Private Equity
LEGAL ALLIANCE

Defending the Balance Sheet:

Insurance Defense as Institutional Litigation Infrastructure

Why the Carrier-Funded, Panel-Driven, Data-Heavy Business of Liability Defense Is a Recurring Institutional Platform – and Why the Fragmented Legacy Panel Is No Longer Fit for the Fight

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Author's Note
A Defining Moment for Insurance Defense

by SETH DEUTSCH

For the past 18 months, my colleagues and I in the Private Equity Legal Alliance (PELA) have been closely studying the insurance defense market. We've been watching the evolution of private capital in legal services, examining the economics of insurance defense, and talking about what we believe is an extraordinary opportunity for the founders and owners of firms operating in this space.

We've also been waiting for the moment when that opportunity would become impossible to ignore.

I believe that moment has arrived.

Charlesbank Capital Partners' landmark investment in Wood Smith Henning & Berman, structured through a management services organization (MSO), represents a significant milestone for the insurance defense industry. With other firms currently exploring similar transactions, what we have been anticipating for some time is now taking shape.

For insurance defense firm founders, this is a moment to pay attention. Not because every firm should pursue outside capital or seek a transaction, but because the emergence of institutional investment could fundamentally change the competitive landscape, the opportunities for growth, and the ways owners think about the long-term value of the businesses they've built.

That's why we created PELA: to bring together the expertise, resources, and perspectives founders need to understand these changes, evaluate their options, and make informed decisions about their futures.

This white paper is intended to help start that conversation. It examines the forces reshaping insurance defense, the opportunities emerging for founders and investors, and the operating and financial models that could define the next generation of successful firms.

We've been talking about this moment for some time. Now it's here. And whether your ambition is to build a national platform, partner with one, or continue growing independently, we believe understanding what's happening — and what it could mean for your firm — has never been more important.

Seth Deutsch
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1. Executive Summary

Insurance defense is not a practice area. It is an institutional litigation infrastructure business that happens to be organized inside law firm wrappers. Property and casualty carriers and self-insured corporations face a continuous, contractually mandated obligation to defend covered claims, and they discharge that obligation by routing an enormous, recurring volume of litigation to outside counsel under panel agreements, litigation-management guidelines, and electronic-billing systems. The work is carrier-funded, panel-driven, volume-based, data-intensive, and counterparty-strong. Viewed without the law firm packaging, it is one of the largest recurring-revenue, business-to-business institutional service markets in the United States that private capital has not yet organized.

The thesis of this paper is that the structural conditions which made this a stable, fragmented cottage industry for fifty years have broken, and that the break creates both a problem for carriers and an opportunity for the firms and investors who build the platform that solves it. The problem is straightforward: carriers are now defending a more expensive, more coordinated, and more technologically enabled plaintiff bar than at any point in the history of American tort litigation. The legacy defense response — a sprawling panel of hundreds of independent local firms, billing by the hour, coordinated by no one — was built for a slower, cheaper, more fragmented adversary. It is no longer fit for the fight.

135	+57%	$529B	~$23B+
Record nuclear verdicts in 2024, totaling $31.3B (Marathon Strategies)	Decade rise in U.S. liability claims from social inflation (Swiss Re)	Annual U.S. tort system cost, ~2.1% of GDP (U.S. Chamber ILR)	Annual P&C defense & cost-containment spend (Triple-I)

The demand evidence is unambiguous and recent. The number of nuclear verdicts — jury awards of ten million dollars or more against corporate defendants — reached a record 135 in 2024, a 52 percent jump in a single year, with total awards of $31.3 billion, up 116 percent, and a median award that has risen from roughly $21 million in 2020 to $51 million (Marathon Strategies, Corporate Verdicts Go Thermonuclear, 2025). The Swiss Re Institute attributes a 57 percent increase in U.S. liability claims over the past decade to social inflation, which peaked at a 7 percent annual contribution in 2023 (Swiss Re Institute, sigma 4/2024). And the U.S. tort system cost an estimated $529 billion in 2022, about 2.1 percent of GDP, growing at roughly 7 percent a year (U.S. Chamber Institute for Legal Reform, 2024). These are not cyclical fluctuations. They are a structural elevation in the cost and intensity of the litigation carriers are obligated to defend.

Behind the verdicts sits an industrialized plaintiff bar. Commercial litigation finance in the United States now represents roughly $16.1 billion in assets under management (Westfleet Advisors, 2024), capital that lets plaintiff firms carry cases longer, refuse early settlements, and coordinate at national scale. Legal services advertising exceeded $2.5 billion across nearly 27 million advertisements in 2024 (ATRA / X Ante, 2025). Mass-tort lead generation, AI-assisted case valuation, and private-equity-backed plaintiff platforms have turned what was once a local contingency practice into a national, data-driven, capital-fueled enterprise. The plaintiff bar industrialized; the defense bar did not.

Executive Summary *(continued)*

Against that adversary, U.S. property and casualty insurers incurred approximately $29 billion in defense and cost containment expenses across liability lines in 2025 (Triple-I), within an industry that surpassed $1 trillion in direct premiums for the first time in 2024 (S&P Global). While that defense expenditure includes costs beyond fees paid to outside counsel, it underscores the substantial resources devoted to defending claims and managing litigation. Yet the firms providing outside defense services remain highly fragmented: even the largest national insurance defense firms employ fewer than 1,700 attorneys, and hundreds of regional and local firms compete for carrier assignments. As carriers seek greater coordination, data transparency, accountability, and cost control, firms capable of delivering those capabilities consistently across jurisdictions may be increasingly well positioned to capture a larger share of outside-counsel work.

This is the opportunity, stated plainly. There is a large, recurring, institutionally-clienteled, technology-intensive service market; an adversary that has professionalized; a buyer base that is actively concentrating its spend; and a supply side too fragmented to meet the moment. That is the precondition for consolidation. The professional-services roll-up has already played out in accounting and dental care, and the capital is positioned: insurers themselves, the source of the work, are pivoting hard into private markets, with roughly 62 percent planning to increase private-markets allocations (Goldman Sachs Asset Management, 2025). The firm or platform that assembles scale, data, and coordinated trial capability into a single operating system — and the founders and investors who build it — will define the category.

This paper sets out the demand engine, the industrialized adversary, the market size and fragmentation, the carrier value proposition, the economics and the operating-system discipline that separates durable platforms from undisciplined ones. It further provides the founder and operator lens as well as the execution architecture through which capital can participate. Personal injury is the doorway through which many readers first encountered legal-services consolidation; this paper steps through it and closes it behind us. Insurance defense is its own thesis: a separate platform, a separate client base, a separate ethics architecture, and a separate, arguably more durable, institutional business.

2. The Thesis: Litigation Infrastructure Inside Law Firm Wrappers

2.1 The Reframe

Most observers see insurance defense as a low-margin corner of the legal profession: commodity litigation, rate-pressured, unglamorous. That view mistakes the wrapper for the business. Strip away the law firm packaging and what remains is a recurring, contracted, high-volume service relationship between two institutions: a carrier or self-insured that must defend claims, and a firm that supplies that defense at scale under negotiated terms. The revenue recurs because the obligation recurs. The counterparty is creditworthy because it is an insurance company. The volume is predictable because claims arrive continuously, governed by contracts and guidelines rather than by advertising or referral. This is the profile of an institutional infrastructure business, not a boutique practice.

The reason this has not been recognized as such is historical. For five decades, insurance defense was delivered by a fragmented network of independent local firms, each holding relationships with a few carriers in a few jurisdictions, each billing by the hour, none operating as a coordinated enterprise. The fragmentation was not a flaw in the market; it was the natural state of a business in which carriers spread risk across many vendors and no firm had the capital or the systems to operate nationally. That equilibrium held because the adversary — the plaintiff bar — was itself fragmented, local, and capital-constrained. When both sides of the litigation are cottage industries, neither needs to industrialize.

The Thesis **Insurance defense is an institutional litigation infrastructure business hiding inside law firm wrappers. The commercial opportunity exists on its own terms — recurring carrier-funded revenue, an industrializing adversary, and a fragmented supply base — independent of any particular legal structure used to capitalize it. The structure follows the thesis; it does not create it.**

2.2 Why the Equilibrium Broke

The equilibrium that sustained the fragmented defense bar has broken on the demand side. The plaintiff bar industrialized, capitalized by litigation finance, coordinated nationally, armed with data and advertising at a scale the defense bar has never matched, and the cost of the claims carriers must defend rose accordingly. Sections III and IV document this in detail. The consequence is that carriers now confront an adversary operating as a coordinated, well-capitalized enterprise while their own defense is delivered by hundreds of disconnected firms. The asymmetry is structural, and carriers feel it as rising loss costs, adverse verdicts, and a defense spend that buys less protection than it used to.

The Thesis: Litigation Infrastructure Inside Law Firm Wrappers *(continued)*

When one side of a contest industrializes, the other must follow or lose. That is the engine of this thesis. The carriers cannot industrialize the practice of law themselves; the independence and unauthorized-practice rules forbid it, and their core competency is underwriting, not litigation. What they can do, and are already doing, is concentrate their defense spend among fewer, more capable firms and reward the platforms that bring coordination, data, and trial capability to the fight. The firm that becomes that platform captures a disproportionate and growing share of a multi-billion-dollar recurring market. The opportunity is not to invent demand; it is to organize a supply base that the market is already demanding be organized.

2.3 Personal Injury Is the Doorway, Not the Thesis

Legal-services consolidation entered public view through personal injury, where private equity, management structures, and brand-name plaintiff firms made the trend visible. But that visibility is useful only as a doorway: it demonstrates that law firms can be organized into recurring-revenue platforms and attract institutional capital. But the personal injury thesis and the insurance defense thesis are separate, and this paper treats them as such. They have different clients (injured consumers versus institutional carriers), different revenue models (contingency versus contracted panel fees), different demand drivers (advertising and intake versus claim volume and litigation intensity), and different ethics architectures. They are not two sides of one trade to be held together; they are distinct platforms with distinct theses. This paper is about insurance defense, on its own terms, and does not contemplate combined plaintiff-and-defense exposure.

3. The Demand Engine: Social Inflation, Nuclear Verdicts & the Rising Cost of Defense

3.1 The Nuclear-Verdict Record

The clearest measure of the rising cost of litigation carriers must defend is the nuclear verdict — a jury award of $10 million or more. In 2024, U.S. courts produced a record 135 such verdicts against corporate defendants, a 52 percent increase over 2023, with total awards reaching $31.3 billion, up 116 percent year over year (Marathon Strategies, *Corporate Verdicts Go Thermonuclear: 2025 Edition). The median nuclear verdict has more than doubled since 2020, rising from roughly $21 million to $51 million, and "Thermonuclear" verdicts of $100 million or more hit a record of 49 in 2024.*

The breadth of these verdicts is as significant as their magnitude. In 2024, they spanned 34 states, 77 courts, and 55 industries, reaching well beyond traditionally high-risk jurisdictions and affecting defendants across product liability, commercial transportation, premises liability, and other sectors. For carriers, this breadth means that the tail risk on a routine-looking claim has risen everywhere, which raises the value of capable defense on every file, not merely the catastrophic ones.

NUCLEAR-VERDICT METRIC	2020	2023	2024	SOURCE
Number of verdicts ≥ $10M	~41 (est.)	89	135	Marathon Strategies 2025
Total award dollars	—	~$14.5B	$31.3B	Marathon Strategies 2025
Median verdict	~$21M	~$44M	$51M	Marathon Strategies 2025
Thermonuclear (≥ $100M)	—	27	49	Marathon Strategies 2025
Verdicts exceeding $1B	—	2	5	Marathon Strategies 2025

3.2 Social Inflation as a Structural Force

Nuclear verdicts are the visible peaks of a broader phenomenon insurers call social inflation: the tendency of liability-claim costs to rise faster than economic inflation, driven by shifting jury attitudes, aggressive litigation tactics, and third-party funding. The Swiss Re Institute, constructing a dedicated social-inflation index, attributes a 57 percent increase in U.S. liability claims over the past decade to this force, which reached an annual peak contribution of 7 percent in 2023 (Swiss Re Institute, sigma 4/2024, Litigation costs drive claims inflation). U.S. commercial casualty insurance losses grew roughly 11 percent a year to reach $143 billion in 2023, and liability lines exposed to bodily injury recorded cumulative underwriting losses of $43 billion over five years.

Subsequent actuarial analysis quantifies the impact on carriers directly. Work by the Casualty Actuarial Society and the Insurance Information Institute estimates that legal system abuse and related inflation added on the order of $231 billion to $281 billion to liability losses and defense-and-cost-containment expense over the decade from 2015 to 2024, with commercial auto liability alone accounting for $52 billion to $71

billion of that figure (CAS / Triple-I, 2025). The driver is severity, not frequency: commercial auto liability claim severity rose more than 90 percent over that period, and product liability severity rose several-fold. Carriers are not being sued more often so much as being made to pay far more when they are.

3.3 The Cost of the System

At the broadest level, the U.S. tort system cost an estimated $529 billion in 2022 — about 2.1 percent of GDP, or roughly $4,200 per household — and has been growing at approximately 7 percent a year, outpacing both inflation and GDP growth (U.S. Chamber Institute for Legal Reform, Tort Costs in America, 2024). On current trends the system cost is projected to approach $1 trillion by 2030. Whatever one makes of the policy debate around these figures, their implication for the defense market is direct: the dollar value of what carriers and self-insureds must defend is large, rising, and structurally driven. The demand for capable defense is not a cyclical bet. It is a secular trend with a decade of data behind it.

Strategic Insight **The demand thesis does not depend on predicting the next verdict. It rests on a decade of realized data — a 57% social-inflation rise (Swiss Re), a tort system growing ~7% a year toward $1 trillion (ILR), and nuclear verdicts up 116% in dollars in a single year (Marathon). Carriers are obligated to defend this litigation whether the market hardens or softens. The work recurs because the duty to defend recurs.**

4. The Industrialized Adversary: How the Plaintiff Bar Professionalized

4.1 Capital: Litigation Finance

The single most important change in tort litigation over the past fifteen years is that the plaintiff side acquired institutional capital. Commercial litigation finance in the United States now represents roughly $16.1 billion in assets under management across some 42 active capital providers (Westfleet Advisors, 2024 Litigation Finance Market Report). This capital changes plaintiff behavior structurally: a funded plaintiff firm can carry cases longer, decline early and reasonable settlements, invest in expert-intensive case development, and pursue verdicts that an unfunded firm could never afford to chase. Litigation funding converts the plaintiff bar from a cash-flow-constrained contingency business into a capitalized enterprise able to wage protracted, well-resourced campaigns.

New capital commitments in commercial litigation finance moderated in 2024 to roughly $2.3 billion, down about 16 percent year-over-year, before rebounding the following year, a pattern Westfleet attributes to capital-market cyclicality on the supply side rather than any decline in demand. The point for carriers is not the annual flow but the installed base: a multi-billion-dollar pool of capital now stands behind plaintiff litigation, and it did not exist at this scale a generation ago. The defense bar faces a counterparty that can outspend and outlast it on any individual file unless the defense side brings comparable resources and coordination.

4.2 Reach: Advertising and Lead Generation

The plaintiff bar also built a national demand-generation machine. Legal-services advertising in the United States exceeded $2.5 billion across more than 26.9 million advertisements in 2024 (American Tort Reform Association / X Ante, Legal Services Advertising in the U.S. 2020–2024). Out-of-home and billboard spending has risen more than 260 percent since 2017; television, radio, and digital lead-generation campaigns blanket every major market. Mass-tort advertising in particular operates as an industrialized funnel; thousands of advertisers, national connected-television campaigns, and lead aggregators route claimants to firms at scale. This machine manufactures claim volume, shapes the jury pool's expectations about award size, and feeds the funded litigation pipeline.

The cumulative effect is a feedback loop hostile to carriers: advertising raises claim frequency and primes juries toward larger awards; larger awards attract more funding; more funding underwrites more aggressive litigation and more advertising. Researchers studying the relationship between advertising saturation and jury behavior describe exactly this dynamic. A defense response built for an era before this loop existed — a quiet local firm handling files one at a time — is structurally outmatched.

4.3 Coordination: Data, AI, and Platforms

Finally, the plaintiff bar professionalized its operations. National mass-tort practices coordinate claims across jurisdictions; AI-assisted tools value cases, screen claimants, and optimize settlement timing; and private capital has begun consolidating plaintiff firms into managed platforms with shared data, marketing, and back-office systems. Whatever one thinks of these developments, they represent a level of operational sophistication, coordination, and capitalization that the fragmented defense bar has not matched. The plaintiff side increasingly fights as a coordinated enterprise; the defense side still largely fights as a collection of individual firms.

The Carrier Problem **Carriers are being forced to defend a more expensive, more coordinated, and more technologically enabled plaintiff bar than at any point in the history of American tort litigation — a bar backed by ~$16B in litigation finance and a $2.5B advertising machine. The old fragmented defense panel of hundreds of independent local firms, billing by the hour and coordinated by no one, was built for a slower, cheaper, more fragmented adversary. It is no longer fit for the fight.**

5. The Market: Carrier Defense Spend, Scale & Fragmentation

5.1 The Size of the Spend

U.S. property and casualty insurers spend on the order of $23 billion or more each year on defense and cost containment — the line item that captures outside-counsel fees and related litigation expense (Insurance Information Institute; most recent published total approximately $23.1 billion for 2022). That figure understates the full opportunity because it excludes the substantial defense spending of self-insured corporations and large self-insured retentions, which buy litigation defense directly rather than through a carrier. It also sits inside a vast and growing premium base: U.S. P&C direct premiums written crossed $1 trillion for the first time in 2024, growing 8 percent year over year (S&P Global Market Intelligence). Defense and cost containment has grown materially over the period, rising roughly 29 percent across all P&C lines between 2018 and 2023 and approximately 65 percent for general liability (Triple-I).

The trajectory matters more than any single year's figure. Defense spend is growing because the litigation it funds is growing, and the growth is concentrated precisely in liability lines where social inflation and nuclear verdicts bite hardest: commercial auto, general liability, product, professional. This is a large recurring market with a secular growth driver behind it, which is the demand profile institutional capital seeks.

MARKET METRIC	FIGURE	SOURCE / YEAR
U.S. P&C defense & cost-containment spend	~$23.1B (most recent total)	Triple-I, 2022
DCC growth, all P&C lines (2018–2023)	+29%	Triple-I
DCC growth, general liability (2018–2023)	+65%	Triple-I
U.S. P&C direct premiums written	>$1 trillion (first time)	S&P Global, 2024
U.S. legal services market	~$397B	Grand View Research, 2024
Largest single insurance-defense firm	<1,700 attorneys	NLJ 500, 2025

5.2 The Fragmentation

Against this multi-billion-dollar recurring spend stands a remarkably fragmented supply base. The largest dedicated insurance-defense firm in the country employs fewer than seventeen hundred attorneys, and only a handful of firms operate true multi-state, broad-line defense platforms; the rest of the market is distributed across hundreds of regional and local firms, most serving a few carriers in a few jurisdictions (National Law Journal 500, 2025). There is no dominant national consolidator. Measured against the size and importance of the spend it serves, the insurance-defense bar is among the most fragmented large professional-services markets in the country.

Fragmentation of this kind, sitting beneath a large and growing institutional spend, is the textbook precondition for consolidation. It is the same structural setup that preceded the roll-ups in accounting and dental care: a critical service, bought by sophisticated institutional or quasi-institutional buyers, supplied by a long tail of subscale firms with aging founders and no capital to modernize. The difference here is that the buyers are not just present; they are actively pushing the market toward consolidation through how they purchase, as the next section describes.

The Opportunity **A multi-billion-dollar recurring spend, growing with a secular driver behind it, served by a supply base whose largest player holds under 1,700 attorneys and which has no national consolidator. Large institutional demand plus deep supply fragmentation is the precondition for a professional-services roll-up, the same setup that preceded consolidation in accounting and dental care.**

6. The Panel: Why the Legacy Defense Network Is No Longer Fit for the Fight

6.1 How the Panel Worked

The mechanism by which carriers buy defense is the panel — the approved list of outside firms authorized to handle the carrier's matters in given jurisdictions and lines. Historically, large national carriers maintained sprawling panels of several hundred firms, assigning files to whichever approved local firm sat nearest the venue. The logic was geographic coverage and redundancy: with claims arising everywhere, a carrier needed a firm everywhere, and no single firm could cover the country. The panel was wide, shallow, and coordinated only by the carrier's own claims staff, file by file.

This model functioned adequately in a low-severity, low-coordination environment. When most claims settled within predictable ranges and the plaintiff bar was itself local and fragmented, a wide panel of competent local firms was sufficient. The carrier absorbed the coordination burden because there was relatively little to coordinate, and the hourly-billing model, while imperfect, was tolerable when the stakes on most files were modest. The fragmented panel was the rational response to a fragmented threat.

6.2 Why It No Longer Fits

The wide panel breaks down precisely when the adversary industrializes. A funded, coordinated plaintiff bar that develops cases at national scale confronts a carrier whose defense is scattered across hundreds of firms that do not share data, strategy, or learning. When the same mass tort or the same plaintiff-firm playbook appears in twenty jurisdictions, the carrier with a fragmented panel fights it twenty separate times, relearning the same lessons and paying for the same work repeatedly, while the plaintiff side runs one coordinated campaign. The wide panel cannot aggregate what it knows, cannot enforce consistent strategy, and cannot bring the data-driven, portfolio-level defense the current environment requires.

Carriers have recognized this and are responding by consolidating their panels sharply. The dominant trend in insurance claims management is the reduction of panels from hundreds of firms toward a concentrated core of fewer, more capable, more accountable firms. Legal-operations teams describe cutting outside-counsel rosters by an order of magnitude; broader corporate data shows the majority of organizations now concentrating the bulk of their outside-counsel spend among ten or fewer firms (LexisNexis CounselLink). The carrier's objective is not simply to reduce the number of firms on its panel, but to concentrate appropriate work among providers that can coordinate effectively, report consistently, and deliver better outcomes across its portfolio—while preserving sufficient competition, flexibility, and choice.

But panel consolidation has limits. Carriers benefit from working with fewer, more capable firms only to the extent that doing so improves service quality, coordination, and overall claims economics. They have little incentive to replace a fragmented network with a handful of dominant providers capable of exercising substantial pricing power. Maintaining competition among qualified firms, preserving geographic and practice-area alternatives, and avoiding excessive dependence on any single provider remain important

elements of a sound panel strategy. The opportunity for a national defense platform is therefore not to become indispensable through market dominance, but to earn a larger share of carrier assignments by consistently demonstrating better performance, greater transparency, and more efficient service delivery.

Strategic Insight **Panel consolidation is the carrier market voting with its spend. When buyers cut their outside-counsel rosters from hundreds of firms toward a concentrated core, they are transferring share from the fragmented long tail to the few firms capable of operating as coordinated, data-driven partners. The platform that becomes one of those partners captures a structurally growing share of a recurring institutional spend.**

6.3 The Coordination Vacuum

Panel consolidation creates a vacuum that someone must fill. As carriers concentrate work among fewer firms, they raise their expectations of those firms: they want national coverage, consistent quality, integrated data and reporting, portfolio-level strategy, and the trial capability to take severe cases to verdict rather than settling from weakness. Few existing firms can meet all of those expectations, because the fragmented bar never had to build the operating system that meeting them requires. The firm that does build it — that can offer a carrier coordinated, data-driven, trial-ready defense across many jurisdictions as a single accountable partner — steps into a role the market is actively trying to fill and finding largely vacant. That vacancy is the platform opportunity.

7. The Institutional Client Base: Carriers, Self-Insureds & Claims Buyers

The defense platform's revenue comes from a small number of institutional client categories, each recurring, each creditworthy, and each increasingly inclined to concentrate its spend. Serving several of them diversifies the platform and deepens its defensibility.

National & Regional P&C Carriers

The large property and casualty carriers are the foundation of the market. They generate continuous defense demand across every liability line and every state, retaining outside panel counsel for the bulk of litigated matters while keeping in-house staff for oversight, coverage, and the largest exposures. Their panel relationships are multi-year, governed by litigation-management guidelines, and, critically, now being consolidated toward fewer firms. A platform that can serve a major carrier across many jurisdictions and lines, as a single coordinated partner, is positioned to be a beneficiary of that consolidation rather than a casualty of it.

Self-Insured Corporations & Large Retentions

Corporations that self-insure their liability or carry large self-insured retentions, buy defense directly. They bear their own losses, which makes them acutely sensitive to defense quality and total cost of risk, and they often value industry-specific expertise highly. That is, a national retailer, a trucking fleet, and a healthcare system each wants counsel fluent in its exposures. These relationships are sticky because the client's risk-management function becomes integrated with the firm's reporting and strategy, and because the client experiences defense quality directly on its own balance sheet.

Third-Party Administrators & Claims Organizations

Third-party administrators handle claims for carriers, self-insureds, and risk pools, and they frequently control panel assignment for the programs they administer. A single TPA relationship can direct work across many underlying insureds and programs, making it a force multiplier for a platform that earns approval. TPAs are demanding on cost, billing compliance, and reporting, all of which again favor the platform built to deliver all three at scale.

Reinsurers, Specialty & Excess Carriers

Reinsurers and specialty, excess, and surplus-lines carriers underwrite higher-severity and non-standard risks, generating fewer but larger and more complex matters — professional liability, directors-and-officers, product, environmental, catastrophic exposure. This work commands higher rates, rewards specialized trial capability, and diversifies a platform's revenue toward severity. In a nuclear-verdict environment, the value of firms able to try these cases to verdict, rather than settle from weakness, has risen sharply.

Risk Pools, Public Entities & Captives

Government risk pools, public-entity self-insurance programs, and captive insurers form an often-underserved segment requiring multi-line defense — auto, premises, employment, civil rights, professional liability — frequently without the in-house infrastructure of major carriers. Like underserved segments in any consolidating market, they are attractive precisely because the largest firms overlook them and the smallest firms cannot meet their compliance and reporting requirements.

Across all of these categories, the common thread is institutional buying behavior: recurring demand, contracted terms, billing and reporting discipline, creditworthy payment, and, increasingly, a preference for fewer, more capable partners. A single carrier or self-insured relationship frequently spans four to six practice lines at once, so the revenue per relationship is high and the switching costs, once a platform is embedded in the client's litigation-management and reporting workflows, are substantial. The institutional client base is the source of the recurring revenue that makes the defense platform an infrastructure business rather than a practice.

8. The Defense Practice Lines: What Institutional Defense Actually Does

Institutional defense is a portfolio of liability-defense lines, each tied to a category of insured risk and each differing in volume, severity, rate, and resilience to pricing pressure. The mix matters for both valuation and strategy, because a platform's blend of volume lines and severity lines determines both its margin stability and its rate power.

Auto & Transportation Liability

The highest-volume line, and increasingly a severity line as well. Personal and commercial auto generate a continuous stream of matters, while commercial transportation (trucking and fleet) has become a focal point of nuclear-verdict risk, with commercial auto liability severity up more than 90 percent over the past decade (CAS / Triple-I). Auto defense is the volume base on which platforms build process efficiency; transportation is where that volume work shades into high-stakes trial work.

General Liability & Premises

Slip-and-fall, premises, and general-liability matters for retailers, hospitality, property owners, and contractors — high volume, moderate-to-rising severity, and a natural fit for self-insured corporate clients. General liability has seen some of the fastest defense-cost growth in the market, up roughly 65 percent from 2018 to 2023 (Triple-I).

Professional Liability & E&O

Defense of professionals — medical, legal, accounting, design, financial — against malpractice and errors-and-omissions claims. Lower volume, higher severity, higher rate, and a line where specialized expertise creates durable pricing power. Medical professional liability severity in particular has risen sharply.

Construction Defect & Property

Multi-party construction-defect and property-damage litigation involving developers, contractors, subcontractors, and their carriers — complex, document-intensive, multi-defendant work that generates substantial defense hours per matter and rewards coordination capability.

Employment Practices Liability

Defense of employers against discrimination, harassment, wrongful-termination, and wage-and-hour claims under employment-practices liability coverage — steady volume, regulatory complexity, and natural cross-sell with advisory work.

Product, D&O & Specialty Lines

The highest-severity matters, including product liability, directors-and-officers, environmental, toxic tort, and mass tort. Lower volume, highest rates, and the line most exposed to nuclear and thermonuclear verdicts; product liability led the 2024 nuclear-verdict count (Marathon Strategies). These matters anchor a platform's trial reputation and diversify its revenue toward severity.

A single carrier or self-insured relationship typically spans several of these lines at once, which is what makes the institutional relationship valuable: high revenue per client and high switching costs. The most valuable platforms deliberately balance the portfolio — volume lines such as auto and general liability for margin stability and predictability, severity lines such as product and professional for rate power and trial reputation. The blend is itself a strategic choice, and one that a fragmented single-line firm cannot make.

9. Litigation Management, Data & the Operating-System Advantage

9.1 The Vendor-Management Apparatus

Over the past two decades, carriers converted defense from a relationship business into a vendor-managed one. Panel counsel today operate under detailed litigation-management guidelines specifying compensable tasks and rates, staffing and budgeting requirements, milestone reporting and reserve evaluation, and mandatory electronic billing submitted through specialized platforms that audit invoices line by line, increasingly with automated and AI-assisted review. This apparatus, supported by mature legal-spend-management systems, is the infrastructure through which carriers control and analyze their defense spend.

To a subscale firm, this apparatus is friction and overhead. To a platform built for it, it is the moat. Complying with carrier guidelines at volume requires purpose-built systems: case management integrated with carrier e-billing, standardized budgeting and reporting, timekeeping discipline that survives automated audit, and the data infrastructure to analyze cost and outcome across thousands of matters. The firms that have made this investment can hold the panels and pass the audits that subscale firms cannot, and they can do so profitably at rates that would sink an unsophisticated competitor.

9.2 Data as the Compounding Advantage

The litigation-management apparatus generates the asset that compounds a platform's advantage: data. A firm handling tens of thousands of matters across many carriers, lines, and jurisdictions accumulates a proprietary dataset on what drives cost and outcome — which matter types resolve fastest, what staffing produces the best results per dollar, how venue and judge affect exposure, and where settlement-versus-trial decisions create or destroy value. That dataset lets the platform price alternative-fee and flat-fee work accurately, staff matters optimally, and prove to carriers, with evidence, that it controls cost and delivers outcomes. No subscale firm can assemble a comparable dataset, and the advantage widens with every matter handled.

9.3 From File-by-File Defense to Portfolio Management

The highest expression of the operating-system advantage is the shift from defending matters one at a time to managing a client's entire litigation portfolio as a coordinated program. A platform with firmwide data on cost, cycle time, venue, and outcome can manage a carrier's or self-insured's book of similar matters holistically, setting resolution strategy across the portfolio, deploying resources where they create the most value, and reporting performance against metrics the client often has never had. This portfolio-level litigation management is what carriers increasingly want and what the fragmented panel structurally cannot deliver, because a network of disconnected firms cannot manage a portfolio none of them can see. It is the service that converts a defense vendor into an embedded strategic partner, and it is available only to the unified, data-enabled platform.

The Operating System What separates a defense platform from a large collection of offices is the operating system: integrated case management and e-billing, firmwide data, standardized workflow, portfolio-level strategy, and coordinated trial capability run as one system rather than federated across semi-autonomous practices. The operating system is the product. It is what carriers are consolidating panels to find, and it is what the fragmented bar cannot build file by file

10. The Carrier Value Proposition: Total Cost of Risk, Not Lowest Rate

10.1 The Wrong Metric and the Right One

The instinctive way to evaluate defense counsel is by hourly rate, and it is the wrong metric. The cost that matters to a carrier is not the rate on the invoice but the total cost of risk: indemnity paid plus defense expense plus the loss-adjustment overhead of managing the matter, measured across the whole portfolio and over time. A firm with a low rate that over-staffs, over-litigates, mishandles severity triage, or loses winnable cases is far more expensive, in total cost of risk, than a higher-rate firm that resolves matters efficiently and tries the right cases to good outcomes. In a nuclear-verdict environment, the difference between competent and incompetent severity management can dwarf any conceivable savings on hourly rate.

This is the heart of the platform's value proposition to carriers. The platform does not win by being the cheapest panel firm. It wins by lowering the carrier's total cost of risk through faster cycle times, disciplined staffing, accurate severity triage that puts trial resources where they belong, portfolio-level strategy that stops the carrier from fighting the same battle twenty times, and the data to prove all of it. The carrier that consolidates its panel toward such a platform is not chasing a rate discount; it is buying a lower total cost of risk, including indemnity, which is where the real money sits.

> **Strategic Insight** **Defense expense is a fraction of indemnity. A platform that reduces a carrier's total cost of risk by trying the right cases, settling the right cases early, and managing the portfolio as a whole creates value an order of magnitude larger than any rate concession. The carrier value proposition is total cost of risk, not lowest rate, and only an operating-system platform can credibly make it.**

10.2 Why Carriers Are Receptive Now

Carriers are unusually receptive to this proposition because the liability lines are under visible financial pressure. Commercial auto combined ratios have run above 100 for several consecutive years, with portions of commercial auto liability above 113 and the segment under-reserved by an estimated several billion dollars (AM Best). General liability combined ratios deteriorated by roughly ten points to around 110 in 2024, the worst in years, including substantial adverse prior-year reserve development (Milliman). When a carrier is losing money on a liability line, the pressure to lower total cost of risk – not merely to shave rates – becomes acute, and the appetite for a defense partner that can demonstrably bend the loss curve rises accordingly.

This is why the carrier value proposition and the panel-consolidation trend reinforce each other. Carriers consolidate panels in order to find partners who can lower total cost of risk; the platforms that can credibly lower total cost of risk are the beneficiaries of consolidation. The financial pressure in the liability lines is the carrier's motivation, and the operating-system platform is the answer the market is searching for.

11. Rate Compression Reframed: The Operating-System Test

11.1 What Rate Compression Actually Selects For

Insurance defense is famous for rate compression, and the reputation is deserved: carriers are demanding buyers, panel rates sit below standard market rates, and the spread between junior and senior billing is compressed. The naive reading treats this as a margin problem that makes the business unattractive. The accurate reading is that rate compression is a selection mechanism, and understanding what it selects for is essential to the thesis. Rate compression does not uniformly punish defense firms. It destroys undisciplined firms and rewards firms that can run defense as an integrated operating system.

Profitability at compressed rates is not a function of charging more; it is a function of managing labor, data, workflow, billing compliance, severity triage, and trial talent as one coordinated system. The firm that staffs matters correctly, resolves them on disciplined cycle times, passes automated billing audits without leakage, triages severity so that expensive trial resources go only where they belong, and retains the trial talent to take the right cases to verdict can earn an attractive margin at rates that would bankrupt a firm lacking those capabilities. Rate compression is the test that separates the two. It is not a headwind to be survived; it is the filter that determines who gets to operate in this market at all.

Rate Compression, Reframed **Rate compression destroys undisciplined firms and rewards firms that can manage labor, data, workflow, billing compliance, severity triage, and trial talent as one operating system. It is not a margin problem to be endured; it is the selection mechanism that determines which firms can profitably hold institutional panels. The platform built as an operating system passes the test; the fragmented firm fails it.**

11.2 Why This Favors the Platform

Every element that lets a firm profit at compressed rates is easier to build at scale and as a system than at the level of the individual firm. Labor management improves with the data of many matters; workflow standardization amortizes across many offices; billing-compliance infrastructure is a fixed investment that scales; severity triage sharpens with a larger and more varied caseload; and trial talent is easier to retain and deploy within a platform that can offer career path and varied work than within a subscale shop. The capabilities that rate compression rewards are precisely the capabilities a platform has and a fragmented firm lacks. Rate compression, properly understood, is therefore not a reason to avoid the defense market. It is a reason the defense market will consolidate toward platforms, because only platforms can reliably pass the test it sets.

There is a failure condition worth naming, and it is where the honest version of this argument differs from the naive one. If rate compression became so severe and so indiscriminate that even a well-run operating-system platform could not earn an acceptable return, the thesis would weaken. That scenario is inconsistent with carriers' simultaneous and intensifying need for capable defense in a nuclear-verdict environment. Carriers cannot both demand better defense and price it below the cost of competent delivery indefinitely. But it is a real boundary, and it is monitored through realized-rate and margin trends rather than assumed away. The claim is not that rate pressure is harmless. The claim is that it selects for exactly the platform this paper describes.

12. The Founder & Operator Lens: Value Trapped in the Wrapper

12.1 The Founder's Position

Behind many insurance defense firms is a founder or small group of partners who have built something genuinely valuable, but they may have limited opportunities to fully monetize it. They hold deep, long-tenured carrier relationships — the kind that take decades to earn and that carriers do not casually replace. They have institutional knowledge, trained lawyers, established operating capabilities, and a book of recurring work.

And yet the demands of running a successful insurance defense firm continue to grow. While many founders have built profitable businesses with strong technology infrastructure and well-established succession plans, others face mounting pressure to invest in case-management, e-billing, data, and AI capabilities while maintaining margins and meeting increasingly sophisticated carrier expectations. For these firms, access to capital, operational resources, and strategic partnerships may offer a path to greater scale, competitiveness, and long-term enterprise value. The relationships are real assets. The challenge is finding a structure that fully recognizes their value.

This is an important part of the human reality beneath the consolidation thesis and one of the factors that may create opportunities for institutional investment. For founders seeking liquidity or a different path forward, traditional options can present difficult trade-offs. Internal succession may provide continuity but offer limited liquidity, particularly when the next generation of partners lacks the capital to finance a transaction. A merger with another firm may provide additional scale without fundamentally changing the economics of the business. Winding down may preserve some value for the retiring partners but can diminish the institutional relationships and capabilities they spent decades building. For some founders, these alternatives may fall short of realizing the full value of what they have created: enduring carrier relationships and the institutional capability to serve them.

12.2 What the Platform Offers the Founder

A capitalized platform changes the founder's calculus because it can pay for what the founder actually owns. The carrier relationships, the trained team, and the recurring revenue have real enterprise value to a platform assembling national scale — value that no local buyer and no internal succession can pay. The platform brings the capital to build the technology and data infrastructure the founder could never fund, the operating system that lets the firm profit at compressed rates, the national footprint that lets the founder's carrier relationships expand into work the founder could never have served alone, and a genuine liquidity event for a career's worth of building. The founder can de-risk, stay on to lead, or transition, but in every case the value trapped in the wrapper is finally released.

The Founder Lens **Many defense founders are tired, undercapitalized, and under-teched, sitting on deep, long-tenured carrier relationships they cannot fully monetize alone. Internal succession transfers the firm at book value; a local sale merges two subscale businesses; winding down forfeits the relationships. Only a capitalized platform can pay for what the founder actually built. That is what makes the supply side available, and willing.**

12.3 The Operator's Opportunity

The same dynamic creates an opportunity for operators — the executives, technologists, and litigation-management professionals who can build the infrastructure needed to support a more integrated defense platform. While some established firms have already invested substantially in technology and professional management, others lack the capital, resources, or organizational mandate to develop sophisticated systems across multiple practices and jurisdictions. A well-structured platform can provide those resources, along with the scale and potential equity participation to attract experienced operators capable of transforming how the business functions.

The opportunity extends beyond technology adoption. Mapping workflows, strengthening billing and collections, reducing revenue leakage, standardizing reporting, and introducing AI-enabled processes can improve operating performance while supporting better service and greater transparency for clients. These improvements can generate meaningful value without necessarily increasing case volume or attorney headcount. The founder contributes established relationships and legal expertise; the operator brings systems, discipline, and execution; and capital provides the resources to support both. Together, they can create an enterprise whose value extends beyond the capabilities of its individual firms.

"Technology is already driving significant value creation for our partner firms and their clients. We've reduced our rejections in billing, reduced time billed to draft and review status reports 30%, advanced our collection cycle, and driven 10% increase in attorney utilization in just 7 months contributing to a 60% increase in profitability at the firm."

— Britt Gary, Founding Partner, Catalex Network

13. Technology & AI: The Production System of Modern Defense

13.1 Technology as the Production System

In high-volume defense, technology is not a support function; it is the production system. A platform handling tens of thousands of active matters across many offices and jurisdictions cannot run on relationships and individual judgment alone. It runs on standardized national workflows, integrated case management, carrier e-billing connectivity, and a data layer that turns matter activity into management information and into evidence of performance for carriers. The firms that have built this infrastructure can hold the panels and deliver the consistency carriers now demand; the firms that have not are confined to the long tail and, increasingly, excluded from consolidated panels altogether.

The security and compliance bar is now equally defining. Carriers entrust defense firms with privileged, sensitive data and subject vendors to rigorous security review. Holding major panels increasingly requires enterprise-grade posture — recognized security certifications, encryption, monitoring, and tested incident response — which is another fixed investment that scales across a platform and excludes the subscale firm.

13.2 AI as a Productivity Multiplier

Artificial intelligence has the potential to reshape defense economics by reducing the time and resources required for many routine and repeatable tasks. Document review, legal research, drafting, deposition preparation, billing review, and case analytics are among the areas where AI can improve efficiency and support better decision-making. For a platform managing a substantial volume of matters, the opportunity is particularly significant: standardized workflows, shared technology infrastructure, and coordinated implementation can allow improvements developed in one part of the organization to benefit the entire enterprise.

But the advantage extends beyond productivity. As Britt Gary, Founding Partner of Catalex Network, an MSO platform focused on insurance defense law firms, observes, an MSO-backed platform can approach carriers with a comprehensive AI strategy and a pricing proposition that benefits both parties. While carriers may have legitimate concerns about AI's use in legal work, the operational expertise an MSO brings can help firm leadership develop policies and safeguards that meet carrier expectations around accuracy, confidentiality, billing, and professional responsibility. This also creates opportunities to explore pricing arrangements that allow carriers to benefit from greater efficiency while enabling firms to capture value from improved productivity rather than relying exclusively on billable hours.

The decisive advantage is therefore not AI adoption alone, but the ability to integrate technology into a disciplined operating model that carriers can trust. Scale can help spread the costs of implementation, training, governance, and ongoing improvement across a larger matter base, but the benefits must be demonstrated rather than assumed. AI does not replace severity triage or trial execution — the winning platform pairs AI with courtroom credibility — but as a productivity multiplier layered on volume, it accrues disproportionately to the consolidator and widens the gap between the platform and the local firm that cannot fund it.

Strategic Insight AI is not a threat to the defense platform; it is the accelerant. Because defense work is high-volume and repeatable, AI-driven efficiency compounds with scale: the larger the matter base and the more standardized the workflow, the greater the gain. AI widens the gap between the national platform and the local firm, and it strengthens the platform's hand with carriers who increasingly reward technology-driven efficiency.

14. The Capital Backdrop: Proven Roll-Ups & the Insurer-as-Allocator

14.1 The Professional-Services Roll-Up Is Proven

The defense-platform thesis does not require inventing a new investment model. The professional-services roll-up — consolidating a fragmented base of founder-owned firms into a scaled, capitalized, technology-enabled platform — has been executed repeatedly in adjacent industries with recurring revenue and key-person risk analogous to legal services. Accounting is the clearest precedent: private equity entered the top tier beginning with TowerBrook's investment in EisnerAmper, and the model has since produced platforms of remarkable scale and value, including a sponsor-to-sponsor transaction that valued Citrin Cooperman at roughly $2 billion in 2025. Private equity now holds stakes in a meaningful share of the largest U.S. accounting firms. Dental support organizations followed a similar trajectory, growing from a niche to a substantial share of the profession.

These precedents demonstrate that professional-services businesses can be consolidated, professionalized, and scaled without sacrificing the expertise and relationships that underpin their value. But insurance defense presents a fundamentally different buyer-supplier dynamic. Unlike dental practices serving fragmented consumer markets or accounting firms serving a broad base of business clients, insurance defense firms depend on a comparatively concentrated group of sophisticated institutional purchasers. Major carriers exercise significant control over outside-counsel panels, billing rates, case assignments, and the allocation of legal work. A carrier's decision to restructure its panel or redirect assignments can materially affect a firm's revenue, regardless of its operational sophistication or scale.

This distinction does not invalidate the roll-up thesis, but it changes what a successful platform must accomplish. Scale alone cannot overcome concentrated buyer power. An insurance defense platform must demonstrate measurable value to carriers through consistent service quality, geographic reach, operational efficiency, data transparency, and effective litigation outcomes. It must also diversify its carrier relationships and reduce dependence on individual clients, attorneys, and jurisdictions. The opportunity is therefore not simply to replicate the accounting or dental model, but to adapt its lessons to a market in which the largest customers have substantial influence over the economics of the business.

PROVEN ANALOG	WHAT HAPPENED	RELEVANCE TO DEFENSE
Accounting (EisnerAmper, 2021)	First PE entry into a top-tier firm	Recurring B2B service, key-person risk — consolidated
Accounting (Citrin Cooperman, 2025)	Sponsor-to-sponsor flip at ~$2B	Demonstrates value creation and exit liquidity
Dental support orgs (DSOs)	Niche to major share of profession	Fragmented founder base rolled into platforms
Insurance defense (today)	Fragmented, founder-owned, undercapitalized	Same setup; institutional clients; secular demand

14.2 Insurance Capital and the Private-Markets Opportunity

The insurance industry is an important participant in the broader private-capital ecosystem. Insurers are among the largest institutional investors in private markets, with 62 percent of respondents to Goldman Sachs Asset Management's 2025 Global Insurance Survey planning to increase their allocations to private assets. Insurance capital, supported by long-duration liabilities and a focus on risk-adjusted returns, represents a significant source of investment in private credit, private equity, infrastructure, and other alternative assets.

This growing allocation to private markets provides a favorable backdrop for institutional investment generally, but it should not be confused with a direct investment thesis for insurance defense platforms. Insurers' dual roles as potential capital providers and purchasers of legal services introduce important conflicts and independence considerations. An insurer's investment in a platform serving other carriers could raise concerns about access to confidential information, competitive interests, and the potential for investor influence over legal operations. These concerns would require careful evaluation under applicable professional-conduct rules and the specific investment structure; they cannot be resolved simply by separating the investing carrier from the carriers whose work the platform handles.

The more compelling opportunity may lie with independent private equity sponsors and other institutional investors capable of evaluating the economics of recurring legal services without introducing the same direct carrier-investor relationships. Insurers may participate indirectly as limited partners in diversified investment funds, subject to appropriate safeguards, but their participation should not be assumed or treated as a prerequisite for platform development.

The broader point remains: substantial institutional capital is seeking opportunities in private markets, and insurance defense may offer an attractive investment proposition where platforms can demonstrate durable carrier relationships, disciplined operations, diversified revenue, and scalable infrastructure. The investment case should stand on those fundamentals, not on an assumption that the industry's largest customers will also become its financial sponsors.

Pe Thesis **The defense platform offers many of the attractive characteristics of a recurring-revenue business-services company, including established institutional relationships, repeat assignments, and potentially strong revenue retention.**

As Britt Gary, Founding Partner of Catalex Network, observes, small and midsize defense firms can exhibit retention metrics more commonly associated with subscription-based businesses, including carrier retention exceeding 90%, net revenue retention of 110%, and gross revenue retention above 90%.

These characteristics, combined with the demonstrated potential for consolidation in adjacent professional-services industries, help establish the investment rationale for a scaled defense platform. The opportunity is to build an enterprise that combines durable institutional revenue with the operating discipline, technology, and management infrastructure needed to create long-term value.

15. Execution Architecture: How Outside Capital Participates

The commercial thesis stands on its own: a recurring institutional market, an industrializing adversary, a fragmented supply base, and proven, motivated capital. The legal structure through which capital participates is an execution detail that follows the thesis: important to get right, but not the source of the opportunity. This section treats it accordingly, briefly, and in one place.

15.1 The Constraint and the Standard Solution

Most U.S. jurisdictions restrict non-lawyer ownership of, and fee-sharing with, law firms. An established approach for outside capital to participate within those constraints is the management services organization: a separately owned entity whose owners may include lawyers, non-lawyers, or both to provide the firm with non-legal infrastructure, including technology, billing operations, finance, HR, real estate, and administration, under a management services agreement. The law firm remains lawyer-owned and retains exclusive control over legal judgment, client selection, and case strategy. The investor's capital and return are tied to the management business, while the practice of law remains with the licensed attorneys. A small number of jurisdictions, notably Arizona, additionally permit direct non-lawyer ownership under specific licensing and regulatory regimes.

Although MSOs are an established feature of the legal services market, their use is not without regulatory risk. The permissibility of any particular arrangement depends on the rules and interpretations of the jurisdictions involved, as well as the actual economic and operational relationship between the law firm and the management company. State-by-state analysis must address restrictions on fee-sharing, non-lawyer ownership and control, unauthorized practice, conflicts of interest, and the protection of confidential client information. These considerations become particularly important for platforms operating across multiple jurisdictions, where a structure acceptable in one state may face additional restrictions or scrutiny in another.

Two disciplines are especially important to the structure's defensibility. First, management-company compensation must reflect legitimate services provided at commercially reasonable rates, with the methodology carefully evaluated under applicable state rules. Fixed or cost-plus arrangements supported by fair-market-value analysis may help distinguish payment for business services from impermissible sharing of legal fees, but the compensation formula alone does not establish compliance. Second, professional independence must be preserved in both the governing documents and day-to-day operations. Legal judgment, client selection, case strategy, settlement decisions, and the attorney-client relationship must remain under the control of licensed lawyers, without improper influence from investors or management-company personnel.

For an insurance defense platform, these protections must also account for carrier relationships, billing requirements, confidentiality obligations, and potential conflicts involving institutional clients. A defensible structure requires more than properly drafted agreements: it requires documented, jurisdiction-specific legal analysis, clearly defined governance and decision-making authority, appropriate information safeguards, and

ongoing compliance oversight. These measures cannot eliminate the possibility of a regulatory challenge, but they provide a stronger foundation for demonstrating that the MSO operates as a legitimate services business rather than exercising control over the practice of law.

Execution, Not Thesis **The structure follows the commercial thesis; it does not create it. The management-services model is settled architecture used across legal services today, with two well-understood disciplines: fixed or cost-plus management fees rather than fee-sharing, and an absolute independence guardrail keeping legal judgment inside the licensed firm. The opportunity exists first. The structure is how capital participates in it.**

15.2 What This Paper Does Not Claim

Because the structure is execution rather than thesis, this paper deliberately does not rest its argument on legal-structure innovation, does not contemplate a single carrier owning the platform that defends its own files, and does not treat any particular jurisdiction's regime as essential. The commercial opportunity — the recurring market, the industrializing adversary, the fragmented supply, the consolidating buyer — would exist even if the only available structure were the conventional law firm. The management-services architecture simply makes it possible for outside capital and operators to participate in building the platform the market is already demanding. With the structure addressed, the remainder of the paper returns to the commercial questions that actually drive the opportunity.

16. Competitive Landscape & Platform-Building Strategy

16.1 The Structure of Supply

The insurance defense market is fragmented, but it is not without established national competitors. A relatively small number of large firms have built substantial multi-jurisdiction practices, supported by longstanding carrier relationships, broad litigation capabilities, and significant administrative infrastructure. Below them are regional and single-state firms with strong local franchises, specialty boutiques with deep expertise in particular practice areas, and a long tail of smaller firms serving individual jurisdictions. Large general-practice firms also compete for complex, high-severity matters, although their economics and service models often differ from those of firms focused on recurring panel-defense work.

Several established firms illustrate both the scale already achieved and the competitive challenges facing a new entrant. Wilson Elser, Lewis Brisbois, and Gordon Rees Scully Mansukhani have each developed national practices with more than 1,000 attorneys. Other firms, including Tyson & Mendes, have pursued geographic expansion and operational differentiation. Reported private equity discussions involving Tyson & Mendes further suggest that existing market participants are themselves exploring new capital structures and growth strategies.

These competitors raise an important question: if national scale is valuable, why has the market not already consolidated around a handful of dominant providers?

Part of the answer lies in the structure of insurance defense itself. Carrier panels are often managed by jurisdiction, practice area, and demonstrated attorney performance. Local relationships, trial experience, billing discipline, and familiarity with particular courts remain important competitive advantages. Geographic expansion does not automatically translate into additional assignments, stronger pricing, or improved profitability. Indeed, carriers' substantial purchasing power can limit the economic benefits of consolidation, while conflicts, attorney retention, and the complexity of integrating different firm cultures create additional barriers.

But these structural barriers do not tell the entire story. Some established firms may lack the capital, acquisition infrastructure, or management resources to pursue consolidation at scale. Others have built profitable, sophisticated businesses and have deliberately chosen to remain independent. The distinction matters: where capital and operational constraints have limited expansion, an institutional platform may offer a compelling solution. Where consolidation has been constrained by carrier purchasing power, professional-conduct requirements, or unfavorable integration economics, additional capital alone will not overcome those obstacles.

The opportunity for a new platform is therefore not simply to assemble a larger collection of law firms. It is to demonstrate that an integrated operating model can create value beyond what existing firms have achieved through traditional expansion. That means combining local litigation expertise and carrier relationships with

shared technology, standardized workflows, meaningful performance data, disciplined financial management, and coordinated service delivery across jurisdictions.

The competitive white space, to the extent it exists, is not national coverage alone. It is the ability to deliver consistently measurable defense performance across a national network while preserving the local expertise and professional independence on which carriers and insured clients depend. Whether that opportunity can support superior economics remains a question of execution, and one that investors must evaluate against the capabilities of established competitors, not merely the fragmentation of the market.

TIER	COMPETITIVE POSITION	IMPLICATIONS FOR A CONSOLIDATOR
Largest defense firms	National reach, established carrier panels, substantial litigation and operating infrastructure	Primary competitors; potential strategic partners
Regional/single-state	Strong local relationships, established reputations, broad defense capabilities, and jurisdiction-specific expertise	Potential platform anchors and add-on candidates
Specialty boutiques	Differentiated capabilities in specialized defense matters	Capability expansion and selective acquisitions
Local firms (long tail)	Local court knowledge, established attorney relationships, often broad defense capabilities, and narrower geographic reach	Selective tuck-ins and lateral-team opportunities
Large general-practice firms	Complex, high-severity litigation; broader corporate relationships	Competitors in selected matters; potential referral or co-counsel partners

16.2 Why Consolidation Is Accelerating

Three forces concentrate the market toward platforms, and all three are intensifying. First, carriers are actively shrinking panels, transferring share from the long tail to the few firms able to operate as coordinated partners. Second, claim complexity is rising — emerging exposures in cyber, autonomous systems, biometric privacy, and AI liability demand expertise and coordination local firms cannot muster. Third, the plaintiff bar's industrialization, documented in Section IV, raises the pressure on defendants and rewards defense organizations able to respond in kind. Each force favors the unified operating-system platform and disfavors the fragmented firm. For a consolidator, this is the ideal backdrop: a structural tailwind that compounds the returns to building scale first.

16.3 The Build Strategy

The most direct path is to back a scaled or near-scaled firm as the consolidation vehicle and grow it through several complementary moves. Organic growth is the base: a well-capitalized platform with carrier demand exceeding its capacity can grow simply by adding execution attorneys to serve work clients already want to send. Large-group lateral hires — lifting partner-and-associate teams into new or existing offices — add capability and geography at low cost, often requiring only onboarding and ramp funding rather than a purchase price, and can reach productivity quickly when the platform directs existing work to the new team. Regional and local acquisitions add jurisdictions and lines. Throughout, the platform should be selected and built for the assets that define defensibility: deep, long-tenured carrier relationships owned by the firm rather than by individual partners; a unified operating model; demonstrated technology and data capability; and a culture that retains talent without rainmaker economics.

The alternative path, for investors unable to acquire a scaled anchor, is to assemble a platform from regional firms onto a common operating system, brand, and technology stack. This is slower and harder, because the operating system that creates the advantage must be built rather than bought, but it is viable in a market this fragmented. Either path depends on the same insight: the value is in the system — the relationships, the coordination, the data, the trial capability — rather than in any individual lawyer's book.

17. Geographic & Jurisdictional Strategy

17.1 Why Geography Is Strategic

Defense is jurisdiction-specific. Liability law, venue dynamics, judicial attitudes, and verdict patterns vary by state and county, and carriers panel firms accordingly, maintaining national, regional, state, and sometimes county-level approvals. A platform's footprint is therefore a map of where it can capture panel assignments, and the national platform's structural advantage is that it can serve a carrier's whole geographic exposure as one partner, sparing the carrier the cost and inconsistency of managing dozens of single-state firms. This also means defense revenue diversifies naturally across offices, because the work follows the carrier's exposure rather than a single marketing engine, a feature that reduces dependence on any one office or local economy.

17.2 The Targeting Logic

A consolidator should target geography along three axes. First, high-severity, plaintiff-friendly jurisdictions — the venues generating the most defense intensity and where carriers most need capable trial counsel — command higher rates and reward trial capability; the 2024 nuclear-verdict data concentrate in identifiable states, and those are the venues where defense excellence is most valuable. Second, high-growth regions where population and commercial activity expand generate rising claim volume across all lines. Third, white-space jurisdictions where existing carrier clients have exposure but the platform lacks an office represent pre-underwritten expansion: carriers will often direct work to a platform that opens where they need coverage, lowering the breakeven and ramp risk of new offices.

Strategic Insight **The most capital-efficient geographic expansion in defense is demand-led: open where existing carrier clients have already signaled they will direct work. Because the panel relationship precedes the office, new locations can reach high utilization quickly and break even fast, the opposite of speculative, marketing-led expansion. A platform's carrier relationships are, in effect, a pre-funded expansion map.**

18. Economics & Firm Quality: What Makes a Platform Investable

18.1 The Operating Economics

The defense platform's economics are those of a high-volume professional-services business, and they are notably stable. Revenue is a function of attorney headcount, hours worked, and realized rate, each of which a well-run platform grows steadily. The revenue is overwhelmingly recurring and contracted, generated under multi-year panel agreements rather than episodic engagements, which produces visibility that contingency and project practices cannot match. The demand is noncyclical, driven by claim and litigation activity rather than by economic growth, so defense volume holds up across downturns. And the business is capital-light: the asset base is predominantly working capital — receivables and work in process — with minimal fixed assets, which supports leverage and strong returns on assets. Margins improve with scale as overhead spreads across a larger revenue base. Proper valuation and presentation of working capital requires accrual-basis financial reporting. Revenue should be recognized as the underlying work is performed, with unbilled work recorded as work in process and issued invoices recorded as accounts receivable. Both balances must be evaluated based on expected realization rather than stated or billed rates. Work in process should be adjusted timely for anticipated billing reductions, carrier-guideline deductions, and other write-downs, while accounts receivable should be reviewed for aging, billing errors, disputes, and collectability. This discipline ensures that reported earnings and working capital reflect the amounts the platform reasonably expects to realize.

The growth algebra is attractive because it is largely within the operator's control. Headcount grows by adding execution attorneys into demand carriers already want to place; productivity improves through utilization management and the operating-system disciplines of Section XI; and realized rates improve through disciplined renewals and a mix shift toward higher-severity, higher-rate lines. All else equal, improved realized rates increase the value of work in process and strengthen the conversion of hours worked into cash. For a platform whose historical constraint was capital rather than demand, outside investment directly unlocks suppressed growth.

ECONOMIC DIMENSION	PROFILE OF A SCALED DEFENSE PLATFORM	IMPLICATION
Revenue character	Recurring, contracted, multi-year panels	High visibility, low volatility
Demand cyclicality	Noncyclical (claim/litigation-driven)	Holds up across downturns
Asset base	Predominantly working capital	Capital-light; financeable; high ROA
Margin trajectory	Improves with scale	Operating leverage as overhead spreads
Growth driver	Add attorneys into existing demand	Capital unlocks suppressed growth
Rate trajectory	Disciplined renewals + severity mix	Pricing power for the operating-system firm

18.2 The Compensation Model and Firm-Owned Relationships

The hidden determinant of a defense platform's value is whether its client relationships belong to the firm or to individual partners. The most valuable platforms have de-coupled compensation from individual origination, tying it instead to overall contribution — execution quality, teamwork, management — so that panels are appointed to the firm and work is shared across offices. When a relationship belongs to the firm, the departure of any individual partner does not take the client, which is precisely the low key-person risk that supports a premium valuation. The rainmaker model that limits value elsewhere in law (where the book walks out with the partner) is the model a platform must move beyond, and the move is itself a value-creation lever a consolidator can pull.

18.3 Normalization and Readiness

Realizing full value requires preparing the business to an institutional standard before a transaction. The principal moves mirror any professional-services sale: convert from cash-basis to accrual-basis accounting so revenue is recognized as work is performed and work in process and accounts receivable are properly stated; normalize owner compensation to market so reported EBITDA reflects the go-forward business; remove nonrecurring revenue and expenses, including personal owner expenses; and commission a sell-side quality-of-earnings review so that financials are credible to institutional buyers before diligence begins. Defense platforms may appear straightforward to underwrite because panel rates and billing terms are negotiated in advance and matters generally remain with the firm. In diligence, however, the rate card is not revenue: carrier guidelines, billing compliance, realization, write-downs, collection patterns, and panel concentration determine the earnings ultimately converted to cash. A quality-of-earnings analysis that relies on stated rates rather than realized and collected revenue could overstate sustainable earnings. A firm that enters the process with institutional-quality financials, durable client relationships, and a team-based compensation model is better positioned to demonstrate its enterprise value to potential investors.

But financial readiness is only part of the equation. As Neal McNamara, Founder and CEO of Virtas Partners, observes, "Firms also need to be prepared for the structural and operational changes required to establish an entirely new reporting and control infrastructure that complies with MSO and related agreements regulatory requirements." Beyond accrual accounting and a sell-side quality-of-earnings review, that means formalizing governance and management responsibilities, implementing appropriate internal controls and compliance procedures, as well as developing the systems needed to support financial and operational reporting across the firm and MSO. These changes can require significant planning, investment, and organizational adjustment, and should be addressed well before a transaction closes. A firm that prepares for both the financial and operational demands of an MSO partnership will be better positioned to integrate successfully and realize the benefits of the platform.

Deal Structure **The defense platform's value rests on assets the operator controls: firm-owned (not partner-owned) carrier relationships, a team-based compensation model that minimizes key-person risk, accrual accounting that matches revenue to work, normalized owner compensation, normalized revenues and expenses, and a sell-side quality-of-earnings review before going to market. Build these, and the recurring institutional revenue is valued as an enterprise rather than a practice.**

19. Risk Factors & Counterarguments

The development of an institutional insurance defense platform presents meaningful strategic, operational, regulatory, and market risks. Some can be mitigated through platform design and disciplined execution; others depend on external conditions beyond the platform's control. The following factors warrant particular attention in evaluating the investment thesis:

Severe and Indiscriminate Rate Compression

Section XI reframed rate compression as a potential selection mechanism favoring platforms capable of delivering defense services more efficiently. The risk is that carriers continue to exert pricing pressure to a degree that even well-run platforms cannot earn acceptable returns. While carriers have a continuing need for capable defense counsel, that need does not necessarily translate into higher reimbursement rates or improved law firm margins. The critical test is whether operational efficiencies and scale can offset pricing pressure without compromising service quality or litigation outcomes. Sustained deterioration in realized rates, margins, or attorney productivity would challenge the platform's economic assumptions.

Client Concentration

A platform overly dependent on one or two carriers carries substantial concentration risk. While established carrier panel relationships can be remarkably durable, as Britt Gary of Catalex Network observes, the loss of a major relationship or a significant reduction in assignments could materially impair revenue. Diversification across carriers, self-insured clients, practice areas, and jurisdictions can reduce this exposure, but may not eliminate it, particularly where a relatively small number of national insurers control significant portions of the available work. Diligence must therefore evaluate client concentration, panel tenure, assignment trends, pricing history, and the depth of institutional relationships. The critical question is whether consolidation creates a more diversified revenue base or simply aggregates exposure to the same powerful buyers.

Talent and the Trial Bench

Insurance defense remains fundamentally dependent on experienced attorneys, particularly those capable of handling complex litigation and taking high-severity matters to trial. Professional mobility, competition for talent, and the importance of individual attorney-client relationships create meaningful retention risks. A platform must offer compelling career opportunities, competitive compensation, strong leadership, and an operating environment that supports professional development and effective advocacy. Trial capability is especially important to the platform's proposed value proposition: without the ability to retain and develop accomplished litigators, operational scale alone may offer limited differentiation. Attorney retention, trial capacity, succession depth, and productivity must therefore be central to the investment case.

A Sustained Easing of the Liability Environment

The demand thesis rests in part on social inflation, rising claims severity, and increasing litigation complexity. Meaningful tort reform, changes in jury behavior, improved claims outcomes, or other developments that reduce liability costs could moderate demand for outside defense services. Although recent experience has demonstrated sustained pressure on insurers, those trends should not be assumed to continue indefinitely. A prolonged improvement in liability results, particularly across general liability and commercial auto, could reduce carrier urgency and weaken the rationale for increased investment in defense infrastructure. Investors must distinguish between enduring demand for legal representation and incremental demand driven by unusually adverse claims conditions.

Carriers Expand In-House Defense Capabilities

An alternative response to rising litigation costs is for insurers to expand their own legal departments and retain a greater share of defense work internally. Several major carriers already operate substantial staff-counsel organizations, demonstrating that in-house defense is an established alternative to outside firms. Advances in technology, case management, and centralized claims operations could make that model more attractive for certain categories of litigation.

The implications for an institutional defense platform depend on which work carriers choose to internalize. High-volume, standardized matters may be particularly susceptible, while complex litigation, jurisdiction-specific matters, conflicts, and cases requiring specialized trial expertise may continue to support demand for outside counsel. The investment thesis therefore requires evidence that the addressable outsourced market will remain sufficiently large and economically attractive, rather than assuming that rising litigation volume necessarily translates into rising demand for external firms.

The Limits of the Professional-Services Roll-Up Model

The successful consolidation of accounting, dental, and other professional-services businesses provides a useful precedent, but insurance defense differs in a fundamental respect: the concentration of purchasing power among a relatively small number of sophisticated institutional clients. Unlike dental patients or many accounting clients, major insurers can influence billing rates, panel composition, case assignments, and the distribution of legal work across firms.

That dynamic may limit the pricing power and margin expansion typically associated with consolidation. Geographic scale alone does not guarantee increased assignments, and a larger platform may remain dependent on the same carrier relationships that supported its constituent firms. The relevant question is whether integration produces measurable improvements in service quality, efficiency, litigation outcomes, and client retention sufficient to justify the costs of acquisition and integration. If those improvements cannot be demonstrated, the roll-up model may create size without corresponding economic value.

Regulatory and Structural Risk

The management-services model offers a potential framework for institutional investment while preserving lawyer ownership and professional independence, but its permissibility and durability depend on jurisdiction-specific rules and the substance of the arrangement. Regulatory authorities may scrutinize

management fees, governance rights, operational control, confidentiality safeguards, and the economic relationship between the MSO and the law firm.

An adverse regulatory interpretation, inconsistent treatment across jurisdictions, or a successful challenge to a particular arrangement could materially affect platform economics or require restructuring. Conservative transaction design, independent legal judgment, documented fair-market-value service arrangements, and ongoing compliance oversight can reduce these risks but cannot eliminate them. The investment thesis must therefore account for regulatory uncertainty, the costs of compliance, and the possibility that some jurisdictions or transaction structures may prove impractical.

Integration and Execution Risk

The benefits of consolidation depend on the ability to integrate firms without disrupting the relationships, talent, and service quality that made them attractive acquisition targets. Different case-management systems, billing practices, compensation models, firm cultures, and carrier requirements can make integration expensive and operationally disruptive.

A platform that centralizes too aggressively may undermine local attorney autonomy and client relationships; one that centralizes too little may fail to capture meaningful efficiencies. The success of the model depends on achieving a balance between shared infrastructure and local professional expertise. Investors must evaluate integration costs, implementation timelines, attorney retention, carrier satisfaction, and the extent to which projected operating improvements are actually realized.

What Would Challenge the Thesis?

Taken together, these risks establish several important tests of the insurance defense platform model. The thesis would weaken materially if carrier rate pressure consistently outpaced operating improvements; if insurers shifted significant volumes of attractive defense work in-house; if client concentration increased rather than declined through consolidation; if regulatory constraints limited the economic viability of MSO structures; or if integration costs and attorney attrition consumed the anticipated benefits of scale.

The opportunity ultimately depends on demonstrating that a consolidated platform can deliver measurable value to carriers while generating sustainable returns for investors and preserving the professional independence and capabilities of its participating law firms. Those outcomes must be established through diligence and operating performance, rather than assumed from the success of consolidation models in adjacent industries.

Strategic Insight **Every internal risk — rate pressure, concentration, talent, structure — is within the operator's control and cuts the same way: it punishes the fragmented firm and rewards the diversified, disciplined, operating-system platform. The one risk that is external and decisive is a sustained easing of the liability environment. That is the variable to watch; a decade of data, and the structural roots of social inflation, currently point the other way.**

20. Strategic Recommendations & Conclusion

20.1 For Insurance Carriers & Self-Insureds

- Treat panel consolidation as a strategic lever for total cost of risk, not a procurement exercise for lower rates. Concentrating work among fewer, more capable, operating-system firms reduces indemnity and loss-adjustment cost, not merely legal spend, and that is where the real money sits.
- Evaluate defense partners on total cost of risk and demonstrated outcomes, demanding the data that lets you compare platforms on cycle time, severity management, and reserve impact rather than on hourly rate alone.
- Recognize that the fragmented panel is structurally outmatched by an industrialized plaintiff bar, and that a coordinated, data-driven, trial-ready defense partner is what the current environment requires.

20.2 For Defense Firm Founders & Operators

- Recognize that your carrier relationships are valuable enterprise assets that the wrapper currently traps. Internal succession transfers them at book value; a local sale merges two subscale firms; a capitalized platform can pay for what you actually built.
- Build the assets that command a premium and survive diligence: firm-owned rather than partner-owned carrier relationships, a team-based compensation model, diversified clients and lines, and demonstrable technology, data, and trial capability.
- Prepare to an institutional standard — accrual accounting, normalized owner compensation, a sell-side quality-of-earnings review — and operate as if you could transact, whether or not you intend to.
- For operators: the platform is where the operating system the legacy bar never built can finally be built, with the capital, scale, and equity participation to match the opportunity.

20.3 For Private Equity & Institutional Investors

- Underwrite insurance defense as a recurring-revenue business-services platform, not a law practice: contracted multi-year panel revenue, noncyclical demand, capital-light economics, and high returns on assets, with a secular demand driver in social inflation.
- Diligence the assets that define defensibility above all else: carrier relationship tenure and breadth, firm-owned versus partner-owned relationships, the operating system (data, e-billing, workflow, portfolio management), trial-talent depth, and client concentration.
- Favor the buy-and-build motion the structure rewards: a scaled anchor, organic hiring into existing carrier demand, low-cost large-group lateral hires, and regional acquisitions for geography and capability, with the operating system as the integrating product.
- Build with the most conservative compliant execution structure available and hold the independence guardrail absolutely. The structure follows the thesis; the returns come from the commercial opportunity, not from structural cleverness.

20.4 Conclusion

Insurance defense has been hiding in plain sight. Beneath the unglamorous reputation and the law firm packaging is one of the largest recurring, institutionally-clienteled, technology-intensive service markets in the country — carrier-funded, panel-driven, growing with a secular driver behind it, and supplied by a base so fragmented that its largest firm holds under seventeen hundred attorneys. For fifty years that fragmentation was the rational response to a fragmented adversary. That equilibrium has broken.

The plaintiff bar industrialized — capitalized by roughly $16 billion in litigation finance, amplified by a $2.5 billion advertising machine, coordinated nationally and armed with data — and the cost of the litigation carriers must defend rose with it: a record 135 nuclear verdicts and $31.3 billion in 2024, a 57 percent decade rise in liability claims from social inflation, a tort system approaching a trillion dollars. Carriers are now defending a more expensive, more coordinated, more technologically enabled adversary with a defense network built for a slower, cheaper, more fragmented fight. They feel the asymmetry as rising loss costs, and they are responding the only way they can, by consolidating their panels toward the few firms capable of fighting as a coordinated, data-driven, trial-ready enterprise.

That is the opening. The firm that becomes the operating system the market is searching for — firm-owned relationships, integrated data and technology, portfolio-level litigation management, disciplined economics at compressed rates, and the trial capability to lower a carrier's total cost of risk — captures a structurally growing share of a multi-billion-dollar recurring spend. The founders who hold the relationships are ready, because the wrapper traps the value they built. The capital is positioned, because the insurers who understand this market best are pivoting into private markets. And the consolidation model is proven, because accounting and dental care already ran it. The structure that admits capital is settled and follows the thesis rather than creating it.

Insurance defense is not a plaintiff-side knockoff and not a corner of the legal profession to be endured. It is an institutional litigation infrastructure business hiding inside law firm wrappers, and the firms, carriers, founders, and investors who see it for what it is and build the platform the market is already demanding will come to define the category.

Contributors

SETH DEUTSCH

Seth founded Samson Partners Group and Samson Partners Capital to assist other founders and CEOs in achieving their goals. He is a proven growth leader, acting as an operating partner, board member, and CEO with a successful track record delivering profitable growth for private equity-backed, founder/family-owned, and public companies. In particular, Seth has had numerous successful exits and has architected nine buy-and-build platforms, executing over 70 platform and add-on acquisitions.

Seth is also one of the foremost leaders in helping lawyer-entrepreneurs and private equity investors to form partnerships in North America. He has served as an Operating Partner at one of the first MSO-ABS roll-ups in the US. His firm has advised founders and private equity groups across 7 submarkets within the legal industry in the US.

Prior to founding Samson, Seth held executive leadership positions at AECOM, one of the world's largest professional technical services firms, where he was the President and CEO of two multi-billion-dollar divisions. He also served as CEO of a national, private equity-backed HVAC and refrigeration services company. Seth also previously served as a board member and Chief Growth Officer at a leading provider of finance and accounting services to the private equity industry. In a two-year span, he scaled the business from 50 to over 400 employees and successfully recapitalized the company, resulting in a 6.5X MOIC.

He holds an undergraduate degree from Rice University and a MBA from the Kellogg School of Management.

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JORDAN MCMILLIAN

Jordan McMillian is a seasoned executive known for driving operational transformation in professional services organizations. She joined Samson Partners after establishing a reputation for implementing "back-to-basics" disciplines and building governance, accountability, and metric-oriented cultures across firms.

Before Samson, Jordan served in C-suite roles, most often as COO, for legal services firms and in the construction sector, where she led large operational platforms and guided growth, process optimization, and margin improvement.

Jordan's expertise lies in turning strategy into scalable execution: she helps founders and managing partners codify workflows, set meaningful performance metrics, and build teams that can operate autonomously. She is often the operational backbone in high-growth transitions, helping firms shift from founder-driven models to systems-driven organizations.

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NEAL MCNAMARA

Neal McNamara is the Founder and Chief Executive Officer of Virtas Partners, a boutique Office of the CFO consulting firm serving the middle market. With more than 25 years of experience, Neal has advised clients throughout the ownership lifecycle, from transaction planning and execution to post-acquisition integration and operational improvement.

Prior to founding Virtas Partners, Neal led the Accounting Advisory Services business at KPMG. His extensive experience includes corporate divestitures and spin-offs, carve-out financial statement preparation, IPO readiness and execution, financial restructuring, and interim CFO leadership.

Through Virtas Partners, Neal advises private equity sponsors and middle-market companies on finance operations and M&A transactions. He aligns finance capabilities with the investment thesis, protecting liquidity, anticipating risk, and improving forecasting and reporting. His approach gives management teams and sponsors visibility to make informed decisions, scale, and accelerate value creation.

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ARINA SHULGA

Arina Shulga is an experienced corporate and transactional attorney who advises venture capital and private equity funds, independent sponsors, fund managers, and emerging and established companies on investments, M&A transactions, fund formation, and corporate matters.

Arina works closely with fund managers on the formation and structuring of investment funds, general partners, management companies, special-purpose investment vehicles (SPVs), and Delaware series LLCs. Following formation, she continues to advise clients on regulatory compliance, fund operations, and investment activities. Her M&A practice focuses primarily on representing private equity funds and independent sponsors in buy-side and roll-up transactions throughout the United States, as well as advising mature startups preparing for an exit.

In addition to her fund and transactional work, Arina serves as outside general counsel to corporate clients, advising them on corporate governance, joint ventures, technology transactions, and other strategic and operational matters. Her practice combines sophisticated transaction experience with ongoing counsel designed to support clients throughout the investment and business lifecycle.

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LUKE SNYDER

Luke Snyder is a Managing Director at CBIZ, Inc., where he advises law firm founders, business owners, and private equity investors on financial due diligence, transaction readiness, and strategic growth initiatives. He has led more than 500 buy-side and sell-side Quality of Earnings (QoE) engagements across a wide range of industries, providing clients with the financial insights needed to evaluate opportunities, identify risks, and execute successful transactions.

In addition to Quality of Earnings analyses, Luke has extensive experience in financial modeling, 13-week cash flow forecasting, working capital analysis, M&A advisory, and other transaction-related consulting engagements. He works closely with clients throughout the transaction lifecycle, helping them prepare for acquisitions, recapitalizations, and exits while improving the quality and transparency of financial reporting.

Luke is part of CBIZ, Inc., (NYSE: CBZ), one of the nation's leading providers of professional advisory services to middle-market businesses. CBIZ, Inc. delivers a comprehensive suite of accounting, tax, advisory, and technology services, helping organizations navigate complex business challenges and create long-term value.

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GUEST CONTRIBUTOR BRITT GARY

Britt Gary is an attorney, investor, and operator helping redefine how law firms grow and scale. A graduate of the University of Virginia School of Law, Britt has built his career at the intersection of capital and professional services, bringing operational rigor and investment discipline to the business of law.

He has led business units exceeding $150 million in revenue at DaVita, served as a board observer and advisor to private equity aggregator strategies — including the first law-firm MSO — and stepped into the CEO seat to turn around and reposition under-performing businesses.

As co-founder and managing partner of Catalex Network, Britt partners with attorney-owners to professionalize operations, attract growth capital, and build firms that endure. His work focuses on bridging investment and ethics, helping lawyers achieve scale without sacrificing independence.

www.catalexnetwork.com

Appendices, Data Tables & Sources

Appendix A: The Demand & Market Data at a Glance

METRIC	FIGURE	SOURCE / YEAR
Nuclear verdicts (≥ $10M), 2024	135 (record; +52% YoY)	Marathon Strategies, 2025
Total nuclear-verdict awards, 2024	$31.3B (+116% YoY)	Marathon Strategies, 2025
Median nuclear verdict, 2024	$51M (from ~$21M in 2020)	Marathon Strategies, 2025
Thermonuclear verdicts (≥ $100M), 2024	49 (record); 5 exceeded $1B	Marathon Strategies, 2025
Social inflation — decade rise in liability claims	+57% (peak 7% in 2023)	Swiss Re Institute, 2024
Legal system abuse added to liability losses + DCC	~$231–281B (2015–2024)	CAS / Triple-I, 2025
U.S. tort system cost, 2022	$529B (~2.1% of GDP)	U.S. Chamber ILR, 2024
Tort system cost growth rate	~7% per year	U.S. Chamber ILR, 2024
P&C defense & cost-containment spend	~$23.1B (most recent total)	Triple-I, 2022
DCC growth, general liability (2018–2023)	+65%	Triple-I
U.S. P&C direct premiums written	>$1 trillion (first time)	S&P Global, 2024
Commercial litigation finance AUM	~$16.1B	Westfleet Advisors, 2024
U.S. legal-services advertising spend	>$2.5B / 26.9M ads	ATRA / X Ante, 2024
Largest single insurance-defense firm	<1,700 attorneys	NLJ 500, 2025
Insurers planning to raise private allocations	~62%	Goldman Sachs AM, 2025

Appendix B: The Defense Practice-Line Portfolio

PRACTICE LINE	VOLUME	SEVERITY / RATE	NOTES
Auto & Transportation	Highest	Low–High	Volume base; trucking nuclear-verdict exposed (+90% severity)
General Liability & Premises	High	Moderate–Rising	Fast DCC growth (+65%, 2018–23); self-insured fit
Construction Defect & Property	Moderate	Moderate–High	Multi-party, document-intensive, high hours
Professional Liability & E&O	Lower	High	Specialized; durable pricing power
Medical Professional Liability	Lower	High	Rising severity; expanding demand
Employment Practices	Steady	Moderate	Regulatory; advisory cross-sell
Product, D&O & Specialty	Lowest	Highest	Led 2024 nuclear-verdict count; anchors trial reputation
Cyber & Emerging Liability	Emerging	High	Fastest-growing emerging-risk exposure

Appendix C: Sources

This white paper draws on the following public sources. Figures are presented as approximate and directional to support strategic analysis; they are not a substitute for transaction-level diligence, and any specific investment or transaction should be underwritten on primary, deal-level data.

- Marathon Strategies, Corporate Verdicts Go Thermonuclear: 2025 Edition (2025) — nuclear and thermonuclear verdict counts, totals, medians, and geographic breadth; co-financed by reinsurance and insurance-industry parties.
- Swiss Re Institute, sigma No. 4/2024, Litigation costs drive claims inflation (September 2024) — social inflation index; 57% decade rise in U.S. liability claims; commercial casualty loss figures.
- Casualty Actuarial Society / Insurance Information Institute (Triple-I), Increasing Inflation on Liability Insurance (Year-End 2024 analysis, released 2025) — legal-system-abuse impact on liability losses and DCC; severity trends by line.
- U.S. Chamber Institute for Legal Reform (Brattle Group), Tort Costs in America, 3rd ed. (November 2024) — $529B 2022 tort system cost; ~2.1% of GDP; ~7% annual growth; ~$1T-by-2030 projection.
- Insurance Information Institute (Triple-I) — U.S. P&C defense and cost-containment expense (~$23.1B, 2022); DCC growth by line (2018–2023).
- Westfleet Advisors, The Westfleet Insider: 2024 Litigation Finance Market Report (March 2025) — ~$16.1B commercial litigation-finance AUM; new-commitment trends.
- American Tort Reform Association / X Ante, Legal Services Advertising in the U.S. 2020–2024 (March 2025) — >$2.5B advertising spend across 26.9M ads in 2024.
- S&P Global Market Intelligence — U.S. P&C direct premiums written exceeding $1 trillion in 2024.
- AM Best — commercial auto and general liability combined ratios and reserve adequacy commentary (2024–2025).
- Milliman — general liability and commercial auto liability statutory results and adverse reserve development (2024).
- Goldman Sachs Asset Management, Global Insurance Survey (2025) — ~62% of insurers planning to increase private-markets allocations; Mercer / Oliver Wyman, Global Insurance Investment Survey (2024).
- National Law Journal 500 / Am Law 200 (2025) — insurance-defense firm headcount and revenue; largest dedicated defense firm under 1,700 attorneys.
- LexisNexis CounselLink and legal-operations industry sources — outside-counsel spend concentration and panel-consolidation trends.
- Grand View Research — U.S. legal-services market size (~$397B, 2024).
- Professional-services consolidation precedents (accounting and dental) — public reporting on EisnerAmper, Citrin Cooperman, and dental support organization growth.

This white paper is provided for general informational and strategic purposes only. It does not constitute legal, financial, investment, or tax advice, and it does not constitute an offer or solicitation with respect to any security or transaction. Market figures are drawn from public sources, are approximate and directional, and may have been superseded; they should be independently verified before use in any transaction. The regulatory treatment of non-lawyer ownership and management structures varies by jurisdiction and is evolving; readers should consult qualified ethics, legal, and financial counsel before acting. Samson Partners Group is an M&A advisory firm and is not a registered broker-dealer.

*How do I **prepare** my law firm for private equity investment?*
*Who can **represent** me when it's time to go to market?*

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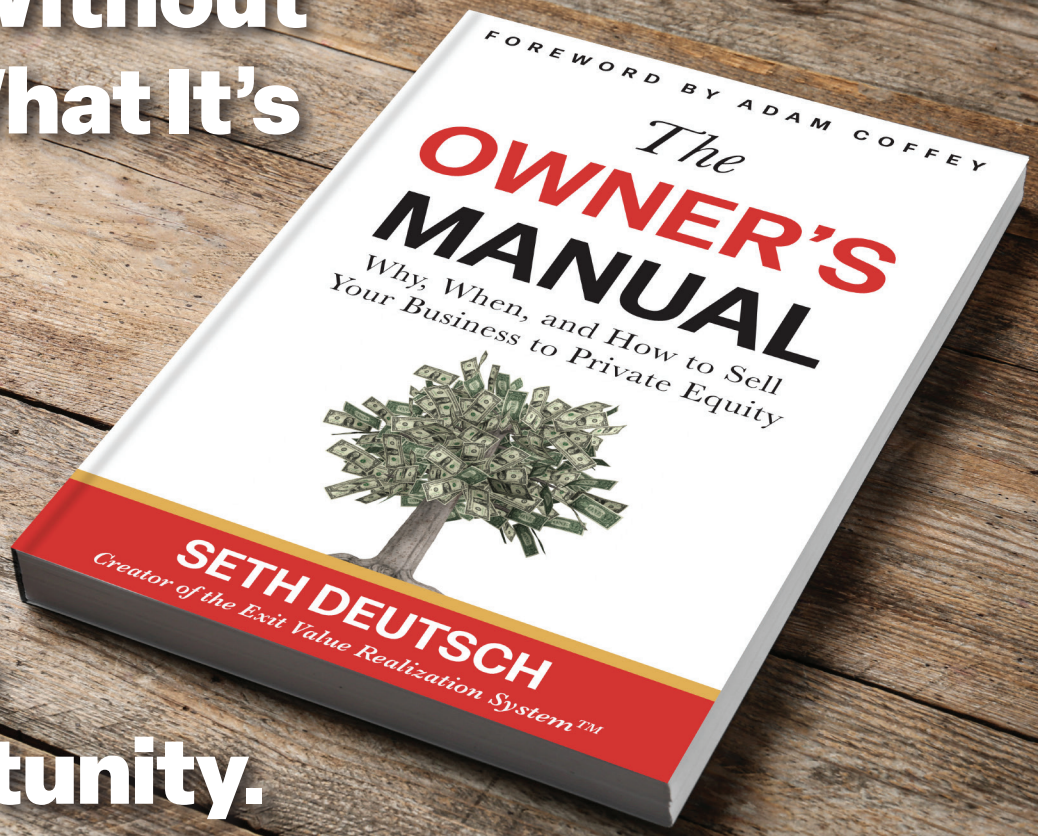

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Our services include:

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Connect with our team to discuss how CBIZ can help your firm prepare for the next stage of growth.

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Private capital is reshaping the business of legal services. Investors, law firms and advisors are navigating a fast-moving market that blends mergers and acquisitions, financing, operational scale and new regulatory challenges. **Holland & Knight is at the forefront**, advising on the structuring, investment and execution of Management Services Organizations (MSOs), Alternative Business Structures (ABSs) and other next-generation legal platforms.

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VIRTAS PARTNERS

THE TRANSACTION CREATED THE MSO. WHO'S BUILDING THE FINANCE FUNCTION?

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02

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03

SCALE

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