

Investing in YOU!

Board declares 6% dividend , seeks your help with claims

Carl Younger, President

On April 23, 2004, the Board of Directors of Lawyers Mutual declared a 6% dividend to our policy holders. A dividend check will be sent to you following the upcoming reissuance of your policy. Our ability to declare a dividend is supported by the attention and hard work of our Board and staff. Dividends also result from your focus on matters that might produce or have produced claims and your cooperation with us in trying to resolve actual or potential claims.



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Claims Continue, with New Twists

Our advertising campaign this year emphasizes the "failures" by attorneys that produce the most claims -- missed statutes of limitation and other deadlines. Every lawyer and law firm needs to install and utilize a system for inputting client engagements and setting step-wise deadlines of work to be done. Care here avoids claims later.

Paper and computer systems are only part of the solution: a good lawyer must use his or her common sense and legal knowledge to not only prevent claims but also prevent others from misusing that lawyer's reputation or good will. Recently, we have seen real estate claims based on property "flips": a sale and closing of a property at one price followed almost immediately with a sale and closing at a much higher price based on a "friendly" appraisal. **DON'T CLOSE THESE TYPES OF SALES.** Have your staff check to see how closely the proposed sale is made to the most recent sale of the property. The shorter the time, and greater the difference in value, the more likely that someone is attempting to improperly obtain borrowed funds.

Enjoy Life, and Your Clients

While we hope our profession can serve all those needing legal services, no individual

attorney should attempt to serve every potential client. Our sister company in Oregon indicates that many claims are avoided in the client selection process, especially if these questions are considered:

1. Is the matter outside my scope of practice?
2. Will I have the time and resources to devote to the case?
3. Can the client "afford" to hire me?
4. Has the client consulted other lawyers?
5. Does the client have unreasonable expectations?
6. Is the client pursuing the matter on principle "alone"?
7. Does the client seem irrational, unreasonable or overly emotional?
8. Has the client come to me at the last minute?
9. Is the client's integrity questionable?
10. Am I positive I have no conflicts?
11. Am I being influenced to take the matter by a referral?
12. Will I be comfortable working with the client?
13. Do I really want this case?

Any "NO" should raise questions as to your taking the case. Certain "NOs" should dictate your refusal.

We are pleased to have experienced a year that financially allows us to pay a 6% dividend to our insureds. Help us continue our dividend program through financial improvement based on an ever decreasing number and amount of claims.

July 2004

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Unbundling of Legal Services

Proceed with caution

Will Graebe, Claims Counsel

The Traditional Model

Traditionally, lawyers have viewed themselves as providers of full-service legal representation. Clients hire a lawyer with the understanding that the lawyer will handle all aspects of the litigation or the transaction and that the client will assume very little responsibility for the matter. Unbundling of legal services, also known as limited representation or limited scope legal assistance, offers an alternative to clients who wish to assume more responsibility or who cannot afford the full package of legal services. When legal services are "unbundled," the client selects one or several discrete tasks for the lawyer to perform. Although the concept of limited scope legal assistance is nothing new, the demand for such services has increased significantly over the past several years. Unbundling offers cost-saving advantages to clients and also may benefit some lawyers who choose to engage in this form of practice.

The Benefits

By catering to an increased demand for limited representation, lawyers may be able to grow their practice. Unbundling does not require a lawyer to reduce his hourly rate. It simply reduces the amount of work the lawyer will provide on a specific matter. Clients also tend to be more informed and involved. When you combine this with a client who is paying a smaller fee, you generally have a more satisfied client. Satisfied clients are in turn more likely to pay their bills.

The Risks

While unbundling has its advantages, lawyers should be aware that there are risks associated with this type of practice. In a full-service arrangement, the lawyer remains fully informed as to the status of all aspects of the matter. This is not always the case with limited representation. The lawyer must rely on the client to keep her informed as to those aspects of the case that the client is handling. Good communication is essential. The lawyer's engagement letter should require the client to keep the lawyer informed in writing as to the status of those aspects of the case being handled by the client.

Because the lawyer is not completely in control of the case, there is also the risk that the client will fail to handle a certain task appropriately. That client may look to place the blame on you as the lawyer. This risk can be reduced by defining in very clear terms in your engagement letter the limited nature of your representation. The engagement should clearly describe what you as the lawyer will and will not do. For example, if you are assisting a pro se litigant with drafting pleadings, you need to decide whether you are also going to advise that client as to time limitations associated with the litigation. Will you advise the client as to the statute of limitations or the time allowed to respond to discovery or motions? The engagement letter or retainer agreement is your opportunity to avoid future misunderstandings

by addressing these issues up front.

The ABA recently published the Handbook on Limited Scope Legal Assistance. The Handbook can be found at <http://www.abanet.org/litigation/taskforces/modest/>. In addition to providing a thorough discussion of unbundling, the Appendix to the Handbook contains a number of sample limited scope representation agreements.

Remember that detailing in writing what you will do and will not do is critical. Any difference of "opinion" regarding your scope of work will most likely be found in favor of the client.

Unbundling Isn't For Everyone

Limited scope legal assistance is not appropriate for all clients. During the screening process, the lawyer must determine whether a client is capable of handling the tasks for which he wishes to assume responsibility. The lawyer must also assess the client's expectations. As with any client, if those expectations are unrealistic, you probably will not want to accept representation. Clients often recognize their need for additional legal help only after they enter litigation or the proposed transaction. During the initial interview, discuss with the client the possibility that the client may later wish to convert the arrangement to full representation. Explain that this would require the execution of a new agreement and most likely additional fees.

The Bar Response

Unbundling of legal services will likely continue to evolve. Our North Carolina Academy of Trial Lawyers, the North Carolina Bar Association and local bars have responded to this reality. The Academy actively seeks new and creative ways to provide legal representation to economically disadvantaged individuals. The General Public section of the Academy's website offers resources and information to aid individuals who wish to represent themselves. The State Bar Association created the Pro Se Task Force to study ways and means to assist pro se litigants, including information on the development of unbundled legal services. In 1999, the 26th Judicial District in Mecklenburg County established the SelfServe Center. Through these and other efforts, North Carolina is seeking to make legal representation available and affordable to all people.

Remember that this new and developing form of representation may place special demands on you as a lawyer, particularly demands of clearly identifying what is to be done. Effective communications with clients is always important, but it is critically important in situations involving limited representation.



Will Graebe
Claims Counsel

Understanding Underwriting

Q. When do I need Extended Reporting Coverage (tail coverage)?

A. If you are retiring, joining a firm that is not insured by Lawyers Mutual, or moving out of state, it is advisable to obtain tail coverage. Lawyers Mutual offers two types of Tail Coverage: (1) a four year Limited and (2) Unlimited. It is necessary to notify Underwriting in writing to obtain quotes for tail coverage.

Q. Do I have to decide immediately if I desire to purchase tail coverage?

A. Yes, because you have thirty days from the effective date of the quote to select the type of tail coverage you desire and remit payment. This endorsement of your last effective policy is a one time payment with no changes in coverage.

If you are turning 65 soon, now is the time to consider a Medicare Supplement or "Medigap" policy.



Some Facts on Medicare Supplement Policies

- To buy a Medicare Supplement, you must be at least 65 and enrolled in Medicare Part A & B
- Supplement policies pay most, if not all, of Plan A & B coinsurance & outpatient copayments
- There are 10 standardized Plans to choose from
- Supplements are guaranteed renewable as long as you pay the premium
- During the 6-month open enrollment period after electing Medicare Part B, carriers cannot deny coverage, endorse restrictive conditions, or increase premiums due to past or present health conditions

Please contact Ken Hudson if you have any questions, or would like a quote on a Medicare Supplement policy

800-662-8843

khudson@lmlnc.com



Video Lending Library

Why not host a lunch-and-learn for your staff by taking advantage of the Lawyers Mutual free video lending library? To request a video, complete this form and fax it to Lawyers Mutual at 919-677-0131.

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Fax: () _____

Check this box if you would like additional information about the videos (including running time).

Videos (check all requested):

- Legal Ethics for Support Staff
- Professionalism in the Law Office
- Professional Communications
- Dealing with Difficult Clients
- Delivering Exceptional Service
- Law Office Confidentiality 1 & 2
- Intro to Working in a Law Office
- Time Management for Staff
- Stress Management for Lawyers
- Confidentiality and Technology
- Lawyers Trust Accounts: Common Pitfalls and How to Avoid Them
- How to Manage Your Trust Account Using Quicken
- Starting Out Right

LML TODAY

The contents of this newsletter are intended for general information purposes only and should not be construed as legal advice or legal opinion on any specific facts or circumstances. It is not the intent of this newsletter to establish a standard of due care for any particular situation. Rather, it is our intent to advise our policyholders to act in a manner that might well be above the standard of care in order to minimize a firm's malpractice risk.

Henry A. Mitchell, Jr.
Chairman

Carl Younger
President

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