

# Insights



## Alan Guy Explores the Decline of the Billable Hour with LexisNexis

January 31, 2023

Publication: **LexisNexis**

The trend away from billable hours as the way law firms charge clients may be accelerating. Kobre & Kim's Managing Director of Underwriting and Value Optimization Alan Guy, who underwrites, negotiates and manages litigation finance and alternative fee arrangements, sat down with *LexisNexis* to explore the changes.

The number of law firms offering alternative fee arrangements have been increasing. Mr. Guy said that when agreeing to flat or fixed fees, law firms are often trying to price in the risk of unexpected work, while clients are seeking savings versus hourly rates. He noted that the productive conversations center on risk and value, rather than price. "For a client, they may think it's worth US \$100,000 or US \$1 million to have a problem solved and they are happy to pay that, even if it worked out more expensive than paying by the hour," he said.

On the other hand, there are still many reasons why the billable hour is not going away. For instance, it is sometimes the easiest to pay for urgent legal advice or to address a matter that must be quickly resolved. "In some ways the billable hour is the smallest possible fixed fee and so often that's what people revert back to just because it's simple," Mr. Guy explained. "A lot of the time if you've started reaching for the lawyers, it's usually because you have a problem that's got some time sensitivity to it."

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