# **ENTERPRISE & OPERATIONAL RISK MANAGEMENT**

The Enterprise and Operational Risk Management Team operates largely in the background with tasks such as maintaining the technology and security programs, supporting other departments through business analytics, and developing and testing policies and procedures to maintain operations through unexpected events. The challenges of 2020 continued into 2021 with an ever-evolving pandemic and many projected return to office dates pushed into the future due to new variant surges.

Throughout it all, we continued to ensure you, our insureds, received the highest level of service whether your employees or ours were in an office, at home, or anywhere else in the world. The legal community's response to the challenges of the past two years continues to show how resilient and adaptive we all are in meeting whatever comes our way.

COVID-19 was not the only challenge we all faced. Cyber criminals increased their attacks on governments, businesses, and individuals. From the headline-grabbing discovery of the SolarWinds platform breach and the ransomware-infected Colonial Pipeline, to everyday attacks on individuals and businesses of all sizes making up \$6.9 Billion in losses reported to the FBI's Internet Crime Complaint Center. The story of the year was a massive increase in reported losses due to phishing attacks, which have increased more than 10-fold since 2018.



PATRICK BROWN
VICE PRESIDENT OF
ENTERPRISE AND
OPERATIONAL RISK
MANAGEMENT

The story of the year was a massive increase in reported losses due to phishing attacks, which have increased more than 10-fold since 2018.

# **CLIENT SERVICES**

With law firms fully adapted to the pandemic law life, we focused heavily on best practices involving law practice management and legal operations. We maintained priority messaging from the courts along with updates regarding shifting regulations and laws impacting the delivery of legal services. While there were breaks in the pandemic storm, we continued offering virtual programs to our valued policyholders to underscore our commitment of protecting the legal community while keeping them informed on how best to protect their livelihood. Client Services feels confident in its support of the company's mission of providing value to insureds through education and the sharing of resources to help lawyers better serve their clients.

# HIGHLIGHTS

- Focused communication on Cybersecurity and Wire Fraud. With remote
  work being the preferred mode of operation for most legal service
  providers, criminals seized the opportunity to target law firms. As a result,
  Lawyers Mutual double-downed on its approach to educate the legal
  profession on best practices to protect law firm operating systems from
  theft and costly disruption. MFAs for the win!
- Engaged an outside consultant to relaunch the company's social media communications to improve consistency and overall digital engagement.
   One of the first campaigns included sharing poignant, meaningful quotes from LM insureds, #intheirownwords.
- Virtual CLE. With the legal community fully embracing technology including virtual CLE offerings, we posted record attendance for online programs. We witnessed participation from all corners of North Carolina including remote areas and smaller communities which are often absent from traditional events. This response inspired us to continue offering a blend of in-person and virtual programs to our valued policyholders.



JULIE D. BEAVERS
DIRECTOR OF CLIENT
SERVICES

Client Services
feels confident in
its support of the
company's mission
of providing value
to insureds through
education and the
sharing of resources
to help lawyers better
serve their clients.

### **CLAIMS**

Despite the challenges presented over the past two years, Lawyers Mutual's claims attorneys continued to provide outstanding service to our insureds in 2021. Not only do our experienced claims attorneys assist with claims, but they also help avoid claims and minimize damages through our claims repair program. In 2021, of the claims closed, 78% were closed with no payment. The remaining 22% of claims were resolved through settlement.

In 2021, litigation errors accounted for one-third of all claims reported to Lawyers Mutual. Plaintiff's Personal Injury, under the litigation umbrella, constituted the single practice area with the most reported claims at 36. Residential real estate came in second with 32 reported claims. Estates and trusts claims were third at 31 claims, followed by family law claims with 28 reported in 2021. We expect these four areas of practice (Plaintiff's personal injury, residential real estate, estates and trusts and family law) to continue to lead in terms of claim counts.

Cyber-crime remains an area of concern for attorneys. Wire fraud was a problem prior to Covid-19; however, with the increase in remote work spurred by the pandemic, wire fraud has increased. Cyber-attacks have occurred in every sector of life and attorneys are not immune. In fact, real estate attorneys are a prime target for cyber criminals. We encourage our insureds to be proactive in protecting their data and systems and to familiarize themselves and their staff with cybersecurity. The Claims Department works closely with Client Services to try and do our part by alerting our insureds to common scams and issues as they arise.

#### **HIGHLIGHTS**

- Resolution of Claims. Of the claims closed in 2021, 78% of those files were closed with no payment. The remaining 22% of claims were resolved through settlement.
- Most Frequent Claims by Area of Practice in 2021: Plaintiff's Personal Injury (36), Residential Real Estate (32), Estates and Trusts (31), Family Law (28) and Litigation Other (10).



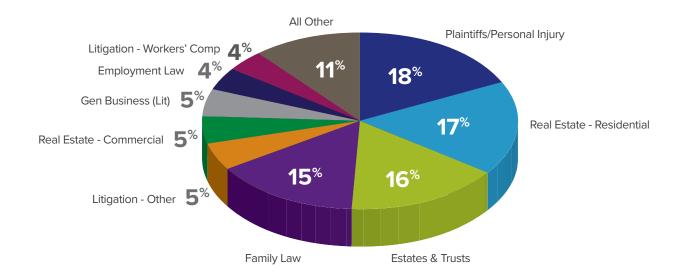
CLAIRE MODLIN
VICE PRESIDENT OF CLAIMS

Not only do our experienced claims attorneys assist with claims, but they also help avoid claims and minimize damages through our claims repair program.

### REPORTED CLAIMS BY YEAR



## REPORTED CLAIMS BY PRACTICE AREA



# **UNDERWRITING**

Motivation is what started Lawyers Mutual in 1977. A group of lawyers came together and invested their own money to form the first mutual insurance company for lawyers to address the lack of available legal malpractice insurance for North Carolina lawyers. Commitment is what keeps Lawyers Mutual successful. Underwriting commitment means being accountable to a single policyholder concerning their coverage and premium, as well as being accountable to all our policyholders concerning company performance.

Our underwriting successes in 2021 were the result of our continued commitment to North Carolina lawyers and their trust in us to be there when needed.

We are committed to providing exceptional service to our insureds. We are launching an updated insured portal and mobile app in 2022 so our policyholders can be mobile and utilize additional services such as:

- Fast and easy online payments
- · Access to policy documents
- · Electronic policy changes requests
- · Paperless billing to improve the environment
- Email payment reminders
- Saving time with autopay
- Online completion and submission of policy change requests, such as adding an attorney, removing an attorney, and change of address or business name;
- Access to current policy documents, such as declarations pages, endorsements, and attorney listing;
- Access to current invoices, billing documents, and payment information:
- Online payment options, including paperless billing, email reminders, and autopay;
- Online completions and submission of reissue applications; and
- Online completion and submission of new policy applications.



KATHY FISHER
VICE PRESIDENT OF
UNDERWRITING

- More than 7,500 insured attorneys
- 88% retention rate
- 645 new attorneys added
- \$18.6M in total premiums, ensuring the financial strength of the company