Law Firm Disrupted: PE Eyes Another Sector of the Legal Industry

Two figures from the investment world make the case for why the personal injury world is an ideal destination for outside investment.

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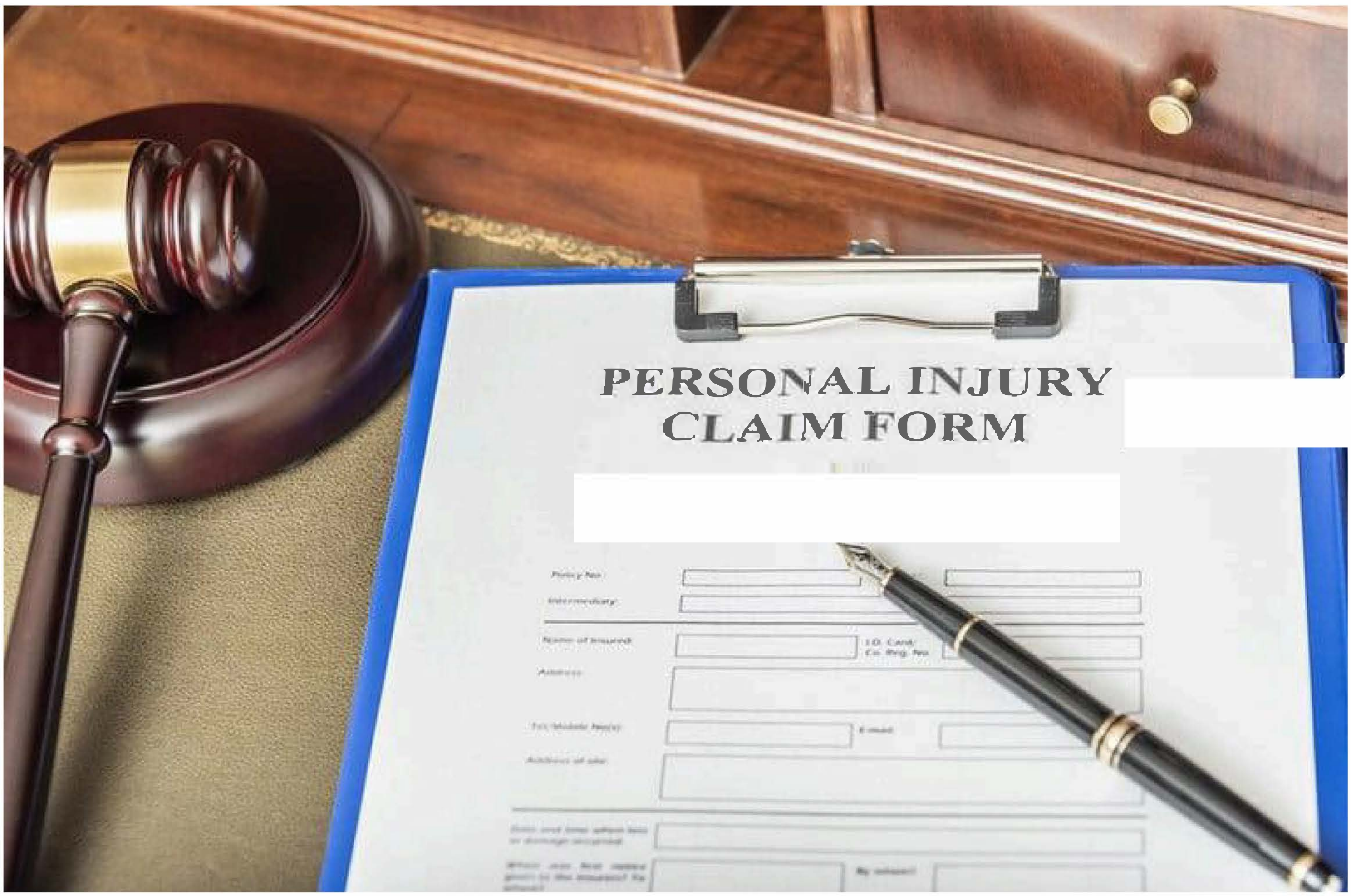

Business-of-law editors Dan Packel, Sarah Tincher-Numbers, David Gialanella and Christine Simmons write this weekly briefing, where the team digs into the emerging and persistent competitive pressures on law firms and how leaders are navigating those pressures. As always, we welcome your feedback and ideas. Want to be alerted to this dispatch in your inbox? Sign up here.

Seemingly every corner of the law firm world is currently a target of investors who view legal as an untapped asset class.

Some have been working the Am Law 100 hard. Others see larger regional and midsize national firms—the Am Law Second Hundred—as the sweet spot. And for Seth Deutch, a longtime CEO in the professional services industry—it's the personal injury world that offers the most immediate promise.

Deutsch isn't on an island here. Perhaps the most visible instance thus far of a U.S. law firm taking on private equity backing involves a PI firm, after Arizona's Rafi Law Group announced earlier this month that it will receive $125 million from an outside investor and split its back office into a management services organization, or MSO. (It's telling that, after all the ink spilled in this briefing for years about the impact of Arizona's Alternative Business Structure program, this Arizona firm eschewed the ABS route when cashing in on outside investment.)

Deutsch's Samson Partners Group is an advisory business that guides business owners on navigating outside investment opportunities, and he wound up in the legal sector roughly four years ago when founders of a personal injury firm contacted him for guidance on a potential buy-and-build strategy involving rolling up other PI and estate planning firms, using outside capital and an ABS. In 2025, he says that he worked on 20 MSO transactions across nine sectors of the legal industry—including creditors rights firms, AI native firms, and real estate specialty shops.

But PI stands out among those nine sectors. For one, according to Deutsch, it's a large and highly fragmented market—$55 billion out of the broader $405-billion U.S. legal industry, spread across over 50,000 firms.

And these firms have a simple management structure, controlled often by two more than one or two managing partners. Compare that to the decision-making process at an Am Law 100 vote, where hundreds of partners need to be marshaled to vote for a proposed merger, or to Citrin Cooperman—the first CPA firm to take majority funding from private equity—where roughly 275 partners had to vote.

"That's a lot of transactional friction," Deutsch said.

The structure of these businesses is appealing as well, according to Christ Kamberos, a longtime private equity investor, whose Tierra Capital Partners is currently launching a fund—in conjunction with Deutsch—to give investors a chance to deploy capital alongside top-decile sponsors on a fee-free basis when these giants make legal industry transactions.

The prospect of key man risk—where a prominent partner leaves and takes along critical client relationships—is much lower, he said. Rather than depending on hourly billing rates, the fees—stemming generally from settlements with insurance companies—are more foreseeable.

The margins—often between 33-40%—are high. And the firms on the radar are already professionally run, with a tech stack in place. But, without additional capital, their prospects for further growth are constrained, particularly as technology costs rise.

"The right PE firm, combined with the right law firm, can really grow margin and implement technology in a way these firms would be much more challenged to do so on their own," Kamberos said. "To use the medical field as an example, nobody became a doctor to manage their HR and manage the woman or man who opens the front door, but is running late because their kids are going to school. They became doctors to practice."

The upshot, Deutsch said in a separate conversation, is that these PI lawyers, by offloading day-to-day management activity to an MSO but now flush with capital, could join a set of peers and ultimately build a $500 million firm—still just 1% of the $50 billion PI market.

"We have very sophisticated founders that have built businesses that are incredibly resilient, have incredibly strong brands, have very high cash flow yield, are growing, have not yet hit a point of brand saturation," he said. "There's still a lot of opportunity."

So, in a nutshell, here's Deutsch and Kamberos' vision: consolidated PI shops, backed by brand-name private equity firms, scaled such that they would land on the higher end of the

Am Law Second Hundred.

It's plausible. The fact that the MSO conversation has so quickly supplanted the hype around ABS firms does give me pause. It's the next 12 months of activity—in the PI world and elsewhere in the legal industry—that will show how real this push turns out to be.