in size to deal with these emerging issues, aims to give the reader a clear understanding of how these issues can affect the law firm and how a reader should respond, in order to manage them effectively. This third edition will cover:

- SRA monitoring and enforcement of the Solicitors' Code of Conduct 2007;
- Legal Services Act 2007 and the risks it presents; and
- A review of compliance with the Money Laundering Regulations 2007 – a year after their implementation on 15 December 2007.

The report guides the reader through the requirements of a risk management system including:

- Responsibility at senior management level;
- A framework for managing risk across all parts of the business;
- Integration of risk management processes into firm culture;
- Accountability in each practice area and support function;
- A risk evaluation process;
- External assessment; and
- Business continuity planning.

Subjects covered include:

- Credit crunch risks;
- People and culture issues;

- Client engagement;
- Finance;
- Protecting partner assets;
- Compliance;
- File auditing;
- Managing your insurance;
- Office systems;
- Location and premises issues;
- Professional indemnity insurance;
- And more...

Risk Management in the Legal Profession provides an in-depth analysis of key risk areas within the firm and aims to help firms meet new and emerging challenges with clear, practical examples.

About the author



FRANK MAHER is a practising solicitor and partner at Legal Risk LLP. He has 25 years' experience defending major professional indemnity claims, including cross-border liabilities and major frauds. He advises major European and UK top 100 law firms, their insurers and other professions on risk management, anti-money laundering, compliance and professional indemnity issues.

He is author of *Risk Management in the Legal Profession* (Ark Group, 2007) now entering its third edition, and co-author of *The Money Laundering Reporting Officer's Handbook: A Guide for Solicitors* (Legalease). Frank has a diploma in Anti-Money Laundering and has spoken at many events in Europe, Asia and the US on risk management and professional indemnity.

Frank is a member of the Association of Partnership Practitioners and advises firms on partnership law including litigation. His expertise covers the areas of:

- Risk management;
- Professional indemnity insurance;
- Insurance policy wording;
- Anti-money laundering;
- Undertakings and professional conduct issues;
- Compliance and disciplinary;
- Fraud and dishonesty claims;
- Claims involving international and offshore jurisdictions;
- Group and other multiple claims; and
- Financial services and regulatory.

Legal Risk LLP are practising solicitors who advise many UK top 100, multinational and overseas law firms on risk, compliance, professional indemnity and anti-money laundering issues. For more information on Legal Risk LLP, visit: <http://www.legalrisk.co.uk/>

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