

2014

PENNSYLVANIA LITIGATION DEPARTMENTS OF THE YEAR

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REED SMITH'S INSURANCE GROUP BENEFITS FROM GEOGRAPHIC REACH

By **Max Mitchell**
Of the Legal Staff

When the U.S. housing market began to crash more than five years ago, Reed Smith's insurance recovery group was in a unique position to tackle the first wave of mortgage insurance litigation.

Although initial claims in the litigation, *Bank of America N.A. v. Old Republic Insurance*, which involves policies issued to Bank of America to insure home equity loans, were filed in Chicago, additional actions were filed in California, some of the homeowners and policyholders involved in the case lived in Pennsylvania and Reed Smith's client, Bank of America, is headquartered in North Carolina.

"We were right where the clients were and right where the litigation was filed," Reed Smith partner Traci S. Rea said. "We were able to leverage the geographic reach, as well as the exper-

tise to put together a team that was really seamless and could serve the clients 24 hours a day."

Reed Smith's insurance recovery team consists of 87 attorneys practicing in eight offices across the globe, including locations in Paris, London and Asia. The group focuses exclusively on recovery for policyholders, and attorneys handle cases across a broad range of industries, including property damage, toxic torts, pharmaceuticals, asbestos, bankruptcy, data privacy and financial coverage.

Douglas E. Cameron, who heads the group, said the broad geographic reach and the comprehensive approach to the cases have enabled the firm to quickly dominate emerging areas of litigation.

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"These emerging issues have shown our ability to get out in front of those issues and to quickly develop a dominant practice, in part because of the expertise in our groups and also the expertise in

our firm in those areas," Cameron said. "What's unique and interesting and has really made us successful is our ability to meld a lot of outstanding insurance recovery lawyers from across the country and across the world into a really cohesive group that works well across all offices."

In 2006, Reed Smith's insurance recovery group was just 15 attorneys, and it dealt with claims from both the recovery and defense sides of cases. By 2009, the group had expanded to about 80 attorneys, and focused exclusively

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on recovery for insureds.

Cameron said the explosive growth was the product of a “perfect storm” of several firms across the country looking to merge, Reed Smith’s interest in expanding the recovery practice and dozens of attorneys looking to join as lateral hires.

“The law firm, our management and senior management team, decided we were going all in on the policyholder side, and we were going to grow this practice,” Cameron said. “We looked to grow with top-quality lateral partners.”

The insurance recovery group is a free-standing part of the firm, Cameron said. While individual attorneys typically focus on particular practice areas, lawyers work closely with one another within the recovery group and also regularly reach out to other practice groups to make sure they handle claims from various angles.

According to Reed Smith partner Timothy P. Law, frequent contact between teams both within and outside the insurance recovery group gives the firm a strategic edge when it comes to cases involving insurance insolvency and class-action cases involving statutory liabilities, such as the Telephone Consumer Protection Act and the Fair Credit Reporting Act.

The insurance recovery group became involved in Telephone Consumer Protection Act cases after defense attorneys at the firm approached the recovery group to help ensure that insurers were meeting their obligations in terms of providing legal coverage for defendants, Law said.

“In a large firm like this, we can develop a real synergy with other groups in making sure insurance companies pay to defend these cases, which makes the clients very happy,” Law said. “We’re very good about keeping in touch with each other and working across offices. We’re able to bounce ideas off each other.”

The group recently handled a dispute between PNC Bank’s captive reinsurance company, PNC Re, which provided coverage to the Arizona-based mortgage insurance company PMI Mortgage Insurance Co., which is now in receivership proceedings. The dispute arose when the receiver continued accepting PNC Re’s pay-

ment of claims while allegedly refusing to pay reinsurance premiums. The receiver petitioned the Arizona Supreme Court to reject the reinsurance contracts, but the court affirmed the contracts and awarded attorney fees to PNC Re. As a result, the company was required to pay between \$5 million and \$10 million.

Reed Smith has also been active in London-based arbitration programs, and has been hired to represent several companies associated with the crash of a train hauling 70 tank cars filled with oil on July 6, 2013, in Lac-Mégantic, Quebec, Canada.

Reed Smith partner John N. Ellison said that while it is difficult to keep abreast of all the rapid legal developments across the globe, the firm’s dedication to teamwork and strong communication has kept the insurance recovery group successful.

“Insurance is really an international legal topic. All businesses around the globe buy insurance, as do individuals. It’s part of everyday life,” Ellison said. “To be a part of a firm with an international footprint like we have leads to some interesting legal problems for us to work on and solve.” ♦

REED SMITH BY THE NUMBERS

Department Headcount

Firmwide	87
Pennsylvania	24

Department as Percent of Firm

Headcount	5
Revenue	5