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LAW FIRM BUSINESS

Harnessing a Will-Do Spirit

Nelsen, Thompson, Pegue & Thornton has established itself as a fixture in insurance coverage work — a niche area that's seen crests and lulls since the firm's founding.

By Ryne Hodkowski
Daily Journal Staff Writer

Scientists have long argued that saying yes, or having an otherwise welcoming disposition toward opportunity, can increase the likelihood of one's success.

In the case of Los Angeles-based insurance coverage firm Nelsen, Thompson, Pegue & Thornton APC, saying yes — or more specifically, "We'll do it" — is a major factor behind not only the firm's success, but its very inception.

"In 1987, when the firm was founded, insurance coverage work was something no one wanted to do," said Jaymeson Pegue, one of the founders of the firm. "It was perceived as being not as glamorous, not as glitzy and basically nerdy."

Pegue, along with Philip H. Thompson and Timothy M. Thornton, followed Romain Nelsen from what was then Lynberg Nelsen to create the current firm.

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Nelsen was the most senior of the quartet, having earned his law degree at night school while working as a commercial airline pilot. He determined at the time that he wanted to start his own firm focused on insurance coverage, and he asked Pegue, Thompson and Thornton to join him. Having just four or five years of experience but inspired by Nelsen's unusual background, they quickly accepted.

According to the attorneys, the timing couldn't have been better. Insurance coverage was becoming an extremely popular field where the law was proving malleable.



Hugh Williams / Special to the Daily Journal

Lawyers at the firm say they don't fight over business or pass cases down the hall, part of the founder's ideology of giving clients "what they want, not what you think they should have."

"The case law about what you could sue for as an employee was changing almost monthly," Pegue said. "Romain timed it perfectly, because the other lawyers around town didn't want to do the work, and then the legal issues exploded. We rode that wave all the way to right now."

The firm, which has grown to 10 attorneys, hasn't focused on anything else for more than a quarter-century. The demands of handling insurance coverage and the stakes involved all but dictate that they can't focus on any other areas, they said. The work, however, forces them to learn about all the applicable fields of a dispute that they are representing — intellectual property if the case is a patent infringement claim, for example. They then have to advise their clients with no room for error.

"If you tell your client it's not covered and it is, then you're in big trouble," Pegue said. "When you're a coverage lawyer, you have to decide yes or no for a lot of things, and you have to be right all of the time. If you're wrong, then the ramifications are huge."

The need for perfection helps explain why the firm, which grew to as many as 18 attorneys a few years after its incep-

tion, has scaled back and settled at 10.

In addition, partners said that the market currently demands that staffing on a case be limited to just one senior attorney. Since the same clients also demand quality and experience, the firm has become a go-to for insurance coverage.

"Clients don't care if it's an \$800 million class action. They want one senior lawyer and maybe a second attorney, but no more," Pegue said. "If you're only going to pay for one lawyer, and they're going to go up against four or five lawyers on the other side of the table, then you better go find someone who has 20 to 30 years of experience and has never done anything else, or else you'll get run over."

The attorneys said they have also become adept at mediations, as close to 99 percent of their matters are ultimately resolved out of court.

"That's the skill that's in demand — not the grandiose trying of a case in front of 12 people," Pegue said. "The skill you need is the ability to convince the person on the other side of the table and the mediator in between you that you've got the better of the case."

The firm would not divulge its client

list, but the partners said they deal only with insurance companies. A few have been clients for as long as the firm has been in existence. A relatively new client sought the firm's services last year, more than two decades after the firm represented the opposing side in a case.

"They called us up and said, 'We remember you from 20 years ago,'" Pegue said.

Because of the long-standing relationships with clients, partners said, lawyers at the firm don't fight over clients, and matters don't get passed down the hall to another lawyer.

"That's where we're weird. We give our clients what they want," Pegue said. "That was part of Romain's ideology: You give them what they want, not what you think they should have."

The attorneys said insurance coverage is dwindling in popularity once again, but that issues continue to be debated and law continues to be created. The questions regarding wrongful termination and sexual harassment that were prevalent 25 years ago have been replaced by queries about fracking and cyber liability. As long as there are insurance companies, there will be the need for insurance coverage attorneys, and Nelsen, Thompson, Pegue & Thornton will be specializing in it, the lawyers are fond of saying.

"Insurance coverage was the poor stepchild. Then it was very popular for a while because it generated great revenue for firms," Pegue said. "Then it fell off the charts again as far as law firms wanting that type of work."

"When other firms decided they didn't want the work again, we stood there saying, 'We'll do it.'"

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