

# STATE BAR OF MICHIGAN STATE BAR OF MICHIGAN

## ***Legal Administrator Section***

***Winter 2002 Newsletter***

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## **Mark Your Calendars - "Disaster Response & Recovery Plan Workshop"**



**Date:** Tuesday, March 26, 2002  
**Time:** 7:30 AM Continental Breakfast  
8:00 - 9:30 Overview Presentation  
9:30 - 12:00 Plan Preparation/Workbook Session  
**Cost:** No Charge  
**Place:** Dickinson Wright's Detroit Office - 40<sup>th</sup> Floor  
**Topic:** "Disaster Response & Recovery Plan Workshop"  
**Presenters:** Craig A. Parrish & Linda M. Dickey  
Integrated Technologies Management

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"We will help you develop your own plan during this session."

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## **Disaster Response & Recovery Workshop**

On November 28<sup>th</sup>, we were fortunate to have Craig Parrish, President of Integrated Technologies Management, make the trek from Delaware to speak to our Section on Disaster Response & Recovery issues affecting all firms. This overview of the key issues sparked creative thoughts in all of us as we began to contemplate the varied issues involved in formulating plans for our respective offices.

Craig has presented this topic to audiences throughout the country. Since law firms make up approximately 85% of Integrated Technologies Management's client base, Craig is well versed in assisting firms with disaster recovery and other topics including comprehensive system audits to help firms proactively manage technology change.

In his presentation to us, Craig emphasized how the 1993 World Trade Center bombing incident was the catalyst for firms developing rapid recovery plans which were then key after September 11<sup>th</sup> in putting N.Y. back into business. Of the 350 businesses at the WTC in 1993, 150 were out

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of business one year later. The result of preparing a disaster recovery plan is not a "document", but rather a "living process".

Craig estimated that with a one-week outage, a law firm experiences a 25% loss in daily revenue and with a one-month outage the firm could suffer a 40% loss in daily revenue. Such an outage can result from several different events including software/hardware failure, power failure, ceiling sprinkler activation, fire contamination etc.

Craig also stressed the importance of "life safety" issues in a major disaster citing the National Fire Protection Agency (NFPA) as an excellent source for obtaining information on office evacuation procedures. After addressing the immediate response/personal safety issues, the plan should indicate key objectives for what recovery efforts are in place within 4 hours (command post established, voice mail activated, email re-routed etc.), within 24 hours (basic network restored, document management activated), within 36 hours (a temporary work facility is fully functioning with key staffing) and within 48 hours (all essential operations of the firm are restored, updates to clients are underway, court activities resume).

As an encore, Craig and his partner, Linda Dickey, Director of Operations, will be returning to Michigan to offer a workshop session to aid us in beginning to develop disaster response and recovery plans for our individual offices. After an initial overview presentation on ensuring continuity following a disaster or other severe event that interrupts daily operations, Craig and Linda will facilitate small groups in completing a workbook to guide you in developing your own plan. In addition to providing "the basics" necessary for your plan, particular attention will be given to life safety and computer system recovery issues.

### **Upcoming State Bar of Michigan Legal Administrator Section Monthly Council Meeting Dates**

**Section council meetings are open to all interested members of the section.  
All members are urged to attend and participate.**

<b>Date</b>	<b>Time</b>	<b>Location</b>
Tuesday, March 5, 2002	7:30 a.m.	Baker's Square, Birmingham

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Tuesday, April 9, 2002

7:30 a.m.

Baker's Square, Birmingham

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### **Professional Liability Insurance: Changing Winds**

By: Michael Kelter, Proquest Insurance Agency

From 1987 through 2000, the average rate per attorney (factoring in limits, deductibles and inflation) declined by 80%. This evidenced the longest and most pronounced soft market cycle ever seen.

Last year brought the first signs of an overall market change. Contributing to this were many factors:

- The withdrawal (for various reasons) of many insurers with substantial market share for attorneys;
- A reduction in insurers' Investment Income (the income earned by investing premiums received until such time as claims are paid) from 20-30% annually to near 0%;
- A steady increase in the frequency and severity of claims paid;
- Rates that had fallen much too low to support the policies being written.

Firms, which had been seeing premiums decrease upon renewal, began to see renewals with flat or slightly increased premiums. Certain coverage's came off the policy, or had to be purchased for additional premiums. Underwriting requirements tightened, with much more attention being paid to the manner in which a firm was managed to minimize risk.

These trends accelerated throughout the year and into this year. Renewals with rate increases of 5-25% for the very best firms became the norm, and multiple year policies were reserved for very few firms. Reinsurance markets dealt the last blow this summer, by implementing 30-100% rate increases to the primary insurers, or simply backing out of the market.

With the aftershock of September 11<sup>th</sup> being felt worldwide and a general decline in insurers loss ratios, expect 2002 to continue the pattern seen over the last two years. Our advice in these turbulent times is simple: reinvest in your firm through stronger risk management efforts, secure your coverage through a financially sound and stable insurer, and when it comes time to renew your policy, remember that it has been a very good ride!

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### **ALA Annual Conference**

The 31<sup>st</sup> Annual Educational Conference and Exposition will be from May 21-24, 2002, in San Antonio, Texas. The ALA News listed several reasons why you should consider attending this event:

- 1) Create your own agenda by attending only the sessions that interest and benefit you – more than 100 to choose from.
- 2) Participate in thought-provoking discussions on workplace issues that affect you and your organization.
- 3) Preview the industry's latest products and services at the 300 booth Exposition.
- 4) Get cutting edge information on how to increase your firm's or legal department's profitability and productivity.
- 5) Interact with successful professionals who you wouldn't otherwise have an opportunity to meet.

### **Have You Visited Our Section's Web Page Lately?**

We are in the process of evaluating several potential links for our Section's web page to educational sites that would be of interest to Legal Administrators. We are in discussions with Eastern Michigan University, Oakland University and SkillPath in an effort to establish links to educational opportunities for our Members. Stay tuned as more information will follow.

## ***2001-2002 Section Officers and Council Members***

### **Chairperson**

**John Gorzalski** ([jgorzals@dickinson-wright.com](mailto:jgorzals@dickinson-wright.com))  
Dickinson Wright PLLC - Bloomfield Hills  
Tele: (248) 433-7577 Fax: (248) 433-7274

### **Chairperson-Elect**

**Michelle Kimbro** ([mkimbro@dykema.com](mailto:mkimbro@dykema.com))  
Dykema Gossett PLLC - Detroit  
Tele: (313) 568-6643 Fax: (313) 565-5440

### **Secretary-Treasurer**

**Kathy Batts** ([kbatts@mbpia.com](mailto:kbatts@mbpia.com))  
Patterson, Pirslin & Merry - Detroit  
Tele: (313) 877-7002 Fax: (313) 877-7001

### **Corresponding Secretary**

**Jeanne Yee** ([jyee@jafferaitt.com](mailto:jyee@jafferaitt.com))  
Jaffe, Raitt, Heuer & Weiss - Detroit  
Tele: (313) 964-8637 Fax: (313) 965-5448

### **Legal Administrator Section**

#### **State Bar of Michigan**

c/o John Gorzalski  
Dickinson Wright PLLC  
38525 Woodward Ave, Suite 2000  
Bloomfield Hills, MI 48304-2970

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### **Council Members At Large**

**Bill Parsons** ([parsons@mcps.com](mailto:parsons@mcps.com))  
Miller Canfield Paddock & Stone, PLC - Detroit  
Tele: (313) 963-6420 Fax: (313) 496-7699

**David A. Roback** ([daroback@hdp.com](mailto:daroback@hdp.com))  
Harness, Dickey & Pierce - Troy  
Tele: (248) 641-1201 Fax: (248) 641-0270

### **Ex-Officio**

**Anita Monaco** ([amonaco@bcbsm.com](mailto:amonaco@bcbsm.com))  
Blue Cross Blue Shield of Michigan - Detroit  
Tele: (313) 225-7831 Fax: (313) 983-2470

### **State Bar of Michigan Liaison**

**Evanne L. Dietz** ([evanne.dietz@3cc.co.wayne.mi.us](mailto:evanne.dietz@3cc.co.wayne.mi.us))  
Third Judicial Circuit Court - Family Division  
Tele: (313) 967-6968