



QUINLEY RISK ASSOCIATES, LLC

CLAIMS COACH BLOG

by Kevin R. Quinley, CPCU, AIC, ARM

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Confessions of a Claims Manager: 10 Ways Attorneys can Avoid Billing Tussles

Some of my best friends are defense lawyers.

To a person, however, they almost all feel frustration over insurance company cost pressures. Insurance companies face exquisite cost pressures. These filter down to claim departments and adjusters. In turn, they also filter down to defense attorneys.

How can defense attorneys whose practices focus on insurance claims foster improved relations with adjusters who assign cases and avoid contentious billing issues? Here are 10 tips from my years in the trenches of reviewing and paying legal bills:

#1. Read and follow the carriers guidelines! Virtually every firm at the courtship stage insists that they have seen all guidelines and will adapt happily to all guidelines. Often, this proves to be more lip service than substance. If you take on a new assignment for a carrier, study those guidelines as you would for a final exam.

#2. Avoid block building, which is a red flag for auditors. One way to stay off the radar screen of Bill auditors is to itemize each billing entry and avoid block building, where you describe a paragraph of activities and then put a bulk time charge next to it.

#3. Show "no charge" tasks on your bill with the notation "N/C." There may be certain researcher other tasks that you have conducted in connection with the case for which – – for whatever reason – – you do not intend to charge. Include these on the bill, so that the client can see that you are handling the case frugally.

#4. Proactively revise budgets when case dynamics warrant. To paraphrase a popular car bumper sticker, "Stuff happens." Budgets are useful disciplines, but they are subject to the caveat that circumstances change that can blow a budget to smithereens. Litigation is a dynamic setting, where factors beyond the defense attorneys control can necessitate additional work that would exceed an outdated budget. Do not wait for the client to ask for a revised budget. Part of your job is to scan the horizon for change in the circumstances. When these occur and drive a need for a revised budget, do that revised budget and send it to the client with some commentary.



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#5. Quality-check all bills before they leave your office. The client should not be the one catching billing errors.

#6. Never surprise the bill-payer. Before sending out a "whopper bill," pick up the phone and speak to the recipient. "The current bill is hefty and I wanted to prepare you and offer some context around it ..."

#7. Provide context for expense accumulation. Further, if the bill is large, recap in your cover letter the factors that drove the significant activity on the case. E.g., "this billing period was a phase of intense activity due to the following factors ..."

#8. Make the proper introductions before having "strangers" bill on the file. Call the adjuster or the client to say, "If you have no objection, I'd like to involve Joe Blow on part of this case to do ... I think this will be cost effective because ..."

#9. Keep an eye on the Big Picture and the likely case value in the context of your bill. Do not run up a \$50,000 bill on a case that has clear maximum exposure of, say, \$25,000.

#10. Know thyself. Assess whether you really, really want to do insurance defense work. Hey -- if billing guidelines and bill audits drive you crazy, consider another line of legal practice. There are lots of other areas. If you chose to practice law in this space, though, understand the "ecosystem" in which you'll operate and aim to cheerfully adapt! This is a whine-free zone!

Adopting these tips won't guarantee that you will be free from all friction regarding legal fees. However, embracing these practices will go far toward getting paid, getting paid promptly, and avoiding being delisted from the carriers panel because of billing missteps.

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