



AI, Embracing Change and Fortifying Protections: The Legal Industry's 2025 Risk Index

Confidence and Clarity Take Center Stage, a Marked Shift Year-over-Year

Embroker, July 2025

Over the past year, the legal profession has shown significant shifts in business priorities, risk perceptions, and attitudes toward AI adoption. These changes also reflect a greater level of confidence and clarity across multiple business topics, showcasing more sure-footed positions in their desire to manage and mitigate risk through financial tools like insurance coverage, their adoption of strategic and creative AI applications, and their further embracing of risk-taking. **In a survey of 245 full-time legal professionals in the US, Embroker uncovered that the profession has hit a new stride in many ways.**

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Shifts in Priorities and Optimism



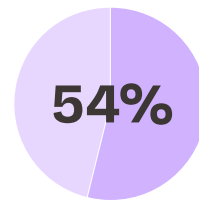
In 2025, legal professionals' optimism for the health of their business in the coming year became slightly muted year-over-year (YoY), with respondents averaging **65% optimism** on a scale of 0 to 100. Last year, **70% claimed** to be optimistic about their business going forward.

2024 = 70%

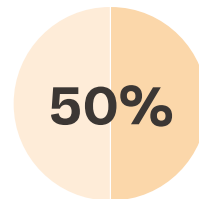
2025 = 65%

When asked what makes lawyers most hopeful for their business in the coming year, they are looking forward to:

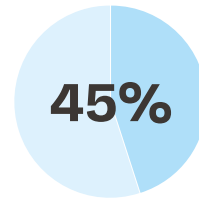
**Answers correspond to top 3 of 6 options. Respondents were asked to choose up to 3.*



Successful adoption of technology to improve internal processes



Positive industry partnerships or collaborations

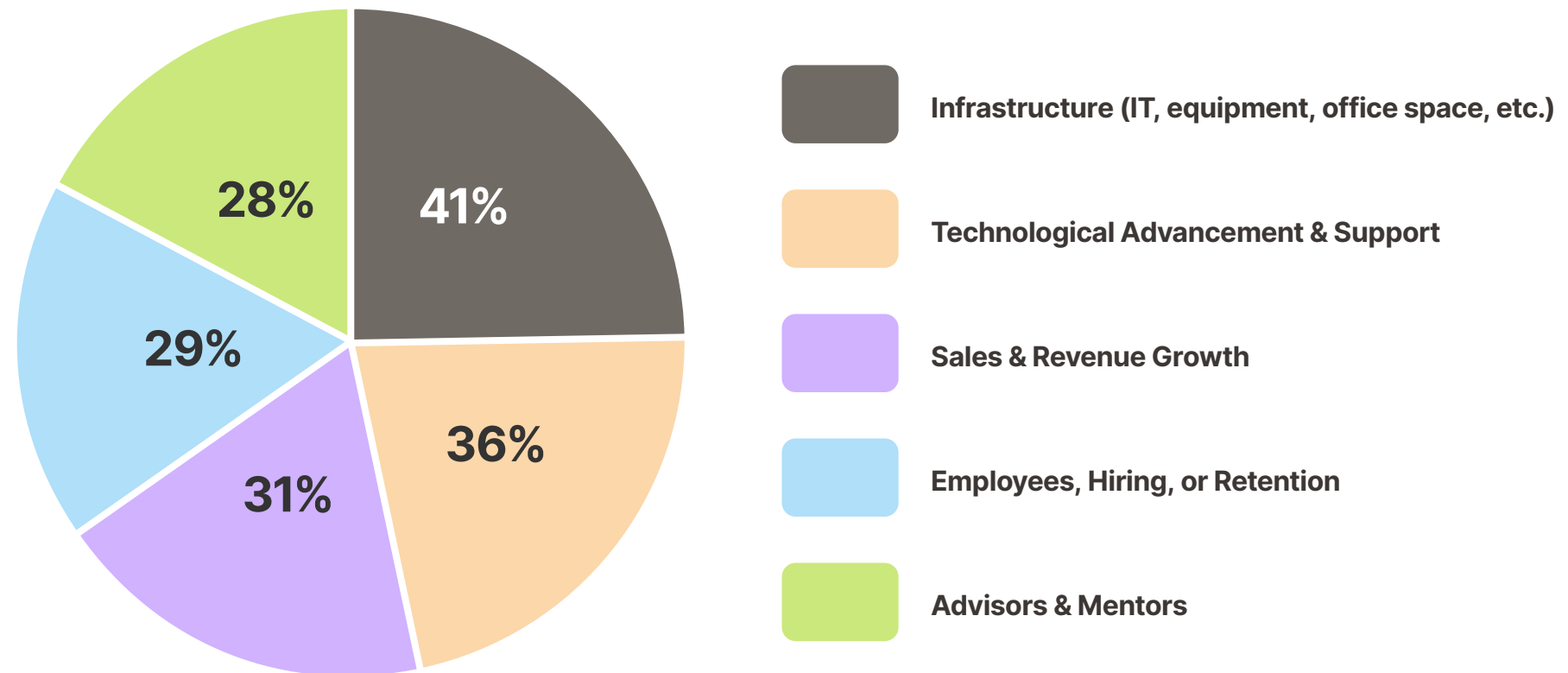


Enhanced firm reputation and/or brand visibility

Shifts in Priorities and Optimism

The top three business priorities for 2025 identified by law professionals were **Infrastructure (IT, equipment, office space, etc.)**, **technological advancement/support**, and **sales/revenue growth**.

This reflects strategic shifts to embrace new technologies and bolster business stability and operational resilience compared to last year's survey, which identified employee hiring/retention, networking and sales growth as top priorities for 2024.

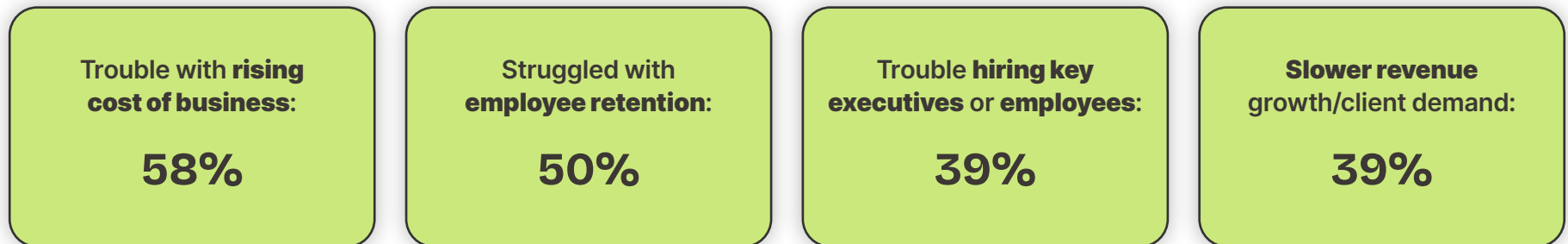


Internal Risks: Reputation and Employee Claims at the Forefront

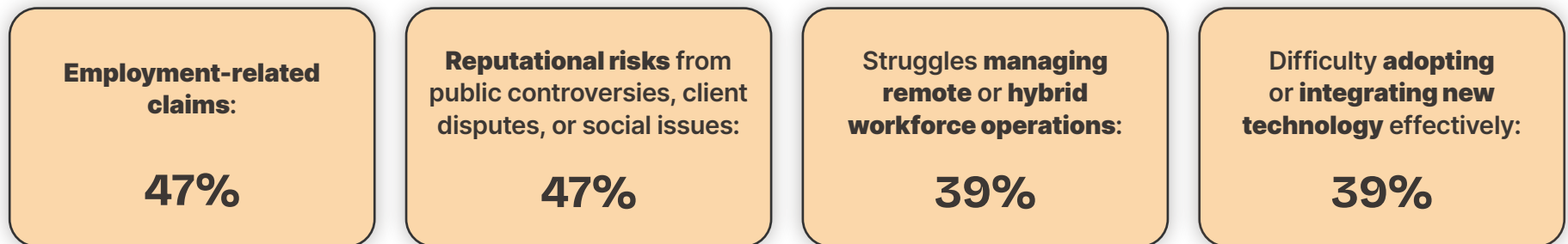
Risks internal to law professionals' company or organization have shifted notably year-over-year. Unlike last year when the rising cost of business ranked #1, this year reputational challenges stemming from public controversies tied with **employment-related claims** as the dominant issues keeping respondents up at night (both at 47%). This pivot suggests intensifying pressures related to staff management and public perception, potentially exacerbated by polarized social and political climates. This also may be influenced by the **increasing malpractice suits** from wrongful or undisclosed AI use that law firms are recently facing.

Top Internal Risks Experienced in Prior Calendar Year

Reflecting on 2023



Reflecting on 2024



AI Adoption Hits an Inflection Point

The legal industry's cautious stance toward AI has evolved dramatically. Reported AI usage **surged from 22% in 2024 to 80% in 2025**.

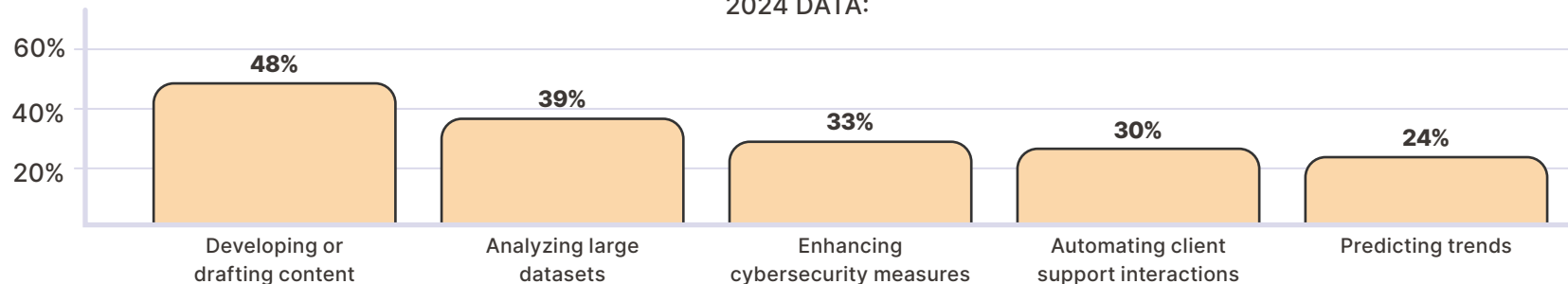
2024 = 22%

2025 = 80%

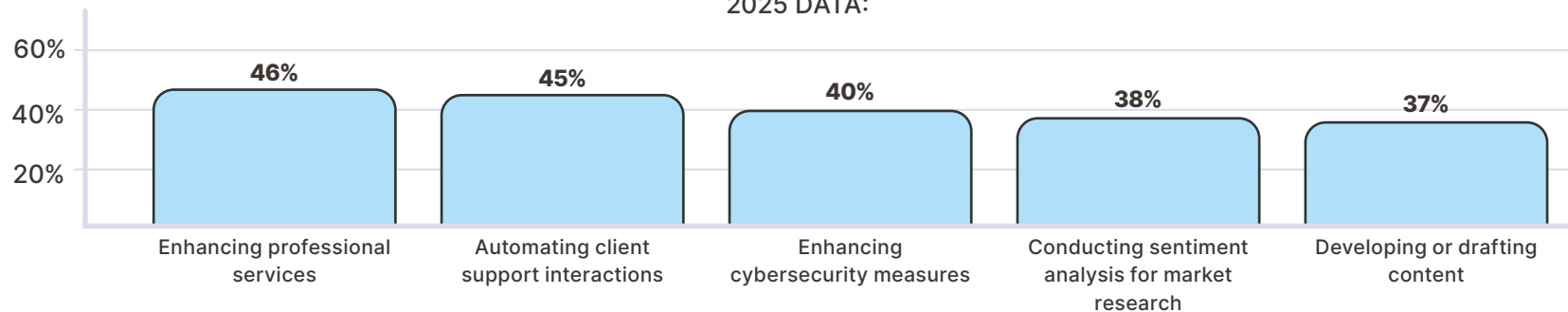
Legal professionals are officially leaning into the power – and risks – that come with embracing AI adoption. They have broadened their horizons in applications as well, primarily using AI to enhance professional services, automate client support, and strengthen cybersecurity, reinforcing that they are getting more strategic and creative in how they're putting AI tools to work for their business.

How is your company currently using AI?

2024 DATA:



2025 DATA:



AI Adoption Hits an Inflection Point

Concerns about AI persist, with respondents highlighting risks of over-reliance leading to professional liability risks (43%), data privacy breaches (38%), and legal/ethical issues due to misuse (37%). However, the profession is clearly getting its AI sea legs, which is reducing their perceived fear around using it.

“I am cautious about using AI-driven tools”

2024

10%

of respondents **disagreed with
this statement**

2025

40%

of respondents **disagreed with
this statement**

Disruptive Tech & Professional Liability Threats Take Center Stage

Similarly, top external threats have shifted from economic pressures to challenges around disruptive technology and professional liability threats. Although inflation concern remains, **it dropped sharply from 52% last year to 28% this year**, signaling that persistent economic volatility is taking a necessary backseat compared to more front-and-center risks like navigating AI adoption in an inherently risk-averse field.

The top three external risks encountered in 2024:

1st

Challenges adapting to disruptive technologies (e.g., AI tools, LLMs, etc.) – **53%**

2nd

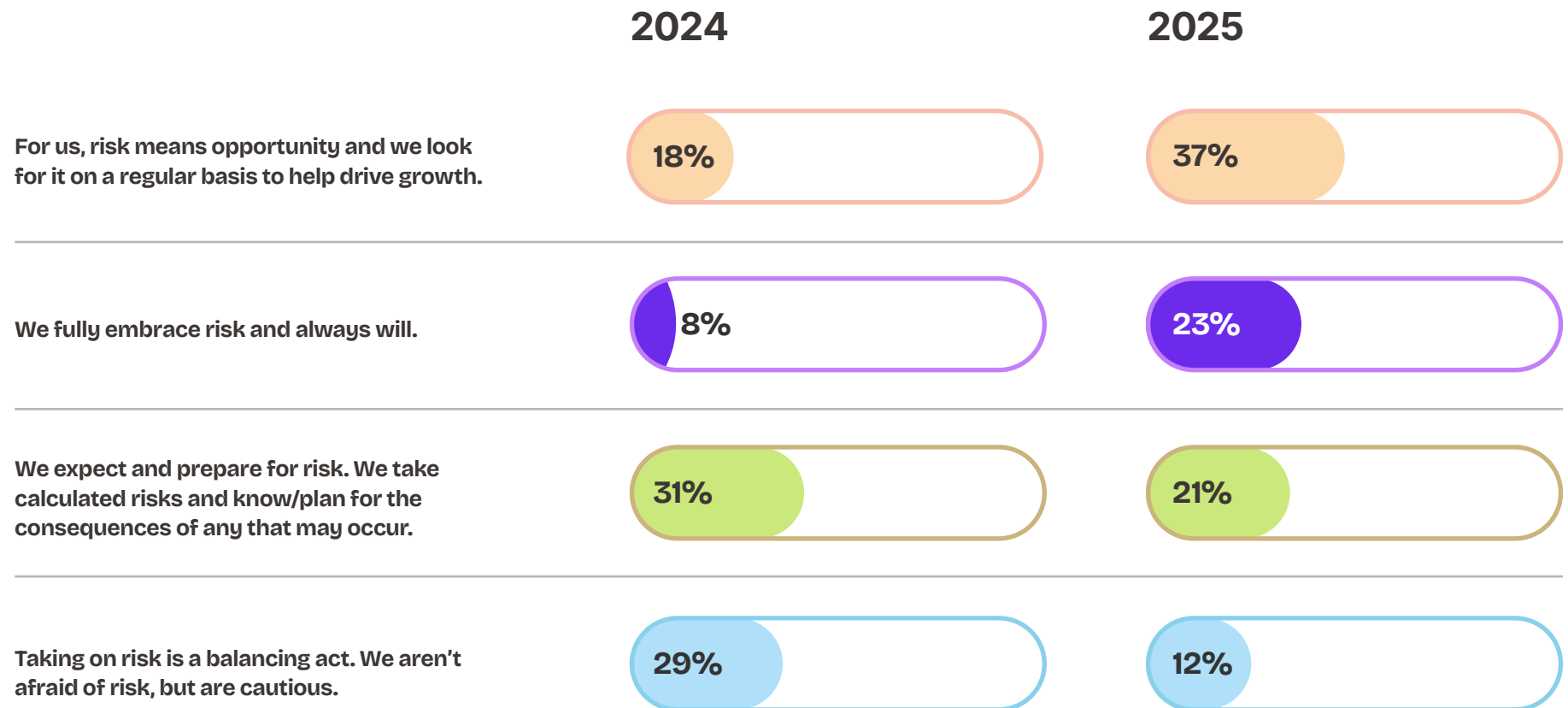
Professional liability claims, legal malpractice threats or other litigation suits – **51%**

3rd

Cybersecurity breaches, attacks or threats – **40%**

Year-over-year, attorneys have become more bullish in leaning into risk overall, an indicator that **they are gaining confidence in their ability to turn potential pitfalls into opportunities.**

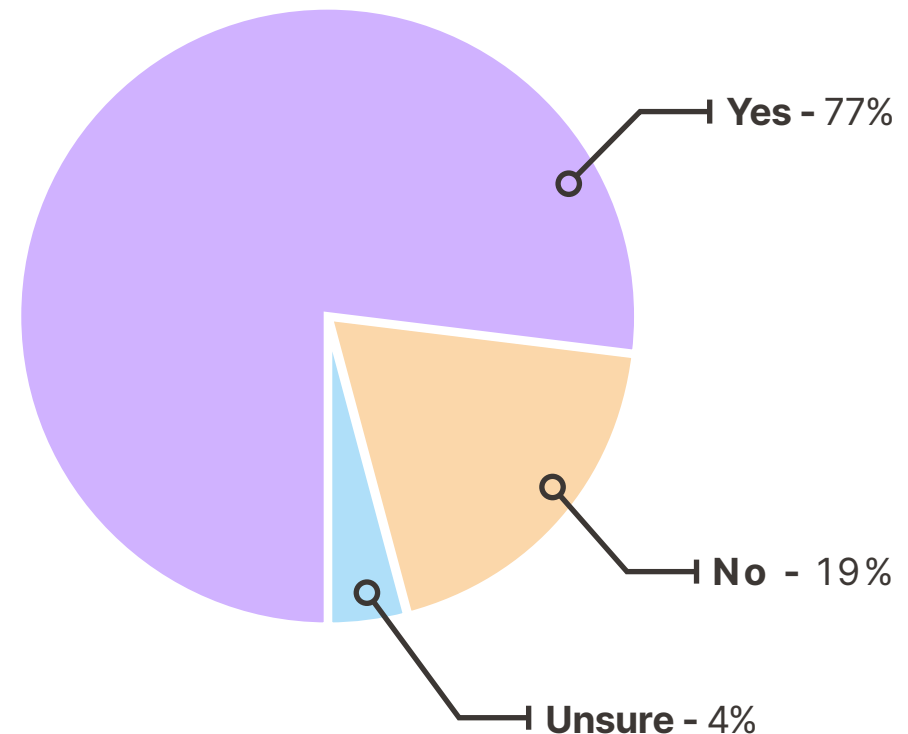
What statement best describes your company's approach to risk?



Insurance and Risk Management: Enhanced Confidence & Clarity

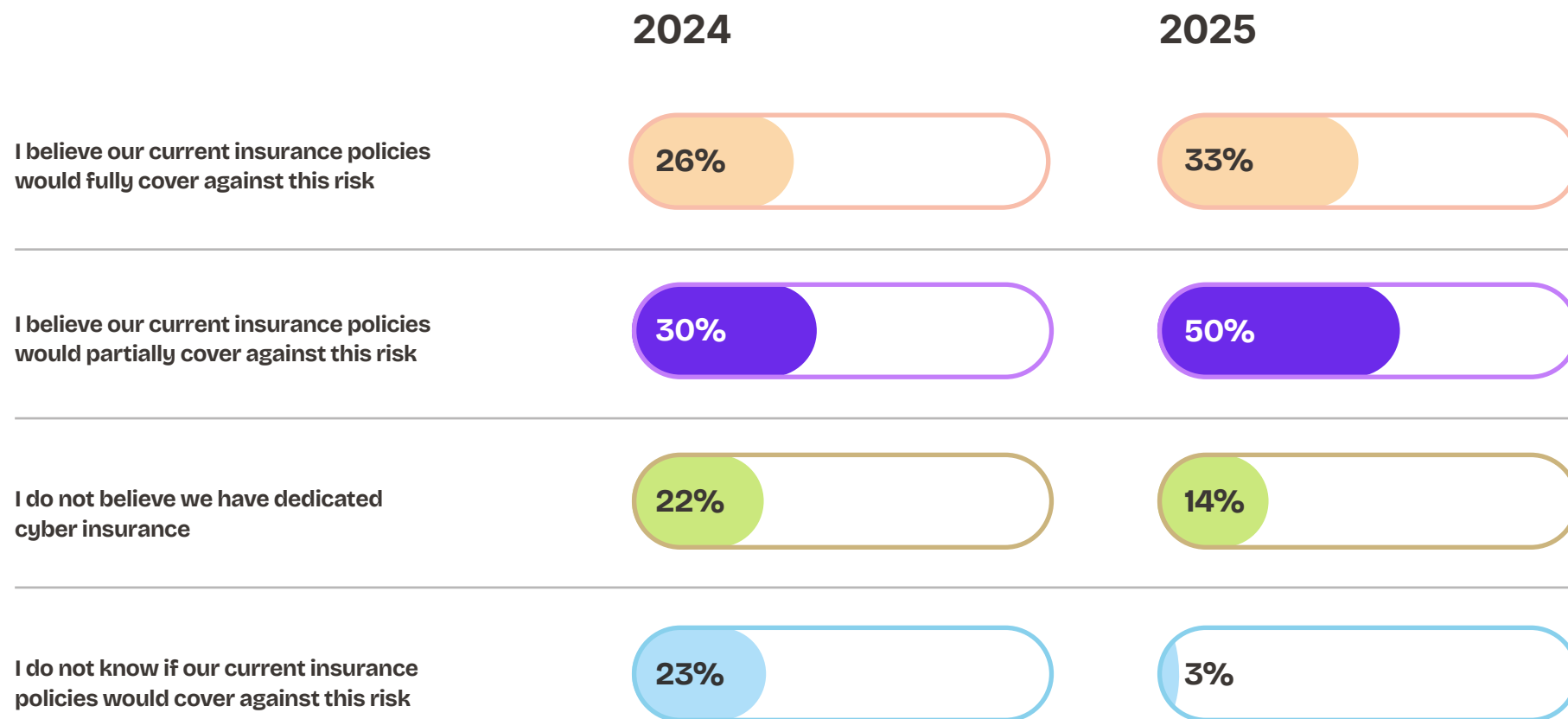
Legal professionals show markedly increased focus and savvy around their insurance protections in 2025. Proactive plans to address underinsurance have jumped, with **45% reporting upgrading their policies** in response to 2024's risk landscape, a considerable leap from **just 14% indicating such plans the previous year**. This marks a sharp shift over the findings from spring 2024, when lawyers largely reported feeling underinsured during 2023, but lacked plans to make improvements.

Would your current insurance policies cover against the greatest risks your business faces right now?



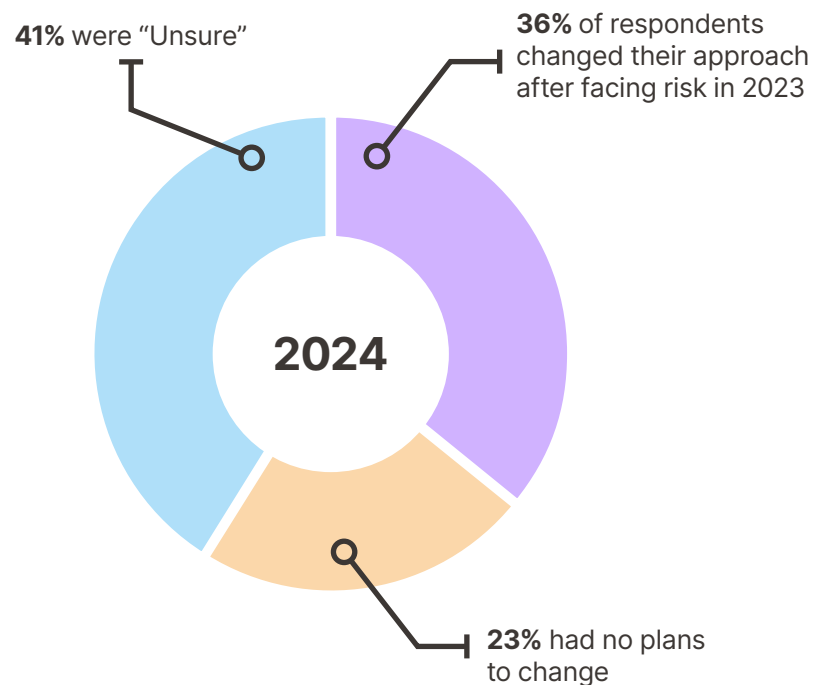
Confidence and awareness around insurance protections against cyber threats has also grown, with **far fewer professionals uncertain about their coverage**. The percentage of respondents without cyber insurance dropped YoY, indicating that it is no longer considered optional by the vast majority of legal professionals.

Would your current insurance policies cover your business against a data breach?

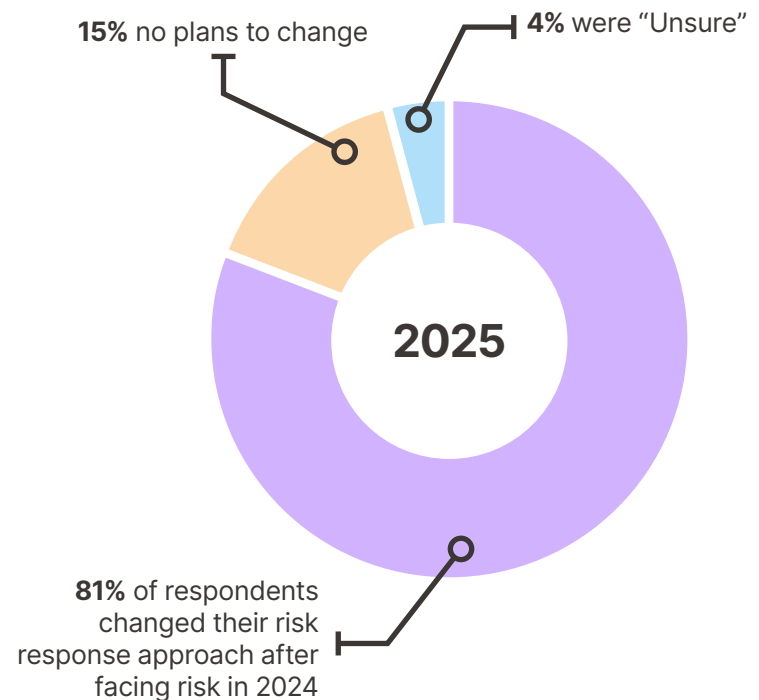


They're adapting and evolving their risk response approach ... and they know it

Those in the legal field are no longer unclear about if – or how – they plan to shift their risk response approach in the face of the changing risk landscape. The profession is largely taking the proverbial bull by the horns and embracing the importance of staying nimble.



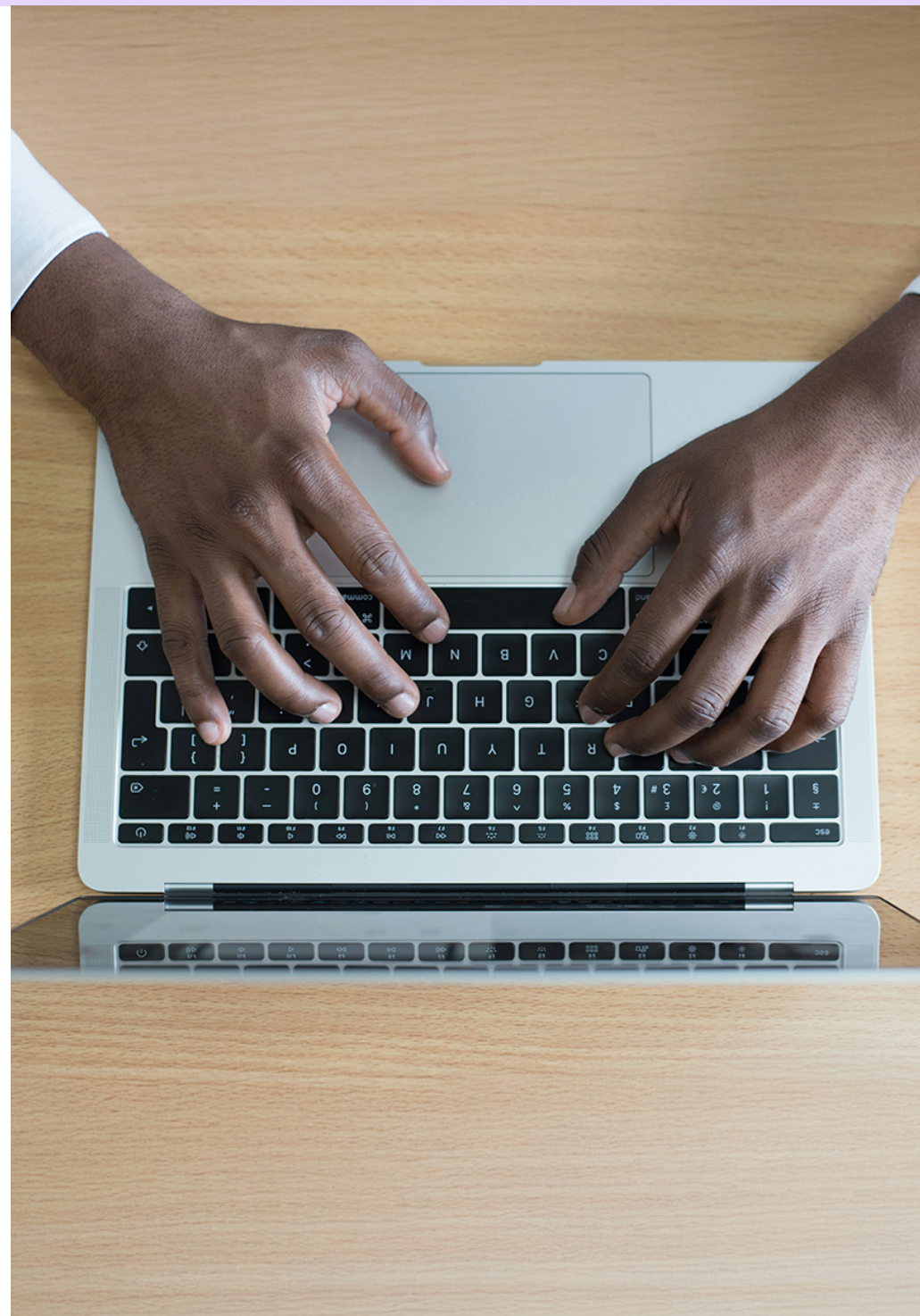
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Conclusion

The Legal Industry's 2025 Risk Index reveals an industry at a critical turning point — **embracing technological transformation, increasing insurance protections, and becoming strategically bolder in the face of risk.** While optimism remains stable, legal professionals are navigating heightened reputational concerns, adapting rapidly to disruptive technologies, and are increasingly aware of the potential risks posed by political influences. **Proactive risk management, clarity in protective strategies, and intentional integration of AI** will be essential as the profession continues to evolve, ensuring resilience and sustained growth in an era defined by uncertainty and rapid change.

Methodology: Embroker commissioned a survey of 245 US-based full-time legal professionals in June 2025. All answers were anonymous and voluntary.



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