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How Insurance Defense Firms Can Better Leverage Technology

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Complex client demands and frequent policy changes drive the priorities of an insurance defense law firm, particularly in the areas of administrative and matter processes. Handling these challenges requires comprehensive legal practice management software that offers the [features necessary](#) to successfully handle all the pressure points of insurance defense legal practice.

This post will delve into some of those issues and suggest how the right software features can help firm attorneys and administrators effectively address them.

The Unique Challenges of Insurance Defense Law

Insurance defense generally involves the representation of various legal matters related to the insurance industry. In more specific terms, these firms are retained by insurance companies to represent their insured clients who face lawsuits related to their insurance contracts. For instance, an insured restaurant owner is sued by a customer who allegedly slipped and fell inside of the restaurant. The insurance company hires the law firm to represent the restaurant owner.

While this may seem like a pretty straightforward legal arrangement, it can quickly become complicated because of the three-sided relationship that exists. Unlike other practice areas where attorneys typically further the interests of one easily identifiable client, insurance defense attorneys are forced to balance their responsibilities to the insured with their responsibilities to the insurance company.

This situation begs the question, “Who is the client?” The insurance company pays the legal fees for representation, but the firm has a professional responsibility to the insured. Oftentimes, the interests of the insurance company differ from the interests of the policyholder, leaving the law firm in the middle of the conflict. Faced with these unique challenges, in addition to standard administrative and client tasks, insurance defense law firms need specialized tools that will help them manage complex matters while maximizing productivity and promoting profitability.

Billing Tools

Billing poses a challenge to insurance defense practices due to the variety of specific guidelines and restrictions that insurance companies may place on invoicing processes. For example, insurance defense law firms may be forced to contend with restricted [billing rates or fixed fee billing](#) arrangement requirements. These types of constraints make efficient billing processes

extremely important.

When working with numerous insurance companies, an insurance defense firm may need to navigate numerous billing arrangements. One insurance client may require the firm to work under a fixed fee arrangement, while another may allow for traditional hourly billing. These variations require a legal billing platform where firms can easily invoice for a variety of arrangements by customizing billing options for each individual matter.

Insurance companies often require law firms to use Legal Electronic Data Exchange Standard (LEDES) invoicing codes, which can be a difficult task without the right legal billing software in place. This type of billing is primarily used to promote uniformity within the legal industry and assist insurance companies in their processing of law firm invoices. Insurance defense law firms need systems that offer the ability to easily generate LEDES invoices in .dat or .txt file formats for proper online submission. They should also have UTBMS codes already in place and LEDES formatted templates for faster invoicing.

Document Management & Automation

It is not unusual for a single insurance defense matter to include **volumes of documents**. From medical records and witness statements to policy documents and insurance company communications, these case files can be quite extensive. This is why insurance defense firms need document management software that helps them easily store and organize all matter-related files and documents in one central location.

With the right software, credentialed users can efficiently view, edit, and share documents as needed. This makes collaboration internally within the firm, as well as externally with the insurance company, much easier to accomplish. Some other useful document management tools include:

- The customization of folders and sub-folders
- The ability to lock files for the prevention of alterations or updates
- Secure sending of documents through a client portal
- Tools for clients to securely upload documents
- Creation of document templates
- Document version tracking

Using a legal practice management software that integrates with a **cloud-based** document management system, like NetDocuments, allows insurance defense law firms to organize, secure, and find all of the documents they need right from the practice management platform.

Case Management

The intricacies of insurance defense law require a superior **matter management** system that tracks every aspect of these complex cases. When choosing a legal practice management system, law firm administrators need to look for features that address the specific needs of their practice area, such as:

- Matter layouts that offer customizable fields and configurable views help law firms create a platform experience that suits the particular needs of an insurance defense practice. With these options, firms can design their layouts according to the way they want to view case information,

so the most important data is always in sight.

- Case ledgers provide firms with valuable data about matter billing histories, while a quick reference dashboard reports on trust balances, fees billed, expenses billed, and outstanding accounts receivable.
- Matter budgeting circles back to the billing restraints that insurance companies can place on insurance defense law firms. These tools allow firms to create individual matter budgets and set alerts for when cases reach set percentages of hourly, fee-based, or expense budgets. These tools also make it easy for firms to generate reports regarding tracked tasks, fees, and expenses.

Under some circumstances, insurance companies may call in a third-party auditing firm to conduct an audit of a particular matter. Having an organized case management system saves the extra time and resources that would otherwise go into preparing for the audit. It also presents every aspect of the matter, from intake to final billing, in an organized and structured manner, increasing the likelihood of a successful audit.

Client Management

This goes back to the most complex aspect of insurance defense law. Competing interests between the insurance company and the insured can bring up ethical uncertainties for the firm and its attorneys. The appropriate strategy for handling these sticky situations largely depends on state rules. For instance, the [North Carolina State Bar](#) deems the insured as the "primary" client in an insurance defense case, whose "best interest must be served at all times." According to the Bar, the attorney owes the insured a [heightened duty of communication](#) and loyalty at the least.

To best serve their clients and protect themselves from potential allegations of wrongdoing, law firms need a foolproof method of managing, storing, and organizing all client communications. Tools like in-app text messaging, client portals, and conversation tracking help law firms securely maintain and manage client communications directly within the matter for future reference at any needed time.

Intuitive email management is another tool for elevating client management. With email integration options, firms can save client emails to matters in a matter of seconds. Advanced email search tools help firm members quickly locate emails using properties like subject, sent/received date, or email content without the hassle of manually searching through a crowded inbox. Billing is also made easier with an email management feature that automatically creates billing entries for sending or reviewing client emails.

The Takeaway

If you're an insurance defense firm or you're looking to expand into the practice area, the goal of your operations should surround agility and organization. Specialized tools will help you manage complex matters while maximizing productivity and promoting profitability.

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