

# Insuring success

In this first article of an occasional series on specialist sectors, Ben Kent and Rosemarie Ghazaros provide tips on how professional firms can target their service to insurance clients.

**Why sectors?** Sector specialism has been a trend amongst professional firms, initially amongst accountants and consultants, then amongst lawyers. But how much do professionals really know about the different priorities in each sector? What's different about the decision-making processes? What are the sub-segments in the market? What specific pressures are businesses and decision-makers experiencing? Specialist in-depth sector research can help answer these questions, to help tailor service, sales and marketing activity more effectively.

**Important but special.** The insurance sector is potentially very lucrative, especially to law firms. Insurers spend huge sums on legal advice. But in return for providing a regular flow of fees, most insurers are not scared of dictating terms to the law firms they use. They are driven by getting a solution, and controlling legal costs, not legal academic argument. Times are tough for many insurance companies. They need to manage risk and control expenditure. Claims managers have to handle numerous disputes, some worth many millions of pounds. These pressures dictate how they use legal advice.

For any firm serving insurance clients it's important to understand that their client servicing needs are special. Decision-makers have learnt that monitoring, control and measurement matter. The research highlights five key needs that marketer and lawyers should keep in mind:

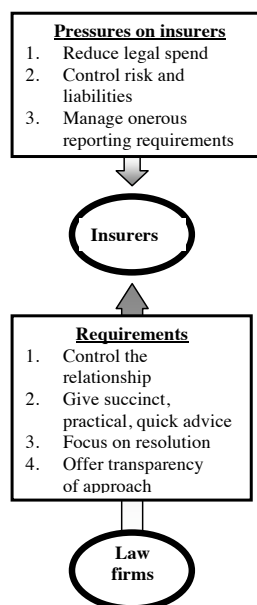
## 1. Control the relationship

Insurers not only want their lawyers to understand their business approach and objectives, they generally want to make sure that they, the insurers, control instructions, and that their claims teams and lawyers communicate and cooperate fully to ensure that:

- Cases are run efficiently and cost-effectively
- Reserving is as accurate as possible
- There are no surprises.

*"The insurance market is becoming a lot more grown up and professional in the way that they instruct lawyers.....setting out a proper scope of engagement, engagement letters, guidelines for lawyers, insisting upon budgets and delineated set out strategy"*

*"We do have service standards ... the standards cover everything... response times, what they should put in their reports, how we expect them to deal with our insureds, etc"*



## 2. Give succinct, practical, quick advice

It may seem obvious that clients require succinct, practical advice, but it seems from our interviews that this is not what they always get.

*"What we don't want from our lawyers is a lovely academic analysis of the legal rights and wrongs of the issues. What we want is – this is a claim, here are the legal aspects, here are the tactical aspects, this is what we think we can do..."*

## 3. Focus on resolution

Most cases settle without going to court. This affects the types of skills required of lawyers.

*"95% [of cases] are settled by negotiation and it's often a different skill set that needs to be brought in. You don't need the histrionic prima donna who can present a case particularly well in front of a judge, you need someone who is calm, cool and can gather the facts...."*

## 4. Offer transparency of approach

When clients engage a law firm they expect transparency in key areas including:

- Team (are we getting the experts we expected, who is conducting which elements of the work?)
- Approach (realistic view of case outcomes)
- Monitoring (the client is kept fully in the picture of developments)
- Cost.

*"I think if we instruct person X and suddenly find that we've got person Y doing it, we don't know anything about it, we don't know anything about them, that's when we might get a bit excited"*

## 5. Provide value

As buyers of legal services, clients generally feel they are paying top rates, although not all law firms are seen as offering identical services, identical market positioning or pricing levels. Law firms have different roles and strengths, a situation summarised by one respondent as follows:

*"Lawyers tend to be pigeon holed. We would not readily give high profile work to a lawyer who had made his mark with lower value claims"*

Those insurers that had formal panels shortlisted law firms with different levels of charge-out rate and specialism. They then instructed a firm depending on the complexity, size or high profile nature of each claim – "horses for courses". Respondents tended to grumble about rates at the top end of the market, whilst agreeing that they continued to use the higher profile firms because of those firms' resources, experience and reputation. In their search for value for money, respondents and their teams therefore seek in return:

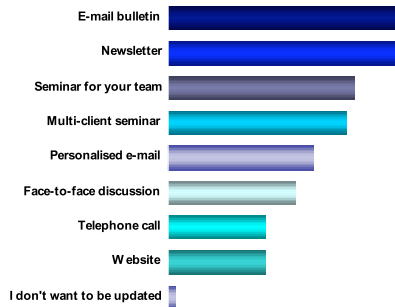
- One-off free advice
- Transparency and flexibility
- Input to training of claims handlers
- Overall value, not just top-line costs (i.e. recognising that good firms can be faster and better than their "less expensive" rivals).

### What steps should marketers take to address these issues?

Here are some initial thoughts:

- Listen to clients – Do this either in a formal feedback programme or more informally. These are demanding clients with specific needs.
- Controls and monitoring - Fee-earners need to manage the relationship, but muddle along. Help to set up controls and best practice to make sure it happens.
- CRM and account management - Put in place a client service and development programme. Most clients have sizeable teams, with many insurance specialisms. Relationships need to be developed and managed at all levels.
- Provide clients with relevant updates. E-mail bulletins, newsletters and seminars are popular (see chart). Added value seminars and training for valued clients are particularly effective. It gives clients a chance to see the quality of your team in action. But make sure the team rehearse and prepare well.
- Set up systems to ensure clients are given transparency and cost-effectiveness – The market is changing and demanding more transparency. Deal with this as proactively as possible rather than resisting the trend.

How would you like law firms you use to keep you up-to-date with legal issues which may impact you?



Not surprisingly there are few “magic bullets”. Reputations are influenced at the top of this close-knit market by how lawyers perform, and loyalties do not change fast. Client service, cost effectiveness and efficiency are also in demand. Perseverance (and some creativity) can pay off in the targeting stakes. But work in real partnership with your existing clients and they will appreciate the difference. The game is about growing your share of their work.

*Footnote: This article draws on research devised and carried out in the UK market. The research focussed on the litigation advice used by insurance companies and the Lloyd's market, and was conducted for a number of law firms.*

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