

# Law Firm Benefits, Risk & Insurance: 21 Predictions for 2021



2021 has kicked off with the promise of a new year. The events and changes of 2020 will have a lasting impact on the way law firms conduct their business this year and for the foreseeable future. While making predictions can be challenging in stable environments, the lasting impact of last year make it even trickier in 2021. The EPIC team of Law Firm Experts is taking on that challenge with our 21 predictions for what law firms should expect for their benefits, risk, liability and changing workforce dynamics in 2021.

## Remote Working

Working from home became the new normal in 2020. Now that firms have adjusted to this dynamic, law firms will never return to a 100% in-person structure. Some of the impacts of continued remote working will be:

### 1. Relocation Considerations

As firms become more flexible in their location requirements, they'll increasingly have attorneys and staff who are living and working in new cities and states. With this expanding geographic footprint, firms need to be aware of new benefit and compliance requirements that may apply in their new geographies. Law firms should also consult with and seek guidance from local State Bar Associations to ensure that they are not violating the rules governing the unauthorized practice of law, which restricts lawyers from engaging in the practice of law when they are not physically located in the state where they are licensed or admitted.

### 2. Evaluation of Geo-Based Salary Structure

Does it make sense to still pay people differently based on their geographies? If employees are remote and choosing where to live, should firms pay more to those who voluntarily choose to live in higher-cost locations?

### 3. Assessment of Real Estate Strategies

Some firms will consider moving to a more permanent virtual office arrangements, abandoning the traditional office space. This will create an opportunity to reduce real estate costs, but comes with even more pressure on IT infrastructure. Firms are also considering a hoteling approach, shared space and designating specific days employees will be in the office or working from home.

## Home Office Ergonomics

The home office is not a temporary set-up as attorneys and staff will continue to work from home for at least a portion of their week for the foreseeable future. With the realization the home office needs to be set up to encourage productivity and engagement, firms will invest in resources related to the home office and more remote environment:

#### **4. Head, Shoulders, Knees & Toes... and Eyes**

There is a physical aspect of ensuring your employees have a good remote working experience. Firms will focus on resources designed to keep employees moving, encourage them to get up and move periodically. Screen fatigue and eye health are equally important. Firms will look into eye protection resources like screen and the promotion of annual eye exams.

#### **5. More Benefits to Enhance the Work-From-Home Experience**

After employees got a taste of working from home, they'll continue to expect some level of flexibility to work remotely in the future. Firms will offer a new category of benefits to their employees to provide resources to ensure the home office is correctly set-up for ergonomic ease, productivity and focus. To safeguard network security, firms will require their remote workforce to use only firm-issued computers while conducting business.

## **Mental Health**

The In 2020, the pandemic increased the already high stress levels of the profession—remote workers were juggling competing demands on their focus and dealing with isolation. How will firms successfully address their employees' mental health needs in 2021?

#### **6. Increased Focus on Behavioral Health**

Firms will increasingly recognize the impact mental health has on employee engagement and productivity and will take a more proactive approach to promoting and expanding mental health resources.

#### **7. Wellness Moves Beyond Physical to Financial**

In the continued uncertain atmosphere, attorneys and staff increasingly feel anxious about potential financial insecurity. Firms will expand the financial resources they provide to employees, moving from generic education to more personalized one-to-one guidance.

## **Family**

The impact of attorneys and staff being home more in 2020 and spending more time with their family members will have lasting repercussions on family dynamics in 2021.

#### **8. Focus on the Family**

With many schools continuing virtual learning—either permanently or periodically—and a large segment of attorneys and staff working from home, there are opportunities to reconfigure unused office for childcare, distance learning and tutoring when parents are in the office. There will also be a continued investment in home childcare support for remote employees.

#### **9. Estate Planning**

With the pandemic and its health risks ever-present in the back of our minds, people across all levels realize the importance of getting their family plans in order. Firms will see an uptick in members who want to enroll in benefits that offer estate planning resources.

## **Healthcare**

The impact of Covid-19 on health plans resulted in an approximate 5% reduction in medical claims in 2020. However, we anticipate claims will return to normal levels in 2021. In addition, for-profit medical providers may be looking to recoup revenue lost in 2020 at the height of the shutdown, so we may see more aggressive billing and collection tactics. Firms will take action to address these costs.

#### **10. Focus on Managing Healthcare Claims & Cost**

Firms will have renewed focus on managing their health plan and claims adjudication accuracy to ensure they can continue to offer a high level of benefits. We'll see increased attention to pharmacy and stop loss captive strategies that provide significant financial returns but minimal employee impact. Secondly, while ensuring the claims

adjudication process is accurate, firms must begin to look at the actual cost of care/procedures as well. Firms are increasingly looking at services to assist employees in finding the highest quality care at more reasonable cost points. Managing the cost of specific claims will have a significant impact on total healthcare spend.

#### **11. Implementing Creative Strategies to Curve Ongoing Increase on Pharmacy Spend**

Pharmaceutical companies are increasing drug prices on more than 500 drugs and continue to pivot towards specialty gene therapy drugs that can cost in the range of \$500,000 to \$1,000,000+ per treatment. With the uptick in cost, firms will look at strategies to control pharmacy spend while continuing to provide a comprehensive drug benefit.

#### **12. Long-Term Uptake of Telemedicine**

After years of trying to promote telemedicine utilization—the pandemic provided the necessary catalyst as many members utilized telemedicine for the first time in 2020. Very importantly, they valued the experience and convenience. Firms benefit when their attorneys and staff use telemedicine because they spend less time away from work physically visiting the doctor and receive a prompt resolution. Now that employees are feeling more comfortable with telemedicine, firms will continue to heavily promote it as a win-win healthcare pathway.

## **New Benefit Offerings**

As the traditional work environment continues to be upended, firms will respond by evaluating their benefits packages and evaluate different benefits that seem more relevant to current needs.

#### **13. The Rise of Fringe Benefits**

Value-added benefits have been around for some time and most firms have implemented programs to enhance their benefit offerings. Firms will continue to offer additional fringe benefits that became more prevalent during the pandemic such as loan programs through payroll deduction and pet insurance.

#### **14. Adopting Point Solutions**

As the workforce continues to work remotely, firms will adopt mobile-based applications to assist employees with specific medical conditions. These point solutions provide users with resources and assistance in the comfort of their own home. They are convenient and personalized to the individual's specific needs. Programs focus on conditions such as musculoskeletal health, cancer, stress relief and behavioral health.

## **Liability**

Law firms face increasing risks and the insurance market is responding.

#### **15. Professional Liability Challenges**

More lawyers' professional liability (LPL) capacity will emerge, but, firm conditions, evidenced by increasing rates and retentions, will persist. New markets are entering the LPL arena and that trend is expected to continue in 2021, as new capacity is attracted to the increase in rates. Despite new entrants in the marketplace, firms should expect continued challenging conditions and increased underwriting discipline.

#### **16. Management Liability & Employment Practices Liability Increases**

It will be a challenging year for the Management Liability and Employment Practices Liability insurance marketplace due to economic impact of the pandemic and the unprecedented racial justice movement. We expect to see premium and retention increases, enhanced underwriting and coverage restrictions.

# Cyber

2021 will be a transformative year for the Cyber Insurance market. Developments include:

## 17. 2021 Cyber Transformation

The remote work environment has created significant cybersecurity challenges for firms and opportunities for cybercriminals. In 2020, cyber insurers experienced increased claim frequency and severity, and they are bracing for more of the same in 2021. We expect to see premiums increase, enhanced underwriting, coverage restrictions and some carriers exiting the market. Specifically, coverages for ransomware and social engineering will likely be impacted significantly.

## 18. Elimination of “Silent Cyber” Coverage

We expect to see domestic and international LPL insurers affirmatively address “silent cyber” coverages. Coverage for cyber exposures, within LPL and other policies, will be significantly reduced or eliminated. Firms will no longer be able to rely on their other insurance policies to protect against cyber-related risk.

## 19. More and Higher Cyber Liability Contract Requirements

The challenges and threats of 2020 have shown law firms’ clients that risks abound in the cyber realm, putting their attorneys’ operations, timely project delivery, and electronic documents in jeopardy. More clients will begin specifically requiring that their attorneys maintain cyber liability insurance, and the limits needed will increase from the current thresholds of \$1-\$3 Million towards requests of \$5-\$10 Million. Firms should anticipate that requirements will be more detailed and will specify minimum social engineering coverage with higher sublimits – putting firms at odds with cyber insurers who desire to keep this sublimit low.

## Firms Poised for Success

In this “new normal,” those law firms that take a creative and proactive approach will be the ones poised for long-term success.

## 20. Increased Interest in Group Captive Insurance

Larger law firms with qualifying exposures and loss history will look to save significant premium dollars and create unique business development opportunities by moving certain liability insurance coverages to a group captive.

## 21. Business Development Requires Creativity

The traditional methods of engaging with clients and prospects to produce new business and projects won’t routinely work in 2021. Law firms must creatively execute new means of connecting from a social distance, either virtually or in person. The most successful firms will utilize or develop new technology, try out multiple different approaches, and make personal connections with innovative and fun activities.

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**Law firms that successfully navigate the economic pressures of 2021 will do so by mastering remote collaboration, quality control and employee mentorship. The firms that provide many of the new benefits and resources highlighted above to increase employee engagement and take a proactive approach to risk control will be the most successful in 2021 and beyond.**

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