

Entrepreneur

This May Not be the News You Want But Bringing a Lawsuit Just Got Easier

An insurance startup has a new policy that will cover the costs of bringing a case that you lose.

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By: Peter Page

There is some bad news for people who fret our society is excessively litigious. A startup in the normally stuffy insurance industry has just made bringing a lawsuit less risky.

Level Insurance (as in “level playing field”), founded by trial attorneys and law partners Larry Bassuk and Justin Leto of Miami, Florida, now offers a Litigation Cost Protection’ policy that will pay some of the crushing costs of bringing a losing lawsuit. The policies reimburse out-of-pocket costs, other than attorney fees, up to \$250,000 for essentials like expert witnesses, travel, e-discovery, court reporters, trial exhibits, courtroom technology, exhibits and on and on and on. Even if you have never heard the term “forensic accountant” you know you can’t hire one cheap.

“For a small business, they face tremendous costs,” Bassuk said. The cost protection policies cost a flat 7 percent of the policy maximum.

The United States is all-but-unique in the world for allowing “contingency fees,” an arrangement that allows a person or company bringing a lawsuit to pay their attorney a portion of the settlement -- usually one-third -- if they win the case and owe nothing if they lose. While often criticized for encouraging

litigation, contingency fees have allowed people of modest means to bring lawsuits against deep-pocketed corporations, perhaps most famously the asbestos and tobacco industries.

Bassuk said the cost protection policies have found a market with plaintiff attorneys who want to minimize the risk of losing out on expenses (as well as their own fees) if they bring a contingency case and lose.

“The ultimate underdog scenario is an individual who doesn’t have the capital to bring suit against a large corporation, they need a lawyer to bring the case on a contingency basis,” Bassuk said. “Day to day, lawyers doing contingency work who get an expensive case to prosecute want to spread the downside risk if the case lose.”