



# International Reach

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Editor

Insurance law is globalizing, and international networks of independent law firms present an attractive alternative to a merger between individual firms.

As insurance globalizes, business and insurance law firms in Europe, Canada and the United States are marrying up, and legal networks are expanding across the Atlantic to provide an attractive alternative for insurance defence firms wishing to retain their local identities.

For a variety of reasons, a number of business and insurance law firm mergers and strategic partnerships have been announced over the past few years.

At least three main reasons are cited for these mergers. One is the increasing internationalization of insurance, dominated by the London, New York, Chicago and Bermuda markets. A second reason is Europe's renewed interest in the Canadian market, which is frequently described as a stable market that can help diversify risks globally. This is tied in with the third reason,

which is that insurers are increasingly looking to expand into emerging markets in South America, Asia and the Middle East. Canada is a place where capital can be parked safely while insurers pursue comparatively riskier ventures in the new markets.

The fact that insurers are expanding onto these global markets suggests the need for a more internationalized legal claims expertise. And so, individually, international firms have been exploring opportunities to merge with Canadian partners.

Most recently, for example, Canadian insurance law firm Nicholl Paskell-Mede LLP (NPM) joined forces with U.K.-based law firm Clyde & Co. effective Sept. 1, 2011. Clyde & Co. specializes in the areas of aviation, insurance, marine, energy, construction and infrastructure and trade and finance. NPM specializes in insurance law and professional and civil liability defence work. As a result of the merger, NPM's team of 40 professionals, including 15 partners based in Montreal and Toronto, became part of Clyde & Co.'s global network that currently includes 24 offices and 1,400 employees worldwide. NPM will adopt the Clyde & Co. brand and banner.

This announcement followed the June 1, 2011 pairing of Ogilvy Renault in Canada, a business



law firm with a specialty practice in insurance law, with the international business law firm Norton Rose Group.

Meanwhile, DLA Piper, a global law firm that does work in commercial law (including product liability), is also looking to get into the game in Canada. The *Globe and Mail* reported in March 2011 that DLA Piper was in talks with several large Canadian legal firms about a potential merger.

Given all of this activity happening at the individual firm level in Canada, it is perhaps not surprising that national networks of independent Canadian legal firms are forming affiliations with like-minded networks of independent legal firms in Europe and the United States.

In Canada, for example, The ARC Group Canada, a network of independent law firms across the country, has formally associated itself with Insuralex, a worldwide network of 21 independent insurance and re-insurance law firms based in the United States, Europe and South America. Insuralex offers legal services dedicated to the insurance and risk management communities.

Basically, Insuralex treats The ARC Group Canada as it would any other national organization. For example, the Insuralex network has a firm in England, a firm in France, a firm in Italy, etc. The ARC Group Canada's eight members would be considered 'the firm' in Canada. The ARC Group Canada would be attracting business from European insurers to the various firms in Canada.

"In ARC, Insuralex has been fortunate to find not a member, but a partner that itself has members covering the whole of Canada — members that have the same values and expertise as Insuralex's members, and that are committed to the same aims and benefits for their clients," says Insuralex president-elect Bill Perry, a solicitor with Perry Carter Bailey, a solicitor's firm in London. "Our co-operation is thus, as we see it, a 'natural.' It can only be of assistance to the clients

of every member of ARC and Insuralex.

"In those circumstances, Insuralex sees no need to enter the Canadian market, which is fully covered by firms in whom it has every confidence and with whose group, The ARC Group, Insuralex is delighted to work as an alliance of equals who share these mutual objectives and values."

From a Canadian standpoint, given the globalization of the insurance business, an association with networks of independent legal firms elsewhere in the world simply makes good business

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sense, says Jamie Trimble, partner at Hughes Amys, one of eight members of The ARC Group Canada Inc.

Trimble cites at least two main reasons why the network affiliation approach might be an attractive alternative to a merger between individual law firms.

"The first benefit is, it gives us the ability to market beyond our borders to clients who do business within our borders," he says. Of course, legal firms can do this without the need for a network. But the primary benefit of the network is that it allows firms within the network an opportunity to do their homework on one another.

"We knew from our existing clients and our broader inquiries that the people we were going to do business with and represent ourselves with [through Insuralex] were very good at what they do, excellent in their marketplaces and had a good reputation among the clients

for whom they do the types of work that we do," he says. "What it means for us is that we are satisfied those with whom we are taking up a common cause reflect the values that we reflect in the market, do the kind of work that we do or compliment us in some way, and quality is appropriate."

A second reason has to do with the almost 'federated' approach of a network. The legal firms participating in the network can pool resources and take advantage of the strength of the larger network, which can bring in business referrals from around the world. They do this without losing their individual brands or identities, which can be a strength domestically.

"When you are in an affiliation, everybody is a separate firm," says Trimble. "We have connections and referrals and marketing opportunities as a group, but we are still separate businesses. We keep not only the autonomy, but also the good will."

Domestic insurers that have been in business for a long term may not want to lose the benefits associated with longevity that their established names connote. In the legal world, a firm name often expresses a solid institutional backing behind the work of reputable individual lawyers. The firm name can be an advantage in a domestic courtroom setting, Trimble says, an advantage that might be lost if the firm name disappears as a result of a merger.

"When I go into a courtroom and people see the name of the firm, that says something," he says. "It's not going to win you the day, but it says something. Normally what it says is: 'They know what they are doing, they are established and reputable, they have been around a long time' — all the stuff that longevity says. If you lose your identity tomorrow, because, for example, we cease being [a longstanding identity] and become XYZ, then the only reputation and recognition that you carry with you is personal now." ≡



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