AI Governance Is Not an Attorney Decision: Why Decentralized AI Use Is a Leadership Risk

In many law firms, the adoption of artificial intelligence has not been the result of a formal leadership decision. It has occurred organically, driven by individual attorneys selecting tools, developing workflows, and applying their own judgment about what to verify, what to disclose, and what to trust.

That is not a technology policy. It is the absence of one. And the consequences of that absence sit with firm leadership, regardless of whether leadership was directly involved in the decisions that created it.

The companion article in this series examined where AI creates professional liability exposure, including hallucinations, supervision gaps, confidentiality risk and evolving disclosure obligations. This article addresses the structural issue beneath those risks: what happens when AI governance is treated as an individual attorney decision rather than a leadership mandate, and why that approach introduces material and often underappreciated exposure.

What decentralized AI use looks like in practice

In firms without formal AI governance, the reality is often uneven and largely invisible at the institutional level.

A litigation partner may rely on one AI tool for drafting and deposition preparation, with a self-developed verification process. In another practice group, an associate may use a different tool, potentially one not designed for legal work, and may input client-specific details to improve results. In other areas of the firm, adoption may be extensive or nonexistent, with little awareness across practice groups.

In many cases:

- No centralized inventory of tools exists
- No formal evaluation of how tools handle client data has been conducted
- No defined supervision standards govern AI-assisted work
- No consistent approach to disclosure has been established

Individual attorneys make decisions independently, based on their own risk tolerance and familiarity with the technology. The firm lacks visibility into how AI is being used and cannot demonstrate to clients, courts or insurers what standards apply.

This is not an outlier scenario. It reflects the current state of many firms.

Our 2026 AI Adoption and Risk Survey found that fewer than half of organizations have implemented formal AI risk management frameworks, even as 63% have operationalized AI in some capacity. The gap between adoption and governance is not peripheral. It is central.

Why decentralized AI use creates compounding risk

The issue is not simply the potential for individual mistakes. It is the structural impact on how the firm manages and defends its risk.

Inconsistent risk across the organization
When each attorney governs their own use of AI, the firm's aggregate risk profile becomes fragmented. Some practices may apply rigorous verification and supervision. Others may not. Without a firm-wide standard, leadership has no mechanism to establish minimum expectations or ensure consistency.

No defensible standard of care
If a claim arises from AI-assisted work, the question of whether the attorney met the standard of care becomes central. Firms with governance frameworks can point to defined supervision and verification standards. Firms without them lack a consistent reference point, making defense more difficult.

Inability to respond to client expectations
Clients are increasingly asking how law firms are using AI and what controls are in place. Without a cohesive governance framework, firms cannot provide a clear or credible answer. This introduces reputational and competitive risk.

Exposure that scales with adoption
As AI adoption expands, so does the exposure associated with ungoverned use. Firms that defer governance are allowing risk to scale alongside adoption rather than managing it deliberately.

Why this is a leadership issue

Treating AI governance as an attorney-level decision introduces a set of leadership risks.

Misalignment between risk and accountability
AI-related professional liability exposure belongs to the firm, not just the individual attorney. The firm's name is on the engagement, and its insurance program responds to claims. Allowing decentralized decision-making while retaining institutional liability creates a disconnect in risk ownership.

Limited organizational learning
Governance frameworks create visibility into tool usage, performance and risk patterns. Without that visibility, firms cannot identify emerging issues or improve practices proactively. Lessons are learned after a claim, rather than before.

A management liability dimension
Leadership has a responsibility to provide oversight of practice management. In an environment where AI use is widespread and the risks are well understood, the absence of governance is increasingly difficult to justify. In the event of a significant claim, the adequacy of leadership oversight may become a central question.

What an effective AI governance framework requires

AI governance does not require deep technical expertise. It requires disciplined risk management aligned with professional responsibility.

A well-structured framework typically includes:

- **A clear inventory and approval process for AI tools.** The firm should understand which tools are in use, where they are applied, and whether they meet confidentiality and security expectations. Approved tools should be defined, along with a process for evaluating new ones.
- **Defined supervision standards.** The firm should establish consistent expectations for reviewing AI-assisted work product before it is delivered to clients or submitted to courts.
- **Explicitly prohibited uses.** Certain activities should be clearly restricted, including the use of unsecured tools for client information or the use of AI-generated content without attorney review.
- **Firmwide training and communication.** Attorneys and staff should understand how AI use intersects with duties of competence, confidentiality and supervision.
- **Consistent disclosure protocols.** Practices for disclosing AI use should reflect current bar guidance and be updated as standards evolve.
- **Ongoing monitoring and ownership.** Governance should have a defined owner responsible for maintaining and updating the framework as technology and regulatory expectations change.

The governance-insurance connection

AI governance and professional liability insurance are increasingly connected. Underwriters are beginning to evaluate how firms govern AI use as part of the renewal process. While approaches vary, the direction is consistent. Insurers are assessing whether firms have formal policies, supervision standards and training in place.

Firms that can demonstrate structured governance present a more stable and predictable risk profile.

Governance also plays a role in claims defense. When a claim involves AI-assisted work, the existence of a documented and applied governance framework supports the firm's ability to demonstrate appropriate standard of care. This is not only a risk management issue. It is also a coverage and insurability consideration.

Strategic implications for law firm AI governance and risk management

The way firms approach AI governance today will shape both their risk profile and their competitive position.

1. **A lack of governance is an active decision with measurable consequences.** Firms that have not implemented governance frameworks have, in effect, delegated decision-making authority to individual attorneys. This does not transfer liability. It concentrates it.

2. **Decentralized AI use produces an unstructured and difficult-to-defend risk profile.** Without clearly defined and consistently applied standards, firms cannot demonstrate how AI is governed. This creates challenges in client conversations, regulatory scrutiny and claims scenarios.

3. **Governance must be operational, not theoretical.** Policies alone are insufficient. Effective governance requires implementation, communication and ongoing monitoring. The relevant question is not whether a policy exists but whether it is actively followed.

4. **Clear ownership is essential.** AI governance requires accountability. While multiple stakeholders may contribute, responsibility for maintaining and evolving the framework must be clearly assigned.

5. **The opportunity for proactive governance is finite.** Firms that act before a significant AI-related issue arises are establishing credibility and control. Firms that wait may find themselves reacting under pressure.

6. **AI governance is a leadership responsibility.** It sits at the intersection of professional responsibility, client expectations and insurance risk. As such, it belongs within firm leadership discussions, not solely within technology or innovation functions.

The competitive dimension

AI governance is often framed as a compliance requirement. While that is accurate, it is not the full picture.

Firms with strong governance frameworks are also better positioned competitively. They can respond to client inquiries with clarity, demonstrate consistent standards and engage more confidently with insurers. They are also able to capture the efficiency benefits of AI while maintaining accountability and control.

Firms that treat governance as a leadership priority, rather than a downstream operational issue, will be better positioned to realize both outcomes.

Closing perspective

This article is the second in a two-part series on AI risk in law firms. The first article, "The Efficiency Tool That Became a Liability," examines the specific professional liability exposures created by AI adoption.

Read together, the two pieces provide a comprehensive view of both the risks and the governance structures required to manage them effectively.