



People, Prices, Problems: The Legal Industry's 2024 Risk Index

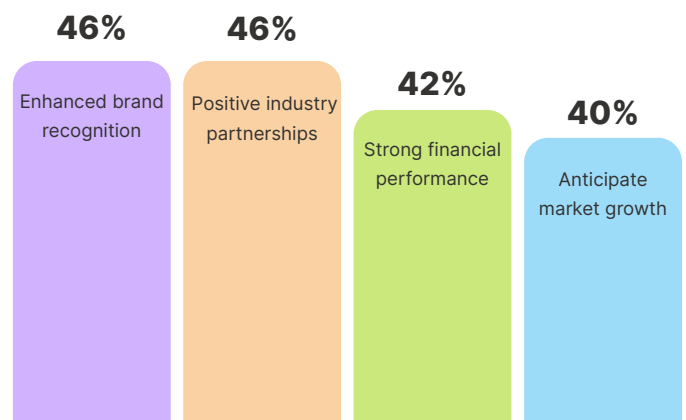
There's a strong chance your lawyer is more optimistic than you.

There has been plenty to be down about in 2024 (*natural disasters, a historically unique election, Barbie only won one Oscar*). Despite this, lawyers are largely hopeful for the future of their business. Their excitement doesn't end there: close to half believe the legal industry as a whole will grow in the year to come.

70% of lawyers are optimistic about the health of their business in the year to come.

Of that 70%:

- **46%** have experienced enhanced brand recognition.
- **46%** report positive industry partnerships or collaborations.
- **42%** cite a strong financial performance in the front half of the year.
- **40%** anticipate market growth in the law industry.



But, external pressures cast doubt on those more apprehensive about the future.

52% cite economic uncertainty in the future

47% say political uncertainty causes their uncertainty

Law has a people problem — and we're not talking about clients.

Law firms struggle to hire experienced attorneys, and leaders are looking to remedy this by hiring and networking for the rest of 2024 and beyond.

52% of lawyers are prioritizing retaining and hiring employees

50% of firms struggled with employee retention in 2023

46% are prioritizing networking

When they aren't worrying about their people, they're worrying about prices.

Optimism can't cure inflation, which continues to loom over attorneys. Many believe the clouds of inflation will hover for a while, leading more than one-third to prioritize revenue acceleration in the remainder of 2024.

58%

struggled with the rising cost of business in 2023

52%

cited inflation as their leading external risk in 2023

50%

of attorneys say inflation is the biggest threat to their business in 2024 and beyond.

35% are prioritizing sales and revenue growth in 2024

Sure, AI might win Jeopardy, but probably not a deposition.

Law as an industry is largely hesitant to adopt AI — and when they do, it's not exactly writing closing statements.

Only 22% of lawyers report using AI internally or externally at work. 76% report that they are cautious about using AI tools in general.

When they do, they use it for:

48%

Developing or drafting content

39%

Analyzing large datasets

I am hesitant to use AI tools because of concerns with...

Legal and ethical issues due to misuse or unintended consequences of AI technology – 42%

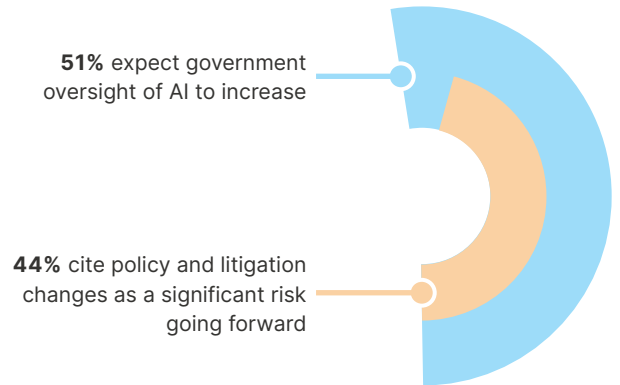
Data privacy, and the collection and use of sensitive consumer data – 41%

Security vulnerabilities, cyberattacks or data breaches targeting AI systems – 39%

Despite 33% reporting using AI to enhance cybersecurity measures

Legal professionals are cautiously eyeing AI, with many citing hesitations like data privacy and misuse cases. Legal risks aside, many are concerned about cybersecurity issues, despite some claiming to use AI to enhance their cybersecurity protections.

One thing they largely agree on, though, is that change is coming. Increased government oversight means lawyers must consider new challenges not just to themselves, but those they represent, causing many lawyers to list policy and litigation changes as a risk for the future.



Lawyers are taking the biggest risk of all: not adapting to AI.

Many attorneys have no plans to change how they address risk. And, those who do, place the burden largely on the very people they report are hard to find and retain.

Only **36%** of attorneys have plans to change their risk management approach, even after having experienced the attrition of risk previously.

58%

are relying on training programs to enhance employee awareness and understanding of risk

39%

will improve crisis management protocols to respond effectively to unexpected events

Lawyers feel underinsured, and few plan to fix that.

Lawyers believe they can handle risk on their own, bypassing insurance improvements, despite many already feeling under-insured.

52% of lawyers believe their current insurance policy would either only partially cover their organization in a data breach, or not at all.

14% will enact new or higher limit insurance policies to mitigate their risk.

Want to know more about risk in law? Visit our website: embroker.com

*Embroker commissioned a spring 2024 survey of 200 legal professionals.
All answers were anonymous and voluntary.*