

Legal Affairs

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Leaner and hungry for business

The days of wine and long lunches are over for firms operating in this cost-conscious industry, write **Matthew Coghlan** and **Marcus Priest**.

At 33, and the youngest partner at Curwoods & Partners by 15 years, Scott Kennedy could see his firm becoming a relic from a bygone era of long client lunches, upscale premises and big fees on insurance files.

Little had changed in the 30-year history of this established Sydney insurance law firm with its stable, older partnership.

But facing an upheaval in the insurance law sector due to tort law reforms, things had to change.

"I think everyone recognised the need to change and move forward or otherwise, like a dinosaur, we would become extinct," Mr Kennedy said.

Despite this recognition, there was reluctance among older partners to make the change.

"I was the youngest partner with the longest future, whereas other guys were quite comfortable with the firm as it was, as it would have seen them through to retirement," he said.

"The firm had a very solid reputation, it just needed to be modernised and improved."

Fifteen months later, the firm is back on track. It has slashed overheads by streamlining IT systems, outsourcing support staff, moving offices and doubling its size.

In February it merged with Snelgrove Boyle Neilson to form Curwoods Lawyers.

Curwoods has eight equity partners, four salaried partners and a full-time chief executive.

It is among a group of leaner law firms looking to grab market share from larger firms struggling to sustain low-margin legal work.

Across the industry clients are keeping a tight lid on hourly rates — well below \$400 — and are also demanding better service. Many services that lawyers would have previously charged for are now provided as free value adds.

Curwoods' clients include most major insurers — among them CGU,



Scott Kennedy dragged a comfortable partnership into the modern age.

Photo: TAMARA VONINSKI

Allianz and QBE — and account for 90 per cent of the compulsory third party insurance market. It has also recently won the work of NSW's largest CTP insurer, NRMA.

"We have gone from being a staid insurance firm to one we think we can stand with the Ebsworths and Morays. Being honest, 15 months ago I don't think we could have said that, much as we would have liked to," Mr Kennedy said.

The firm has been the beneficiary of larger firms looking to reduce their exposure to insurance work. It has picked up three new partners from traditional insurance heavyweights — Peter Hunt from Blake Dawson Waldron, Andrew Spearritt from Hunt & Hunt and Paul Garnon from Henry Davis York.

"Firms like ours are better placed to take advantage [of the insurance market] because of our cost structure; we can operate on lower margins because we have lower overheads," Mr Kennedy said.

The costs of Curwoods' overhaul have reduced its profit margin to about 33 per cent, but it expects to reach 40 per cent and to increase its revenue by 62 per cent between now and July 2007. While it has doubled

its professional staff in the last eight months, it has only increased support staff by 40 per cent.

The catalyst for the makeover was a survey of the firm's clients in late 2004.

"A lot of the feedback was quite confronting, particularly in relation to some of the senior partners who were fairly comfortable with the way the insurance market had traditionally operated with long lunches," Mr Kennedy said.

Curwoods has also introduced new IT systems that allow it to track costs, to continuously monitor billing and profit centres, and to allocate staff more efficiently.

At the other end of George Street, hidden among the cinemas and Chinese restaurants of Sydney's Haymarket, two other young lawyers are also trying to transform the practice of insurance law through the use of new IT systems.

Down a side alley in a revamped heritage-listed building, William Petrovski and Robert Ishak are gung-ho about doing things differently and won't let their age, 28 and 29 respectively, or relative lack of experience deter them.

Since starting up nine months

ago, the former Marsdens Law Group lawyers from south-west Sydney have won work from two major insurers and are close to snaring a third.

Within the next five years they aim to expand into insolvency, banking and finance litigation and construction, but plan to limit the firm's size to 20 lawyers.

Most support services are outsourced, and expertise in other areas of law is provided by consultants.

"We think that firms can become unmanageable, and not as profitable if you go over that [20-lawyer] mark", Mr Ishak said.

So why would major insurance companies risk their business with this relatively untried pair? The firm's main selling point has been a web-based application which allows clients to see their entire case file — including solicitor's work on the file.

"Robert and I have grown up with technology. I think we're part of that generation, and we're not afraid to use it," Mr Petrovski said.

He said their IT systems meant that clients "don't call us 50 times to find out what's going on [with their file]".

Little call for lawyers at Games

Matt Drummond

Empty seats and disappearing athletes aside, the Commonwealth Games ran with barely a hitch. Which means it was unusually quiet for the lawyers, except those with immigration practices.

"Sydney was far busier," said Melbourne barrister Thomas Danos. During the games, Mr Danos and Melbourne solicitor Paul Horvath set up a free legal service for athletes and officials. A similar service, and the first of its kind, was set up for the Sydney Olympics by the Sydney Bar.

Pro bono legal services at major sports events have recently emerged alongside the Court of Arbitration for Sport. CAS is based in Switzerland but has set itself up on an ad hoc basis at every Olympics and Commonwealth games since Atlanta in 1996. The court provides a streamlined dispute resolution system for athletes. Rules require matters to be resolved, if possible, within 24 hours of filing, and hearings often go well into the night so athletes can compete the next day.

Overseas people had no idea of how to get a lawyer or proper representation before CAS and Mr Danos said the pro bono scheme was set up to facilitate that. "It's not going to work if it's anything other than a pro bono scheme. The first thing a lawyer says is 'I need \$5000, \$10,000 upfront'. And what athlete or team is going to come here with those sorts of funds?" he said.

Sports law, if there is such a thing, is a niche area. Hearings before CAS generally involve athletes challenging doping rulings by officials. Selection disputes and fights over which nation an athlete is eligible to compete for also occur.

CAS had only one hearing in Melbourne, involving two Indian weightlifters. Their case was adjourned last week. Fifteen disputes were heard in Sydney, almost half of which concerned doping.

Mr Danos said the lack of disputes was surprising. "You'd think there'd be maybe half a dozen in Melbourne. But it's encouraging, it's good for sport," he said.

Practising certificates in a muddle

Matt Drummond

Thousands of Victorian in-house and government lawyers are in for a surprise when they seek to renew their practising certificates.

A glitch in the new Legal Profession Act means lawyers who have not had 18 months' "supervised legal practice" in a law firm are technically ineligible to keep practising.

In theory, to hold on to their practising certificates lawyers who took the in-house route shortly after finishing articles or practical legal training need to return to a law firm and billable hours to relearn the ropes — a horrifying thought.

"It was never intended that supervised legal practice would apply to people who got their first practising certificate before December 12, 2005 [when the act came into force]. This was always



John Cain

intended to be a prospective requirement," Law Institute of Victoria chief executive John Cain said.

But the new Legal Practice Board has received legal advice that, regardless of the government's intentions, the rule applies

to everyone. The result is that all lawyers, regardless of the years they have practised, need to have obtained 18 months' supervised legal practice in a law firm if they completed articles, or two years if they completed practical legal training.

However, board chairman Colin Neave said no one would be forced to call up a former employer to ask for their old job back.

"Our desire is not to put people through the hoops a second time," said Mr Neave, who promised that lawyers seeking an exemption from the new rule would simply need to establish to the board's satisfaction that they were "suitable" to hold a practising certificate.

"We're dealing with exception applications promptly in order to deal with any inconveniences," he said.

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Applications should be made to

**The Chief Executive Officer
Legal Practitioners'
Liability Committee**

**10th Floor
150 Queen Street
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Email: miranda@lplc.com.au

