

Biglaw Firm Loses \$62 Million But Assures Clients of Financial Stability

Last week, news broke about a successful arbitration brought against the law firm Husch Blackwell by their former client Burns & McDonnell. The engineering firm alleged that Husch Blackwell partner Charles Renner had breached his duty of loyalty to them when he tanked their bid to build the new Kansas City airport while working as outside counsel for the city council. Ultimately, a different client of Renner's won the airport contract, earning them an award of \$62 million from the arbitration panel.

At the time, Husch Blackwell was tight-lipped about the decision due to a confidentiality clause in the agreement. However, an internal email sent by Paul Eberle, the firm's CEO, and Catherine Hanaway, its chairperson, revealed that the firm believed the decision to be wrong on its merits. Nonetheless, they chose to move forward despite this setback.

Fortunately for Husch Blackwell, their professional liability insurance is expected to cover at least part of the cost associated with the award. This has led to assurances from both Eberle and Hanaway that there would be no material impact on the firm's financial condition.

The significance of this news cannot be understated, as many Biglaw firms have had to contend with a worrying economic downturn in recent times. The lack of significant damage to Husch Blackwell's finances should reassure other firms of the importance of professional liability insurance.

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At the same time, it is worth considering what this judgment could mean for the future of legal services. Clients are increasingly becoming more aware of their rights and will not hesitate to pursue them in cases where they feel they have been wronged. This development could cause law firms to take a more proactive approach to client relationships, as any breach of loyalty may reflect poorly on the firm's reputation.

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Ultimately, this ruling could represent the beginning of a shift in how legal services are viewed by those who access them. Clients may now expect greater accountability and transparency from their law firms and assurance that their interests are put first. Whether this would ultimately benefit the legal profession remains to be seen. However, due to its professional liability insurance policy, Husch Blackwell has managed to avoid any significant financial damage. That is certainly something worth celebrating.

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