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Who Secures Justice When Law Firms Get Hacked

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The Real Cost of Law Firm Data Breaches

According to Comparitech, ransomware attacks on law firms reached a record 45 incidents in 2023, compromising a total of 1.6 million records. The average breach cost law firms $5.08 million in 2024. When such sensitive data is compromised, it can have significant ramifications for legal firms and their clients. This article explores this in more detail.

How Data Breaches Harm Vulnerable Clients

So who deals with the fallout of such cases? Often, it's the clients of the legal firms, many of whom are in vulnerable positions. For example, immigrants involved in active legal proceedings. Survivors are also vulnerable as their addresses are stored in case files. When these case files are available in black markets or repositories, the aggressors in these domestic violence cases could discover their victims' current addresses. Failing to safeguard data can have serious and terrifying consequences for vulnerable clients.

Business clients may also face commercial risks when things like the following are publicly accessible:

1. Deal terms
2. Pending contracts
3. Dispute strategies

These risks are why law offices must hire a qualified **legal compliance team**

Lasting Damage to Trust and Legal Standing

This kind of harm to clients and their cases can't be undone. Once the information is out there, there's no way of reverting. And data breaches don't just immediately impact the lives of clients; they can also harm people's legal standing in the future. For example, domestic violence victims might be reluctant to file cases if they think there's a reasonable chance their address will be leaked in a data breach.

The most vulnerable people in society already tend to distrust legal institutions, and data breaches only make their attitudes more apprehensive.

Ethical and Legal Obligations Under Model Rule 1.6

For legal professionals, it's important to note that keeping this kind of data confidential goes beyond best practice. As a legal duty, Model Rule 1.6 requires attorneys to always make reasonable efforts to prevent unauthorized disclosure of client information.

This can lead to ethics violations as well as business failure. This shift in attitude comes in response to many firms trying not to disclose the extent of data breaches out of fear of reputational damage. Framing cybersecurity failures as ethical violations encourages firms to do the right thing and report the breach.

Legal Precedent, Insurance, and Managed IT

We're now seeing court cases where breached firms that continued to represent clients and didn't disclose are starting to set precedent. Disciplinary bodies have begun to challenge the notion that privilege can be maintained after a firm has clearly failed to protect client communications. Cyber insurance can act as a safety net, but cyber insurance policies routinely exclude claims where the firm failed to **properly patch its systems**.

Smaller firms are likely to be excluded because they rarely have the internal expertise to know whether their security posture matches what the insurance policy says. That's why many legal firms resort to external **managed IT services** that can help close those gaps and maintain the security standards that insurers expect.

The Moral Duty to Protect Client Trust

Trust is the precondition for legal help, and trust in the legal system has taken decades to build. Decades of diligent work from attorneys working around the clock mean legal firms today have a **moral and professional** duty to continue that legacy by doing what they can to ensure the most vulnerable people can trust. Their responsibility in return is to safeguard that data correctly.

The Accountability Chain

Cybersecurity involves various stakeholders, but who is accountable? The accountability chain has four critical links:

1. The firm is responsible for initial incident response and notifying affected stakeholders.
2. The Bar Association has disciplinary authority for dealing with firms that don't take their ethical responsibilities seriously.
3. Insurers set coverage conditions and give insurance payouts to those who truly did follow security standards.
4. Managed service providers carry contractual liability, but said liability is often well below the cost of a serious incident.

Cybersecurity as a Legal Responsibility

Law firm data breaches put vulnerable clients at direct risk and erode trust in the legal system. Firms have both an ethical and legal duty to strengthen cybersecurity and respond transparently when incidents occur.

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