



General Litigation Management Guidelines

Effective April 2013



Bring on tomorrow

General Litigation Management Guidelines

The policies and practices set forth in this document describe the Litigation Management Guidelines for all counsel retained by AIG Property Casualty Claims or by any AIG Property Casualty-approved Third Party Administrator (TPA) to defend the interests of AIG Property Casualty's insureds against claims arising under policies issued to such insureds.

These guidelines are the foundation of a successful relationship between retained counsel, our insureds and AIG Property Casualty member companies. We believe that active communication, coordination of activities, collaborative decision-making, and the application of common sense and good business judgment between all interested parties are essential to effective and economically sound litigation management.

The goal of these Guidelines is to help identify preferred results and implement realistic strategies and case budgets to achieve those results.

This document is not intended to interfere with counsel's obligation to exercise independent legal judgment in representing the insured. Rather, these guidelines encourage a cooperative, results-oriented approach to litigation management.

AIG Property Casualty expects counsel to represent our shared clients with the utmost loyalty and honesty, and to avoid even the appearance of impropriety in the attorney-client relationship. At the outset, we expect all law firms to have an accurate system in place to screen for potential conflicts of interest. If a conflict of interest becomes apparent or develops at any point in the litigation, please inform us immediately so that, if necessary, we may manage the smooth transfer of the assignment to another law firm.

While these Guidelines are to be used for all assignments, the following AIG Property Casualty specialties and companies have established specific guidelines, separate and apart from these General Guidelines, that should be followed when applicable:

- AIG Matter Management Guidelines
- Appellate Litigation
- Canadian Litigation
- Coverage
- Financial Lines D&O, EPL Non-Duty to Defend, Fiduciary (ERISA & Non-ERISA)
- Financial Lines Coverage
- Workers' Compensation
- Private Client Group
- International Casualty Home Office

To request additional copies, or to contact the Legal Operations Center, please e-mail us at LMSupport@aig.com.

These guidelines are effective for all legal services provided **on or after April 1, 2013**.

These guidelines are periodically updated. Counsel should always verify that they are working from the most recent guidelines.

Disputes or questions regarding the interpretation of these guidelines should be directed to the Global Director of Firm Management within the Legal Operations Center.



I. EFFECTIVE LITIGATION MANAGEMENT

AIG Property Casualty strives to implement the most effective, cost-efficient litigation management strategies to resolve cases appropriately. We expect defense counsel to be our strategic partner to achieve our goal for effective litigation management on every case. All cases benefit from an approach to litigation management that specifies the steps to achieve a successful outcome as well as identifying the anticipated ultimate legal costs to achieve such outcome.

From commencement of litigation until resolution, the claims professional and counsel should discuss and pursue the earliest opportunities to achieve the preferred outcome.

Although litigation management must, by its nature, be a flexible process, there are always issues to be resolved and different parties will have different views on how those issues should be resolved. Thus, in every case, effective litigation management requires:

- Identification of the issues that need to be resolved
- Identification of a preferred resolution
- A strategy to achieve the preferred resolution
- An understanding of costs to be incurred throughout the life of the claim/case (i.e., a budget)

By agreeing in advance to the legal services required to provide quality defense to the insured, the claims professional and counsel share a common understanding of the steps required to implement the case strategy and the associated ultimate costs. These guidelines include procedures and forms to assist.

Application of Guidelines

These guidelines should be applied unless counsel is otherwise instructed in writing in advance by the claims professional. Counsel is responsible for ensuring that all law firm employees servicing AIG Property Casualty matters are aware of these guidelines and requirements.

Pre-Litigation Assignments

Pre-litigation assignments to counsel may also be made in certain situations. In those cases, counsel and the claims professional should discuss the applicability of the reporting guidelines, and whether reporting otherwise mandated by these guidelines will be required. Effective case management includes the steps bulleted above even though the claim is not yet in litigation. However, even in pre-litigation assignments, legal expense budgets must still be provided.

Electronic Billing

AIG Property Casualty uses electronic budgeting and invoice processing technology, which counsel is expected to utilize. It is the responsibility of counsel to verify that all appropriate matters are available for budgeting and invoice processing. In the event that AIG Property Casualty changes its technology, each firm is obliged to make the change and transition to the new technology upon reasonable notice.

Legal Audit, Inspection and File Retention

Counsel shall keep case files and legal invoice records (including original timesheets and/or other back up materials) of all activities, related to the assignment, in compliance with generally accepted procedures. The Legal Audit Team shall retain the right to audit the case files and legal invoice records. Files and legal invoice records shall be retained by counsel for a period of no less than seven years after the conclusion of the assignment.

If an electronic copy of the entire case file and legal invoice records are made by the law firm, paper or duplicate originals or copies are not required to be retained.



Throughout and subsequent to the term of the assignment, case files and legal invoice records related to the performance and invoicing of legal services shall be open to inspection during regular business hours by an authorized representative of AIG Property Casualty.

Beyond the seven-year time limit that AIG Property Casualty requires counsel to retain records for audit purposes, counsel shall be governed by its own records management policy in order to preserve and retain documents as required by law and to set forth standards for managing such documents according to law.

Outside Communications

It is the general policy of AIG Property Casualty to decline to comment on pending litigation or on litigation policies, practices and/or strategies of AIG Property Casualty member companies or insureds. Consistent with this position, counsel is directed to refrain from commenting, either in written or oral forms, on behalf of the Company and/or the insured without first obtaining the permission of AIG Property Casualty and the insured, if the insured's permission is warranted. Further, counsel is not permitted to use any Company trademark in its advertising or other marketing material without obtaining the permission of AIG Property Casualty.

Confidentiality

Counsel must take steps to protect Company Information from unauthorized access, acquisition, disclosure, loss, destruction or damage, including ensuring that hard copy and electronic materials are transmitted and stored in an appropriate fashion including the use of encryption or other similar technologies when appropriate. Counsel must limit access to Company Information to only those individuals who have a business need to access Company Information. Counsel must inform the Company promptly if there is any unauthorized access, acquisition, disclosure, loss, destruction or damage of Company Information.

II. CASE ACKNOWLEDGEMENT

Within 5 business days after assignment of a new case, counsel should send an acknowledgement letter regarding receipt of the file. Any matters of immediate concern or information that may result in early resolution of the case should be addressed in the acknowledgment letter.

III. THE AGREED-TO LITIGATION PLAN AND BUDGET

A. Content

Every case must have an Agreed-To Litigation Plan (ATLP) and budget, the purpose of which is to clarify the case strategy and project legal costs for the life of the file. The ATLP is divided into five primary components: **Executive Summary, Detailed Case Summary, Resolution Strategy, Case Management and Budget.** (See Attachments A & B)

1. The **Executive Summary** provides a short, concise, high level description of the case.
2. The **Detailed Case Summary** describes the nature of the dispute and the critical issues that need to be resolved. The evaluation of liability and damages should only be provided when specifically requested by the claims professional.



3. The **Resolution Strategy** sets forth the preferred method of resolution and discusses how it will be achieved. The Resolution Strategy should only be provided when specifically requested by the claims professional.
4. The **Case Management** section discusses the steps required to implement the case strategy and clarifies the roles of the claims professional, the defense team and others in achieving that case strategy. This should include anticipated actions to respond to discovery, motions, etc., generated by the plaintiff, co-defendants or the court.
5. The **Budget** is the financial translation of the legal costs reasonably anticipated during the litigation. Budgeting must be done for the full life of the case. The budget must address the legal costs and expenses which are anticipated to occur during each of the following six specific case stages:
 1. Evaluation
 2. Discovery
 3. Trial
 4. Appeal
 5. Dispositive Motions
 6. Alternative Dispute Resolution

Counsel and the claims professional are expected to discuss the likelihood that certain activities and the associated costs will be incurred during each case stage, based on past experience, the specific facts of the case, the venue, etc.

Evaluation is the initial case evaluation process, prior to discovery, reviewing and assessing liability, damages and risk transfer opportunities. This includes: the review of first notice; review and drafting of pleadings; assessment of risk transfer opportunities; fact investigation; liability and damage analysis and assessment; identification of structured settlement option triggers; identification of experts/consultants; and development of a case resolution/strategy.

Discovery is the stage of litigation when factual and expert information is obtained and exchanged. This may include document exchange/interrogatories and/or electronic discovery, site inspections, fact and expert witness testimony and discovery related motions.

Trial includes the trial itself and pre-trial preparation and post-trial motion practice.

Appeal includes the process by which rulings/verdicts in lower court proceedings are reviewed by a higher court.

The following two stages may occur at any time, when appropriate, during the life of the case:

Dispositive Motions permit the court to dispose of a case or individual legal issue pre-trial by operation of law.

Alternative Dispute Resolution (ADR) includes situations where the parties agree to submit the case to a third party neutral for resolution and/or where ADR is mandated by a court. Direct negotiation of resolution and ADR should be considered to secure the desired outcome as early as possible in the life of a claim.

See Attachment C for associated stages and corresponding UTBMS Codes.



B. Submission and Updating of ATLP's

Within **30 days** of an assignment, the claims professional and counsel must have a detailed planning conversation wherein they discuss the critical issues that must be resolved and the associated costs. During this discussion, both parties should agree to an initial litigation plan, which will include comprehensive budgeting information for the life of the file presented by the six specific case stages previously outlined. The planning conversation and initial ATLP should be completed even when little is known about the matter at the time of the assignment. The initial ATLP is to be provided to the claims professional by counsel within **five business days** of the planning conversation.

It is expected that planning conversations and subsequent ATLP's will be event driven rather than time driven. Unlike the initial planning conversation and ATLP, which are triggered at a specific time frame (within 30 days of assignment), subsequent planning conversations are to be conducted upon the occurrence of events which significantly impact liability, damages or the budget, with ATLP's submitted as necessary.

Examples of significant events which require defense counsel to conduct a planning conversation with the claims professional include the following:

- Commencement of a new case stage not previously addressed in a planning conversation
- Significant and/or substantial changes in liability
- Significant and/or substantial changes in damages

In no event shall the period between planning conversations be more than 180 days.

Subsequent to a planning conversation, a supplemental ATLP will only be required if the plan, strategy, or budgeting in the prior ATLP and budget requires revision.

If no revisions are required, then counsel shall confirm that understanding in writing to the claims professional immediately after the planning conference.

C. Budgets

The budget, even at the earliest stages, must include an estimate of the probable ultimate costs to litigate the entire case to conclusion. Counsel is to provide the budget for each stage of the case in the spaces provided at the end of the ATLP form (Attachment A). Instructions are contained at the end of Attachment B.

If counsel's opinion regarding the costs for any case stage change at any point during the case, counsel will discuss with the claims professional, and must include their revisions in a amended ATLP & Budget.

The budget should be sufficiently completed to represent the approximate legal costs that are likely to be incurred. Legal services in excess of a well-defined budget or in the absence of a budget may be rejected.



Each budget and budget update should address, within the six case stages, the following:

- Legal tasks that counsel will initiate
- Legal tasks that opponents are anticipated to initiate
- Legal tasks that the court or others involved in the case are anticipated to initiate
- Legal tasks relating to case management, reporting and communications
- Legal tasks that carry over from prior timeframes
- Expenses

Once the budget is established, it must be approved by the claims professional via our electronic billing system. It is up to both counsel and the claims professional to manage legal expenses within the budget.

Budgeting is the best method to anticipate the costs of e-discovery. E-discovery vendors should be required to provide a statement of work, (SOW) with estimated time frame, cost and volume assumptions. A change order is required for any material deviations from the SOW, including cost-overruns greater than 5%.

Variances

During the planning discussions, the claims professional and counsel should discuss what might cause the ATLP or budget to vary and they should have an understanding of how variances will be addressed.

Counsel should always advise the claims professional prior to performing significant legal services that deviate from those specified in the ATLP. At that point, the claims professional should determine whether a revised ATLP or budget is necessary.

D. Combined Pre-Trial Report & ATLP

Unless the claims professional instructs otherwise, the combined pre-trial report & ATLP (**Attachment D**) is due when the earliest of the following events occurs:

- Within **10 business days** after the close of discovery
- Within **10 business days** after notification that the case is set for trial
- **120 days** prior to the scheduled trial date

When an aforementioned event occurs prior to the close of discovery, counsel should submit a pre-trial report based on the information known at that time. This will enable the claims professional to determine what else is needed for the proper evaluation of the claim.

If the case is not resolved within 180 days of issuing the Combined Pre-Trial Report & ATLP, then counsel must have a planning conference with the claims professional.

The claims handling office has authority to waive the submission of the pre-trial report in cases with a verdict potential less than \$50,000.

E. Summary Plans and Budgets

Certain cases will not require the preparation of a detailed ATLP. At the discretion of claims handling office management, cases that historically have incurred nominal legal expenses can be managed via a case strategy and a budget for the duration of the case. This should be documented to evidence the agreement of counsel and the claims professional. If the case increases in complexity, a detailed ATLP may be requested.



IV. GENERAL REPORTING

AIG Property Casualty prefers that written materials be conveyed via e-mail, when appropriate.

All correspondence should include in the caption the insured name, claim number, claimant name, date of loss and document type label. In attachments, the document type label is to be clearly listed on the first page of the document or on a cover page included as the first page in the attachment or PDF document. A listing of specific document type labels is attached as **Attachment E** to these guidelines. For specific questions, counsel should contact either the claims professional or AIG Legal Operations Center.

At the commencement of the assignment, counsel should determine the insured's interest in receiving communications concerning the case and communicate with the insured accordingly.

A. Case Documents

Typically it is not necessary to exchange every document received during the course of a lawsuit. The claims professional and counsel should determine what documents should be exchanged and in what manner.

The following items should be sent to the claims professional **as a matter of course**:

- The answer, any amended complaints and any third-party pleadings
- Copies of substantive pleadings or motions
- Responses to interrogatories and bills of particulars
- All settlement demands whether written or oral
- Releases, settlement agreements, dismissals or final judgments and all orders of the court, including drafts when requested
- All discovery responses that will require certification by a claims professional with sufficient time to review those responses

B. Case Development and Discovery

Substantial legal fees and expenses are incurred in obtaining and exchanging information between the parties to the lawsuit and between counsel and claims professionals. The claims professional and counsel should discuss the most cost-effective means to:

- Obtain information relative to the claim, i.e., contracts, witnesses, maintenance logs, etc.
- Exchange information between themselves
- Exchange information with other parties
- Exchange information with the courts
- Oppose requests when necessary
- Utilize technology to avoid travel to depositions, meetings, and other events

C. Depositions

Counsel must initiate a telephone conversation at least **five business days** prior to both the plaintiff's and insured's depositions to discuss the critical issues to be addressed.

Counsel must notify the claims professional prior to depositions of witnesses who are critical to the evaluation or strategy of the case.



Deposition Reports and Summaries

Counsel must provide brief summaries of depositions, with specific emphasis on the significance to the case, within **10 business days** after the depositions.

- Depositions of the plaintiff, the insured, and any witness who provides significant testimony which might impact the evaluation or strategy of the case should always be summarized.
- For other witnesses, if the deposition did not provide information that is valuable to the evaluation or strategy of the case, counsel's report may simply advise that the deposition took place and that no significant testimony was elicited.
- When a deposition is continued over time, within 10 business days of each part of the deposition, counsel should inform the claims professional of the following:
 - that the deposition was completed in part
 - the date of the next scheduled session, and
 - summarize deposition to date or indicate that the deposition summary will follow after the completion of the deposition.
- If deposition testimony leads to an anticipated change in the evaluation or case strategy, this should be reported within 10 business days of that testimony regardless of whether the deposition is complete.

Unless previously agreed to with the claims professional, deposition summaries should be limited to two pages per witness per day (or part thereof) of testimony, with emphasis on the impact of the testimony on the case, critical issues, evaluations, or value. AIG Property Casualty will not pay for the preparation of deposition reports in excess of this page limit.

Unless specifically requested in writing by the claims professional, AIG Property Casualty will not pay for line-by-line summaries or abstracts of depositions. In the event of an assignment to counsel of a case where depositions have been previously taken, counsel should discuss the preparation of any summaries with the claims professional.

Summaries of plaintiff's deposition should include information needed by the carrier to comply with the Medicare Medicaid and SCHIP Extension Act of 2007 (MMSEA).

When requested by the claims professional, counsel should provide a digital copy of the transcript (if available).

D. Event Reporting

Counsel must notify the claims professional of settlement conferences, mediations, arbitration hearings or trial dates as soon as dates are set, and must advise of any subsequent changes. These dates should be clearly indicated in the caption of all reports provided by counsel. The results of hearings, arbitrations or other substantive court appearances must be communicated to the claims professional within **one business day** of such event. During trial, counsel must communicate with the claims professional at least once (via e-mail or telephone) during each trial day, and provide a recap at the end of each trial day via e-mail.

E. Expert Reports

Counsel should not summarize expert reports. Reports should be forwarded to the claims professional with a one page cover letter advising that the report is attached. The letter should include a short and concise statement of the impact the report has upon the case. AIG Property



Casualty will not pay for summaries of the report itself unless specifically requested by the claims professional.

F. Collection of Data Required by the Medicare Medicaid and SCHIP Extension Act of 2007 (MMSEA).

Counsel should assist the claims professional with collection of data necessary to assess claimant's Medicare eligibility, including but not limited to reporting to the claims professional all discovery responses that provide information needed to comply with the MMSEA. If eligibility is confirmed, counsel should assist the claims professional with collection of all data necessary to comply with MMSEA reporting requirements.

V. CASE MANAGEMENT

A. Case Staffing

The assigned trial attorney is responsible for the case and should attend substantive court appearances and depositions. The assigned attorney should discuss with the claims professional the need for involving additional law firm staff in the case and the cost of managing the group. Any changes to the case staffing must also be discussed with the claims professional prior to the firm undertaking those changes. Counsel should assign only appropriate personnel to a particular case. For example, AIG Property Casualty will not pay for partner time when an associate or paralegal can properly handle a particular matter or task.

Defense counsel is expected to provide guidance to other members of the law firm who are involved in the case. Unless otherwise agreed to in advance, AIG Property Casualty will pay for **two hours** of intra-office conference time for each billing cycle to allow the assigned attorney to discuss the case strategy with other law firm staff that has been specifically approved by the claims professional. Moreover, AIG Property Casualty will only pay for the assigned attorney's actual time for conducting the conference. AIG Property Casualty will not pay for the time of other attendees. AIG Property Casualty will not pay for file memoranda giving directions to staff, passing along telephone messages, advising of schedule or calendar events and/or changes, or any other form of intra-office conference, written or oral.

B. Multiple Attorney Attendance

Unless otherwise discussed in advance, and confirmed in writing, AIG Property Casualty will pay for only one attorney attending depositions, meetings, court appearances, trials, arbitrations, mediations, etc.

C. Paralegal Services

AIG Property Casualty recognizes the value of paralegal services when used appropriately to perform work on a file. However, AIG Property Casualty will not pay for either attorney or paralegal services which are clerical in nature, such as file organization, indexing, Bates stamping, or where there is no significant value added to the case.

D. Personnel Changes

When changes within the law firm require replacement of the personnel involved in the matter, the claims professional must be immediately notified of said changes and the reasons for the changes. AIG Property Casualty will not pay for the cost of preparing new participants for their involvement. AIG Property Casualty will not pay for multiple file reviews by the same lawyer.



E. Research

AIG Property Casualty retains counsel by specialty; therefore, we expect counsel to be well versed and current with the laws and procedures relative to that specialty. Accordingly, we do not expect to be charged for research relating to discovery and procedural motions or for research on issues that are typical or routine to the specialty. Similarly, we expect counsel to maintain and use central research depositories.

We will pay for research to update prior work that will benefit the case or for issues that are novel or unique to the case. All such research must be discussed and identified in the ATLP and budget, unless the total research for the billing cycle will be five hours or less. The claims professional has discretion to reject research costs that are unreasonable or unnecessary or that exceed an agreed budget amount.

AIG Property Casualty expects counsel to use the most efficient methods and tools available to conduct research. We expect counsel to manage research efforts to avoid redundancy, excessive costs and inefficiency.

The results of any extensive research projects or matters of first impression should be supplied to the claims professional.

F. Duplication of Effort

Counsel should not duplicate research, drafting or other written work product previously performed and should take maximum advantage of model documents and appropriate documents from other similar matters.

G. Management of E-Discovery

AIG Property Casualty's approach is to manage all facets of e-discovery in a logical, effective and efficient manner. The foundation of the e-discovery process is the integral involvement of counsel who has knowledge of the case, the key players and issues and has the authority to make substantive and strategic decisions regarding document review and production. The following provides a framework to enable counsel to develop a comprehensive, systematic, efficient and ultimately defensible process for gathering, reviewing and producing electronically stored information (ESI):

- Get involved in the e-discovery process early
- Consider early retention of an e-discovery vendor to assist in formulating the technical aspects of an e-discovery plan
- Discuss all implicated procedural rules (e.g. FRCP) with the claims professional and e-discovery vendor/consultant to ensure there is clarity on all preservation requirements, methodology of collection, deliverables and timeframes. Undertake to eliminate open questions in advance
- Have a grounded understanding of IT systems and processes
- Cooperate with opposing counsel in setting the ground rules for the entire e-discovery lifecycle
- Determine the appropriate methods and technologies for capture of responsive ESI
- Document the agreements between the litigants and the steps taken to effectuate these agreements
- Utilize contract attorneys for first pass review, whenever appropriate



Counsel should consult with the claims professional prior to retaining any e-discovery vendors. For further guidance in managing e-discovery cases, please refer to Attachment F, “E-Discovery Checklist.”

H. Expert Witnesses

Expert witnesses, including medical witnesses, should not be engaged without prior consultation with the claims professional. Medical examinations will be arranged by the claims professional, unless otherwise agreed. (Please see ***Billing Practices Section below***)

I. Trial Activity

The decision to take a case to trial should **only** be made after consultation with the claims professional as early in the matter as possible.

J. Jury Verdicts

The decision to accept a verdict should **only** be made after consultation with the claims professional.

K. Appeals

The decision to file an appeal, interlocutory or otherwise, should **only** be made after consultation with the claims professional. If another party files an appeal, the claims professional is to be advised within 24 hours.

L. Vendor Management Program

AIG Property Casualty has approved panels of litigation support vendors, including claims investigation and surveillance, contract attorneys, court reporters, document management, e-discovery, environmental consulting and remediation, engineering, jury consulting, record retrieval, accounting, foreign language translation and construction consulting. Counsel should discuss the need for these services with the claims professional before vendors in these categories are retained to determine if an approved vendor has been identified for the required service.

M. Alternative Dispute Resolution

Counsel and the claims professional should discuss settlement and ADR strategies as early as practicable and on a regular basis to ensure that opportunities to resolve the case by settlement are pursued whenever appropriate. Counsel should discuss with the claims professional any mediator or arbitrator recommended to be selected to determine whether the recommended mediator or arbitrator is the best person to achieve the desired outcome or whether alternatives should be considered. The discussion should also include who should attend the event, settlement options, conditions of the parties that must be met in order to settle and the potential outcome if the matter does not settle at the event. AIG Property Casualty expects counsel to know any relevant requirements or local court rules regarding participation in settlement conferences and mediations. If it is decided that no company representative need attend then arrangements for telephone contact with the claims professional during the conference must be established.



N. Structured Settlement Program

AIG Property Casualty requires the early identification of structured settlement opportunities and the early involvement of an AIG Property Casualty approved structured settlement Consultant, when applicable. Retention of an AIG Property Casualty approved structured settlement Consultant should be done in consultation with the claims professional and the role of the Consultant should be clarified prior to a resolution event. Consultant attendance at a resolution event involving structured settlement offers is required.

VI. BILLING PRACTICES

A. Billing Rates

AIG Property Casualty must agree upon all billing rates prior to retention. Under no circumstances should billing rates be increased on any litigation in progress. *Any rate increase shall apply only to assignments made after the rate increase has been approved by the AIG Legal Operations Center.* Only the AIG Legal Operations Center is authorized to vary any aspect of this rate agreement. Any overpayments to the law firm shall be subject to reimbursement.

Approved AIG Property Casualty rates shall apply from the commencement of the assignment even if the matter is assigned by (1) a TPA or (2) an insured under the insured's self-insured retention.

B. Flat Charges and Minimum Charges

Counsel shall not apply minimum, flat, routine or standard charges as part of its rate structure unless such flat charges have specifically been agreed to by us.

C. Disbursements

Counsel shall pay small expense items and may submit an invoice when such expenses exceed \$500 in the aggregate. Expense invoices exceeding \$500 may be submitted directly to the claims professional for payment. Copies of receipts supporting individual disbursements in excess of \$50.00 must be submitted with counsel's invoice.

D. Travel Time and Expenses

All travel time should be itemized on invoices. Where travel time is involved, we will not reimburse any billing for travel in excess of eight hours per day.

Travel Reimbursement Policy

Law firms are retained in part based on the geographical area in which they are located, and it is expected that law firms will service the areas and venues which are local to them as part of their normal provision of legal services.

- For **Local Travel**, defined as travel within 50 miles of the office to which the matter is assigned, AIG Property Casualty will not pay for attorney or paralegal travel time, nor will we reimburse for any local travel expense, such as tolls, mileage or parking. AIG Property Casualty will also not pay for car rental or car service used for local travel.
- For **Long Distance Travel**, defined as travel in excess of 50 miles from the office to which the matter is assigned, we will pay for attorney travel time up to a maximum of eight hours



per day. However, there should be no double billing; we will not pay for time that is also being billed for other tasks while traveling.

- **Reimbursable Long Distance Travel Expenses.** AIG Property Casualty will reimburse for long distance travel expenses such as airfare, hotel, meals, parking and tolls (but never automobile mileage). AIG Property Casualty will only reimburse counsel for reasonable expenses which have been incurred after consultation with the claims professional. Only coach class airfare, moderately priced hotel accommodations and moderately priced meals will be reimbursed. All travel expenses submitted to AIG Property Casualty for reimbursement must apply all cost savings received by counsel through rebates or other value. Travel expenses should be itemized on counsel's invoice, with copies of all receipts attached. Undocumented travel expenses will not be reimbursed.
- **Non- Reimbursable Travel Expenses** The company will **not** reimburse the following:
 - Travel agent fees or travel insurance
 - Expenses incurred for personal convenience or comfort that are not reasonably related to the business purpose of the travel
 - Any lavish or unnecessary expense
 - Any automobile mileage

E. Meals and Entertainment

All requests for reimbursement of meals during the course of long distance travel should be itemized and include the names of the persons attending the meal, amounts incurred and the business purpose. Copies of receipts supporting disbursements in excess of \$50.00 must be submitted with counsel's invoice. We will not pay for meals incurred during local travel (defined above as within 50 miles from the office to which the matter was assigned). We will not pay for entertainment expenses including, but not limited to, expenses incurred to entertain clients, personal comfort and luxury items.

F. Overhead: Non-Billable Fees

AIG Property Casualty considers the following items to be overhead costs that are included in the law firm's hourly rate. Time devoted to these tasks is non-billable regardless of the level of the timekeeper performing the task:

- opening or closing files
- processing conflict searches and waivers
- fees incurred by summer or winter associates or law school graduates who have not passed the bar and librarians
- organizing material for storage
- preparation, review, approval or collection of billing statements or invoices
- responding to inquiries concerning services, billing statements, case files and audit letters
- repetitive file review performed by the same timekeeper
- fees incurred for "learning time" associated with training junior attorneys
- scheduling and arranging meetings, depositions, examinations or other event scheduling
- maintaining office and/or attorney calendars
- taking telephone messages and placing calls for counsel
- telephone calls and/or correspondence to copy services, record providers and court reporters
- arranging for and/or making pick-ups and deliveries of documents and records
- filing or organizing correspondence, pleadings or other documents in internal firm files
- word processing, typing, transcribing, data entry, document scanning or other clerical or secretarial services



- arranging travel
- photocopying, collating, velobinding, faxing, scanning
- receipt and distribution of mail and/or correspondence
- Bates-stamping documents
- Date stamping documents
- managing clerical work
- performing other administrative services that are generally attendant to having AIG Property Casualty or its insureds as a client (e.g., review of professional journals, administrative conferences, marketing and research on general or client industry trends)
- Obtaining books or research materials
- Moving boxes or files
- technology training (If the firm finds it necessary to obtain additional technology as a result of a specific matter, the firm should discuss this need with the management of the applicable claims handling office)
- any other items traditionally associated with overhead

G. Overhead: Non-Billable Expenses and Expense Limits

AIG Property Casualty considers the following expense items to be overhead costs which are included in the law firm's hourly rate and which are therefore non-billable and not reimbursable.

- charges for computerized legal research services, including but not limited to Westlaw, LexisNexis or PACER
- charges for opening, closing, and/or storing files
- rent, whether for office space, conference rooms, office or computer equipment, or software
- utilities, including but not limited to HVAC, local and long distance telephone and internet charges
- toll charges for outgoing or incoming cellular, conference, local or long distance calls. Where video conferencing is required, counsel should utilize AIG Property Casualty's services
- Charges for use of a teleconference provider
- facsimile charges of any kind, including receipt or transmission of documents by any medium
- postage of any kind or amount
- books, periodicals, research materials and/or seminars
- meals or refreshments during meetings, depositions, or similar events
- support staff salaries and overtime
- overtime related expenses such as transportation to and from home and lunch, dinner or working meals
- office supplies or equipment
- methods of exchanging reports and documents other than e-mail. (The preferred method of exchanging reports and documents is via e-mail. AIG Property Casualty will not pay for other methods of delivery when e-mail is available and sufficient. The necessity for express charges or messenger services should be discussed with the claims professional and approved prior to incurring the charges, except in emergency situations. If there is no written confirmation of approval, AIG Property Casualty will not pay for these services.)
- technology costs, including hardware, software, licenses, personnel or services related to acquisition, maintenance or upgrade of the firm's technology infrastructure (AIG Property



Casualty will not pay for any incremental amount, whether it is intended to recover the cost of equipment and hardware or not. If the firm finds it necessary to incur additional technology costs as a result of a specific matter, the firm should discuss this need with the management of the applicable claims handling office.)

- litigation support or any other service in excess of the amount actually expended by the firm for such service
- any other items associated with overhead
- photocopy charges in excess of eight cents per page (Copies are reimbursable up to eight cents per page if the copies are made at the firm's office. If photocopying is to be extensive and the task is sent out to a vendor, the firm will be reimbursed for the amount actually expended.)

H. Experts and Consultants

The retention of experts and consultants must be done in consultation with the claims professional. Bills submitted by experts and consultants should conform to all requirements of the Billing Section except for sub-sections **J** and **L** below. Counsel should provide a copy of these requirements to all experts and consultants at the beginning of the retention. All expert service should be conducted pursuant to a written agreement defining tasks to be performed. A budget should be prepared for each expert and submitted to the claims professional before the expert is authorized to commence the work. AIG Property Casualty discourages the payment of retainers to experts. When selecting an expert, counsel should consult AIG Property Casualty's preferred vendor program.

I. Contract Timekeepers

Counsel should discuss the need for Contract Attorney/Paralegal services with the claims professional before a vendor is retained to determine if an approved vendor has been identified for the required service.

Timekeepers who are not employees of the law firm must be identified on invoices and charged at the actual cost to the law firm. Additional compensation, if any, to the law firm for management of non-employee timekeepers must be approved in writing by AIG Legal Operations Center in advance. If there is no approved provider of contract timekeeper services, then copies of relevant contracts relating to the use of contract timekeepers shall be made available upon our request.

J. Submission of Invoices & Use of UTBMS Codes

Invoices should itemize each activity and provide task codes according to the Uniform Task Based Management System (UTBMS). Counsel is expected to utilize the correct UTBMS phase, task and activity codes for all legal services. Inappropriate or inaccurate use of the UTBMS codes may result in the rejection of a legal invoice.

Counsel shall bill actual time in 1/10 hour increments. Block billing (aggregating multiple tasks under a single time charge) is not allowed. Neither is chipping (the breaking down of a single task into artificial minuscule component parts) allowed.

Fees and expenses must be itemized by date, activity performed, identity of the timekeeper performing the activity, amount of time per activity and amount charged for each activity. Multiple tasks, even if devoted to the same work product, should not be bundled together for billing purposes. Rather, invoices should indicate the specific amount of time charged for each activity so that the nature of the work is clear as to who performed the work and the time spent on each activity. Overly generalized and vague billing entries will not be paid.



K. Foreign Currency

In the event that exchanges into foreign currency are required, we will issue foreign currency payments at the prevailing exchange rate at the time of payment.

L. Master Billing

When legal services are shared for more than one matter, counsel should provide a master invoice that reflects the actual time incurred for legal services relating to each matter, with a suggested allocation of the invoice total to each of the individual matters. Claims professionals may require additional detail.

M. Timing of Submission

Invoices should be submitted every 120 days. Shorter billing intervals must be approved by the claims professional on a case-specific basis, with the approval documented in the claims file. Final invoices should be submitted at the conclusion of services.

Individual invoices (other than a final invoice) in any amount under \$500 should be avoided. In the event of an amount due of under \$500, counsel should skip that invoice cycle, and should include that amount in the next regularly scheduled legal bill. However, if that next invoice would still be in amount of under \$500, counsel may submit that amount, since counsel will never be asked to skip more than one consecutive billing cycle.

N. Alternative Fee Arrangements

Cases subject to an alternative fee arrangement must be invoiced in accordance with the agreement. Counsel is responsible for coordinating with the claims professional and AIG Legal Operations Center to ensure that all fee arrangements are accurately reflected on the invoice and processed appropriately.

O. Final Legal Invoices

Final legal invoices on resolved files should be submitted within 90 days of the case's resolution. Settled cases shall be considered resolved upon the exchange of all required settlement papers. Cases that are resolved by means other than settlement shall be considered resolved upon the entry of a final judgment.

Legal invoices submitted beyond 90 days after resolution may be subject to a reduction towards administrative costs borne by AIG Property Casualty to keep files open to resolve the final legal bill.



ATTACHMENT A

THE AGREED-TO LITIGATION PLAN

*The following provides a template for documenting the Agreed-to Litigation Plan (ATLP).
For guidance on preparing the ATLP see Attachment B to the Guidelines*

The ATLP should be marked as Privileged and Confidential

Claims Professional:	Date:
Lawyer:	Version:
Insured:	Date of Prior ATLP:
Other Parties Represented:	
Claimant:	Legal Expenses Paid to Date:
Claims Number:	Probable Ultimate Total Legal Cost:
Date of Loss:	
Venue:	Projected Trial Date:

I. Executive Summary

II. Detailed Case Summary

A. Summary of Facts

B. Procedural Posture of Case:

C. Venue, Jurisdictional Considerations, Judge, Probably Jury

D. Name and evaluation of plaintiff's and other counsel

E. Critical Issues and Experts

1. Critical Liability Issues
2. Expected Liability Experts
3. Critical Damages Issues
4. Expected Damages Experts
5. Other Critical Issues

F. Evaluation (only if specifically requested by the claims professional)

G. Summary of discovery responses relevant to the Medicare Medicaid and SCHIP Extension Act of 2007 (MMSEA).

H. Summary of Electronic Discovery and/or Document Review requirements.

III. Resolution Strategy (only if specifically requested by the claims professional)



IV. Case Management

V. Anticipated Legal Services, Claims Activity and Budget

Summary of Claims Activity

Summary of Legal Services

Budgets/Legal Expense

Case Stage	Total for each stage
Evaluation	
Discovery	
Trial	
Appeal	
Dispositive Motions	
Alternative Dispute Resolution	
Totals	



ATTACHMENT B

GUIDANCE ON PREPARING AN AGREED-TO LITIGATION PLAN

The ATLP should be marked as Privileged and Confidential

Place the ATLP on law firm stationary

Claims Professional:	Date:
Lawyer:	Version:
Insured:	Date of Prior ATLP:
Other Parties Represented:	
Claimant:	Legal Expenses Paid to Date:
Claims Number:	Probable Ultimate Total Legal Cost:
Date of Loss:	
Venue:	Projected Trial Date:

The ATLP should indicate the date of the planning conversation between the claims professional and counsel.

The caption of the ATLP must indicate the legal costs anticipated during the case stages addressed in the Guidelines, as well as cost incurred to date, and the projected total legal costs from the start of the case through resolution. See the Guidelines for a more detailed discussion, as well as the instructions below in Section V, Anticipated Legal Services, Claims Activity and Budget

Each section of the ATLP should be expanded to accommodate the necessary text and data. The form should not limit the substance of a quality ATLP.

Each successive ATLP should contain information from prior ATLP's only if the information is valid and up to date, i.e., outdated information should be eliminated. For example, if an earlier ATLP contains preliminary factual information which is incorrect or incomplete, subsequent ATLP's should omit the incorrect or incomplete information. Lengthy summaries of basic legal principles should be avoided. Discussions of testimony, damage and/or medical information should be concise. Full deposition summaries and detailed medical chronologies should be avoided.

I. Executive Summary

In one paragraph, preferably four sentences in length, summarize the case. Devote one sentence each to: the facts giving rise to the alleged liability; the insured's role in the case; the damages alleged or established; and the insured's probable liability. For example: This is a construction site accident case in which the plaintiff fell 20 feet when a scaffold collapsed. Our insured was the general contractor on the job and hired the scaffolding contractor. Plaintiff alleges that he herniated three discs and has never returned to work. The insured will probably be found vicariously liable for the accident but should be indemnified by the scaffolding contractor.



II. Detailed Case Summary

A. Summary of Facts

The relevant facts should be briefly described in this section. Counsel should provide a summary of the accident or incident that is the subject of the litigation, including the sources of information used by counsel to prepare the summary. This section should also concisely explain counsel's client's alleged role in the loss and how it is linked to the injuries/damages. Key fact witnesses should be identified and a summary of their anticipated testimony should be provided. As the case develops, this section should be updated to describe any actual testimony by a key fact witness.

B. Procedural Posture of Case

Provide a very short and concise description of the exact status of the litigation, i.e., pleadings stage, written discovery stage, etc. The reader should know where within the litigation process the case is.

C. Venue, Jurisdictional Considerations, Judge, Probable Jury

Provide a description of the venue, including the realistic nature of the trial date given, orientation, socioeconomic factors, biography of the judge who will try the case, opinion of the probable jury, bifurcation, docket number, recent verdicts of similar matters in the venue, etc. This should be provided in the initial ATLP, and need not be modified unless a major change is to be reported.

D. Name and evaluation of plaintiff's and other counsel

Provide an opinion on experience, style or other relevant factors of all other attorneys who will participate in the trial, including personal experiences with all other counsel.

E. Critical Issues and Experts

This section should identify critical liability and damages issues, plus other issues that influence the resolution of the case. Critical issues are those that should be addressed in order to further the case strategy or to achieve a meaningful evaluation. Include a brief legal analysis of each critical issue. Indicate the critical issues that have been resolved via discovery and investigation, and if not resolved, indicate the preferred method of resolution and when and how the issue will be resolved. The ATLP should be updated to reflect critical issues that are resolved and to include new critical issues as they emerge. Unique, non-standard jury instructions concerning critical issues should be addressed.

1. Critical Liability Issues

Under this section, provide a specific and concise discussion of the specific theories that are pled against each defendant and include a discussion of the specific defenses available to each theory. Counsel should discuss the liabilities and contributions of other parties (including plaintiffs) and specifically address joint and several liability.



2. Expected Liability Experts

This section should provide a brief overview of the types of liability experts that you anticipate will be retained by both sides and discuss any testimony in this case by each expert.

3. Critical Damages Issues

Discuss the alleged facts regarding the injury/incident and damages. Identify all plaintiffs and for each, include a breakdown of the damages that are being sought and that are potentially awardable in the venue. This section should specifically address: (1) past, present and future medical expenses, (please indicate plaintiff's life expectancy, any liens and whether the venue allows reduction to present value); and (2) past, present and future of all wage or earnings losses, including plaintiff's pre-incident annual income (please state the assumptions in support of future losses).

Counsel should discuss non-economic damages, punitive damages and/or multiple damages if applicable, or should indicate that they are not applicable. Any laws that limit damages should be discussed.

If the case is a death case, this section should discuss the applicable wrongful death statute and what damages are recoverable under it and who is entitled to bring the claim.

4. Expected Damages Experts

This section should provide a brief overview of the types of damage experts that you anticipate will be retained by each party. Any testimony by experts in this case should be discussed.

5. Other Critical Issues

Any critical issues that are not addressed above should be included in this section, such as venue issues, insurance coverage issues relating to other defendants, government regulatory considerations and public policy considerations.

F. Evaluation (only if specifically requested by the claims professional)

*Counsel should determine whether the claims professional requires a case evaluation, and should provide such an evaluation only if specifically requested to do so. When requested, this section should provide an evaluation of the case, including the potential verdict value, a discussion of the insured's liability and the likely apportionment of fault. The evaluation should also include a current settlement value. AIG Property Casualty expects that counsel will provide us with an analysis based upon currently known information as well as their experience. **Responses of "too early to evaluate" should be avoided.** The basis for the evaluation should be clearly described. All cases should include a **brief** discussion of each of the following areas:*

- *Strengths and weaknesses of each party's case (including our own)*
- *Joint & several liability plus known insurance coverage for other parties*
- *Jurisdictional, public policy or governmental regulatory considerations*
- *Contributory/comparative negligence considerations*
- *Probable damages (compensatory) if the case is lost*
- *Punitive damage exposure (if applicable)*



- *Attorney's fees recoverable (if applicable)*
- *Probable apportionment of fault among defendants (assign percentages)*
- *Net exposure to insured after all appointment and based on probable damages*
- *Realistic settlement value and basis for evaluation*
- *Whether a structured settlement should be considered*
- *Whether the case should be tried*

G. Summary of discovery responses relevant to the Medicare Medicaid and SCHIP Extension Act of 2007 (MMSEA).

Summarize all discovery responses received to date on this issue that may assist AIG Property Casualty in complying with the statute.

H. Summary of Electronic Discovery and/or Document Review requirements.

Summarize the anticipated volume and plan for review and production of electronic data and documents. AIG's panel of approved eDiscovery services providers should be engaged as needed for collection, culling, processing, hosting and document production services. If the first level review will include more than 10,000 documents, an AIG preferred Contract Attorney provider should also be utilized. For first level review of more than 100,000 documents, AIG's preferred off-shore document review providers offer a cost-effective alternative and should be considered.

III. Resolution Strategy (only if specifically requested by the claims professional)

When requested, this section should describe the operative strategy of the case, as agreed to by the claims professional and counsel. The discussion should indicate the preferred method of resolution, including the timing of resolution and the key litigation tasks that will direct the case toward the preferred resolution, with sufficient detail to understand how proposed legal services will support that resolution. A recommendation not to pursue early resolution of the case should be specifically justified.

IV. Case Management

This section should discuss law firm staffing and the legal services anticipated, including the steps required to implement the case strategy and clarifies the roles of the claims professional, the defense team and others case in achieving that case strategy. This should include anticipated actions to respond to discovery, motions, etc., generated by the plaintiff, co-defendants or the court.

V. Anticipated Legal Services, Claims Activity and Budget

Please refer to the Guidelines, Section III(A)(5) and III(C) for a more detailed discussion of the Budget. This section should outline the legal services anticipated from inception through resolution.

*The **Budget** is a financial translation of the legal costs anticipated during the litigation. Review of legal costs is an ongoing process between counsel and the claims professional. However, budgeting must be done for the full life of the case. The budget must address the legal costs and expenses for all legal services which are anticipated to occur during each of the following six specific case stages:*



1. *Evaluation*
2. *Discovery*
3. *Trial*
4. *Appeal*

These stages may occur at any time during the litigation:

5. *Dispositive Motions*
6. *Alternative Dispute Resolution*

Each ATLP should include anticipated actions to respond to discovery, motions, etc., generated by the plaintiff, co-defendants and the court. AIG Property Casualty understands that this involves anticipating the actions of others which may require substantial amendment in certain cases. Counsel should advise the claims professional of any tasks that deviate substantially from the ATLP prior to performing those tasks.

The costs summarized in the ATLP should conform to a budget for the matter. The budget should be created in our e-billing system.

Summary of Claims Activity

Summarize the claims activities that are necessary in order to advance the case strategy.

Summary of Legal Services

Summarize the legal services that are anticipated to advance the case strategy.

The totals from the budget should be included below. The totals for legal costs contained in the budget should be identical to the budget totals that appear in our e-billing system for this matter.

As the case proceeds, if counsel's opinion on any budgeted items changes, counsel will discuss with the claims professional, and will include their revisions in a supplemental ATLP & Budget.

(Sample budget template on next page)



Budgets/Legal Expense

Case Stage	Total for each stage
Evaluation	
Discovery	
Trial	
Appeal	
Dispositive Motions	
Alternative Dispute Resolution	
Totals	



Attachment C- UTBMS Codes by Litigation Stage

Litigation Stages		UTBMS Codes
Evaluation	The initial case evaluation process, prior to discovery, of review and assessment of liability, damages and risk transfer opportunities. This includes: the review of first notice; review and drafting of pleadings; assessment of risk transfer opportunities; fact investigation; liability and damage analysis and assessment; identification of structured settlement options; identification of experts/consultants; and development of a case resolution/strategy.	L110- Fact Investigation/Development L120- Analysis/Strategy L130- Experts/Consultants L140- Document/File Management L150- Budgeting L210- Pleadings L220- Prelim Injunctions/Provisional Remedies E120- Private Investigators
Dispositive Motion	Permits the court to dispose of a case or individual legal issue pre-trial by operation of law.	L240- Dispositive Motions L260- Class Action Certification and Notice
Discovery	The stage of litigation where factual & expert information is obtained and exchanged. This may include document exchange/interrogatories and/or electronic discovery, site inspections, fact and expert witness testimony and discovery –related motions	L230- Court Mandated Conferences L250- Other Written Motions/Submissions L310- Written Discovery/Interrogatories L320- Document Production L330- Depositions L340- Expert Discovery L350- Discovery Motions L360- Discovery On-Site Inspections E115- Deposition Transcripts E119- Experts
ADR	Alternative Dispute Resolution (ADR) - includes situations where the parties agree to submit the case to a third party neutral for resolution and/or where ADR is mandated by a court. Direct negotiation of resolution and ADR should be considered to secure the desired outcome as early as possible in the life of a claim.	L160- Settlement/Non Binding ADR E121- Arbitrators/Mediators
Trial	This stage includes the trial itself and pre-trial preparation and post-trial motion practice.	L410- Fact Witnesses L420- Expert Witnesses L430- Written Motions/Submissions L440- Trial Preparation and Support L450- Trial and Hearing Attendance L460- Post-Trial Motions/Submissions L470- Enforcement E116- Trial Transcripts E117- Trial Exhibits E118- Litigation Support Vendors
Appeal	The process where rulings/verdicts in a lower court proceeding are reviewed by a higher court.	L510- Appellate Proceedings/Motions Practice L520- Appellate Briefs L530- Oral Argument



ATTACHMENT D

COMBINED PRE-TRIAL REPORT & ATLP

- *This combined report should be in letter form on your law firm letterhead, and is due at the commencement of the trial stage, and should be submitted at the earliest of the following:*
 - *Within 10 business days after the close of discovery*
 - *Within 10 business days after notification that the case is set for trial*
 - *120 days prior to the scheduled trial date.*
- *Once this combined Pre-Trial Report and ATLP has been prepared, there is no need for a separate ATLP.*
- *The Pre-Trial Report should be prepared by or in conjunction with the trial attorney listed in the Report, and must include the following elements:*

Claims Professional:	Date:
Lawyer:	Version:
Insured:	Date of Prior ATLP:
Other Parties Represented:	
Claimant:	Legal Expenses Paid to Date:
Claims Number:	Probable Ultimate Total Legal Cost:
Date of Loss:	
Venue:	Projected Trial Date:

Executive Summary *(In one paragraph, preferably four sentences in length, summarize the case. Devote one sentence each to: the facts giving rise to the alleged liability; the insured's role in the case; the damages alleged or established; and the insured's probable liability. For example: This is a construction site accident case in which the plaintiff fell 20 feet when a scaffold collapsed.. Our insured was the general contractor on the job and hired the scaffolding contractor. Plaintiff alleges that he herniated three discs and has never returned to work. The insured will probably be found vicariously liable for the accident but should be indemnified by the scaffolding contractor.*

Trial Specifics

Venue, jurisdictional considerations, judge & probable jury: *(Provide a description of the venue, including the realistic nature of the trial date given, orientation, socioeconomic factors, biography of the judge who will try the case, opinion of the probable jury, bifurcation, Docket Number, recent verdicts of similar matters in the venue, etc.)*

Name & evaluation of plaintiff's trial counsel and other trial counsel: *(Provide an opinion on experience, style or other relevant factors of all other attorneys who will participate in the trial, including personal experiences with all other counsel.)*

What attorney will try the case for the insured? *(Explain why this attorney should try the case.)*



Will a representative of the insured attend the trial? *(Provide the representative's name and explain any problems related to having an insured representative attend.)*

Facts

General overview of the facts: *(The relevant facts should be briefly described in this section. Counsel should provide a summary of the accident or incident that is the subject of the litigation, including the sources of information used by counsel to prepare the summary. This section should also concisely explain counsel's client's alleged role in the loss and how it is linked to the injuries/damages.)*

Summary of expected facts in support of plaintiff's case & in rebuttal to defendant's case(s): *(Provide descriptive information regarding the plaintiff {age, etc.} and a summary of the expected witnesses to be called by the plaintiff with an indication of the effectiveness and pertinent testimony of each. What pertinent points do you expect plaintiff to make in his opening statement to the jury?)*

Summary of expected facts in support of insured defendant's case & in rebuttal to plaintiff's case: *(Provide a summary of the expected witnesses to be called by you, with an indication of the effectiveness & pertinent testimony of each. What pertinent points do you expect to make in your opening statement to the jury?)*

Summary of expected facts in support of co-defendant's case: *(Provide a summary of the expected witnesses to be called by the co-defendant, with an indication of the effectiveness and pertinent testimony of each.)*

Summary of resolved and unresolved critical liability issues: *(Discuss critical liability issues that have been resolved to date and whether that resolution was favorable or unfavorable to the insured. Discuss any critical issues that have not been resolved and how you expect they would be resolved at trial.)*

Identify all liability experts and comment on their effectiveness: *(Indicate plaintiff's, insured's and other parties' experts, together with critical opinions and expected rebuttal to each.)*

Identify all risk transfer issues (indemnity, additional insurance, contribution, etc.): *(Indicate who is asserting the risk transfer argument and probabilities of success, together with critical opinions and expected rebuttal to each.)*

Summary of discovery responses relevant to the Medicare Medicaid and SCHIP Extension Act of 2007 (MMSEA). *(Summarize all discovery responses received to date on this issue that may assist AIG Property Casualty in complying with the statute.)*

Injuries/Damages

General overview of damages: *(Including local law on joint and several liability, pre-judgment interest considerations, statutory damages, responsibility for adverse attorney fees/costs, etc.)*

Summary of plaintiff's expected proof of damages: *(Provide a summary of the expected witnesses to be called by the plaintiff, with an indication of the effectiveness and*



pertinent testimony of each.)

Summary of insured defendant's expected proof with respect to damages: *(Provide a summary of the expected witnesses to be called by you, with an indication of the effectiveness and pertinent testimony of each.)*

Summary of co-defendant's expected proof with respect to damages: *(Provide a summary of the expected witnesses to be called by the co-defendant, with an indication of the effectiveness and pertinent testimony of each.)*

Summary of any lost wage/vocational/economic claims with planned rebuttal:

Amount of economic damages (i.e. past or future wages, medical expenses) and the amount that will go "on the board":

Summary of resolved and unresolved critical damages issues: *(Discuss critical damages issues that have been resolved to date and whether that resolution was favorable or unfavorable to the insured. Discuss any critical issues that have not been resolved and how you expect they would be resolved at trial.)*

Identify all damage/injury experts and comment on their effectiveness: *(Indicate plaintiff's, insured's and other parties' experts, together with critical opinions and expected rebuttal to each.)*

Trial Readiness

Do you consider the investigation/discovery of the case complete? If not, what remains to be completed? *(Provide a description of any remaining investigation and discovery, including videotaped depositions for trial, probability of remaining discovery being permitted by the Court, etc.)*

Are all witnesses on notice and available, and will they testify live or via videotape or other medium?

Evaluation (only if specifically requested by the claims professional)

(Counsel should determine whether the claims professional requires a case evaluation. When requested, this section should provide an evaluation of the case, a discussion of the insured's liability and the likely apportionment of fault. The evaluation should also include a current settlement value. AIG Property Casualty expects that counsel will provide us with an analysis based upon currently known information as well as their experience. Responses of "too early to evaluate" should be avoided. The basis for the evaluation should be clearly described. All cases should include a brief discussion of each of the following areas:

- *Strengths and weaknesses of each party's case (including our own).*
- *Joint & several liability plus known insurance coverage for other parties.*
- *Jurisdictional, public policy or governmental regulatory considerations.*
- *Contributory/comparative negligence considerations.*
- *Probable damages (compensatory) if the case is lost.*



- Punitive damage exposure (if applicable).
- Attorney's fees recoverable (if applicable).
- Probable apportionment of fault among defendants (assign percentages).
- Net exposure to insured after all appointment and based on probable damages.
- Realistic settlement value and basis for evaluation.)

Resolution (only if specifically requested by the claims professional)

What negotiations (including mediations or ADR), if any, have taken place to date, including demands and offers, with your opinion on acceptance? *(Indicate the history of demands and offers, including the most recent demands, and provide your opinions both on the acceptability of the demands and expected future negotiations, and indicate your rationale for any change from the settlement value in the last ATLP.)*

Should this case be settled or tried, and why? *(Indicate your rationale for any change from opinions previously provided.)*

If settlement is the preferred resolution, should structured settlement be considered? *(Indicate your rationale.)*

Should mediation be considered? *(If so, indicate when mediation should be initiated, set forth the objective of mediation, your suggestions about who should be considered as a mediator and why, and propose a plan for the conduct of the mediation.)*

What is the percent chance of a defense verdict or directed verdict, and why? *(Indicate your rationale for any change from opinions previously provided.)*

What is the percent chance of a plaintiff's verdict where the verdict amount is less than the last agreed-to-evaluation, and why?

What is the probable verdict range if the case is tried and a verdict is returned for the plaintiff? *(Indicate your rationale for any change from opinions previously provided.)*

What is the expected length of trial? *(Indicate the expected length of trial and whether the case is to be tried during full or partial weeks.)*

Are there any collection problems (i.e. limited or no insurance coverage, partial disclaimers or reservation of rights positions taken) with regard to any co-defendants or other parties?

In your opinion, will this case be resolved by this trial? If not, please explain the most likely scenario for resolution:

Has this case been discussed/round tabled within the claims handling office? *(If so, in person or by phone, dates, substance of discussion, etc.)*

Has this case been discussed/round tabled within your office? *(If so, with whom, dates, substance of discussion, etc.)*

Are all motions in limine completed?



Are all jury instructions completed?

Have you discussed notifying appellate counsel of the trial date with the claims handling office?

Anticipated Legal Services, Claims Activity and Budget

(This section should outline the legal services during the Trial stage of the case. Include anticipated actions to respond to discovery, motions, etc., generated by the plaintiff, co-defendants and the court. AIG Property Casualty understands that this involves anticipating the actions of others which may require substantial amendment in certain cases. Counsel should advise the claims professional of any tasks that deviate substantially from the ATLP prior to performing those tasks.)

The costs summarized should conform to a budget for the matter. The budget should either be created in our e-billing system.

Summary of Claims Activity

(Summarize the claims activities that are necessary during this Combined Pre-Trial Report & ATLP in order to advance the case strategy.)

Summary of Legal Services

Itemize the probable cost of defense, both up to trial and to obtain a verdict:

Summarize the legal services that are anticipated during this Combined Pre-Trial Report & ATLP. Indicate who will provide these services and the total hours anticipated for each timekeeper. Describe how the legal services will advance the case strategy. Indicate the cost of defense, providing specificity on expected expenses, i.e. attorney time, experts, videotapes, witness fees, etc.

(The totals from the budget that supports this Combined Pre-trial Report & ATLP should be included below. These totals should be identical to the budget totals that appear in our e-billing system. Since the budget is based on case stages, the only stages that should remain at this juncture are Trial and Appeal. However, in the event that other stages are still ongoing, they should be budgeted under those stages.)

Budgets/Legal Expense

Case Stage	Total for each case stage
Discovery	
Trial	
Appeal	
Dispositive Motions	
Alternative Dispute Resolution	
Totals	



ATTACHMENT E

ICLAIMS STANDARD DOCUMENT TYPE LABELING

The Document Label should appear in **BOLD** and **UPPERCASE** letters, and applied to each document which most accurately describes the nature of the document.

Correspondence (Documents or Correspondence)	
Document Description	Document Label
Coverage letter to Insured	CORRESP - CVRG LETTER TO INSURED
Letter to Insured or Broker	CORRESP - INSURED / BROKER LTR
Lien Notice	CORRESP - NOTICE OF LIEN
Reinsurance Correspondence	CORRESP - REINSURANCE
Damage (Documents or Correspondence)	
Document Description	Document Label
Appraisals	DMG - APPRAISAL
Assignment of Appraisal	DMG - APPRAISAL /EST ASSIGNMENT
Diminished Value	DMG - DIMINISHED VALUE
Estimates	DMG - ESTIMATES
Income Loss	DMG - INCOME LOSS
Other Property Damage	DMG - OTHER PROPERTY
Proof of Loss	DMG - PROOF OF LOSS
Salvage	DMG - SALVAGE
Investigation (Documents or Correspondence)	
Document Description	Document Label
Accounting Report	INVEST - ACCOUNTING REPORT
Birth, Death, Marriage or Divorce Certificate	INVEST - BRTH / DTH / MRGE / DVRCE CRT
Construction Job Site File	INVEST - CONST. JOB SITE FILE
Contracts	INVEST - CONTRACTS
Credit, Fraud, DMV	INVEST - CREDIT / FID / DMV RPT
Engineering	INVEST - ENGINEERING REPORTS
Expert	INVEST - EXPERT REPORT
Home Owners Association Matrix	INVEST - HOA MATRIX
Incident Report	INVEST - INCIDENT REPORTS
Investigation Assignment	INVEST - INVESTIGATION ASSIGNMT
Investigation Service Division/Outside Investigation Agency	INVEST - ISD / OIA REPORT
Investigation Status	INVEST - STATUS
Loss Control, Safety, Site Investigation Reports	INVEST LOSS CONTRL/SAFETY/SITE
Occupational Safety and Health Act	INVEST - OSHA REPORTS



Investigation (Documents or Correspondence)	
Document Description	Document Label
Other Carrier Policy	INVEST – OTHER CARRIERS POLICIES
Other Carriers Coverage Letter	INVEST – OTHER CARRIER CVRG LTR
Ownership Documents	INVEST – OWNERSHIP DOC
Personnel File	INVEST – PERSONNEL FILE
Police or Fire	INVEST – POLICE FIRE REPORT
Recorded Statement Transcribed	INVEST – RECORDED STNMNT TRANSCR
Release	INVEST – RELEASE
Site Investigation	INVEST – SITE INVESTIGATION
Subrogation	INVEST – SUBROGATION
Surveillance	INVEST – SURVEILLANCE
Total Loss Documents	INVEST – TOTAL LOSS DOCUMENT
Total Loss Evaluation	INVEST – TOTAL LOSS EVALUATION
Wage Authorization	INVEST – WAGE AUTHORIZATION
Wage Information	INVEST – WAGE INFORMATION
Wage Loss Request	INVEST – WAGE LOSS REQUEST
Wage Statement	INVEST – WAGE STATEMENTS
Written Statement	INVEST – WRITTEN STATEMENTS
Legal (Documents or Correspondence)	
Document Description	Document Label
Affidavit	LEGAL – AFFIDAVITS
Agreed to Litigation Plan and or Budget	LEGAL – ATLP / BUDGET
AIU Holdings Claims Counsel Correspondence	LEGAL – CLAIMS COUNSEL
Alternative Dispute Resolution/Arbitration	LEGAL – ADR / ARBITRATION
Answer to Complaint	LEGAL – ANSWERS TO COMPLAINT
Appeal	LEGAL – APPEALS
Appeals	LEGAL – APPEALS
Application of Adjudication or Litigation	LEGAL – APP OF ADJ / LIT
Award , Judgment, Stipulation	LEGAL – AWARD / JUDGMENT / STIP
Bankruptcy Paper	LEGAL – BANKRUPTCY PAPERS
Briefs	LEGAL – BRIEFS
Claimant Attorney correspondence	LEGAL – CLAIMANT ATTY CORRESP
Co-Defense Attorney's Correspondence	LEGAL – CO DEFENSE ATTY CORRESP
Compromise and Release	LEGAL – COMPROMISE AND RELEASE
Coverage Counsel	LEGAL – COVERAGE COUNSEL



Decisions, Orders and Opinions from the court	LEGAL – DECISION/OPIN/ORDER
Default documents	LEGAL – DEFAULT
Defense Attorney Correspondence	LEGAL – DEFENSE ATTY CORRESP
Defense Counsel Assignment Letter	LEGAL – D/C ASSIGNMENT LETTER
Defense Updates and Status	LEGAL – DEFENSE UPDATES / STATUS
Demand Letter Package	LEGAL – DEMAND LETTER / PACKAGE
Deposition Notice	LEGAL – DEPOSITION NOTICES
Deposition Summary	LEGAL – DEPOSITION SUMMARIES
Deposition Transcript	LEGAL – DEPOSITION TRANSCRIPTS
Dismissal	LEGAL – DISMISSALS
Hearing and/or Trial Notice	LEGAL – HEARING / TRIAL NOTICE
Indemnification agreement	LEGAL – INDEMNIFICATION
Interrogatories and Response	LEGAL – INTERROGS AND RESPONSES
Mediation documents	LEGAL – MEDIATION
Motion documents	LEGAL – MOTIONS
Offer of Judgment	LEGAL – OFFER OF JUDGMENT
Order by the court for discovery, expert disclosures, motions, trial dates, etc.	LEGAL – SCHEDULING ORDER
Other Court documents not already listed	LEGAL – OTHER COURT DOCUMENTS
Pre-trial report documents	LEGAL – PRE TRIAL REPORTS
Production and/or Responses Request	LEGAL – PRODUCTION / RESPONSES REQ
Proposal for Settlement	LEGAL – PROPOSAL FOR SETTLEMENT
Settlement Agreement	LEGAL – SETTLEMENT AGREEMENT
Structured Settlement	LEGAL – STRUCTURED SETTLEMENT
Subpoena	LEGAL – SUBPOENA
Summons Writ and/or Complaint	LEGAL – SUMMONS WRIT / CMPLNT
Lien and Medical Reports (Documents or Correspondence)	
Document Description	Document Label
All other Liens	LIENS – ALL OTHERS
Child Support Lien	LIEN – CHILD SUPPORT
Independent Medical Evaluation, Agreed Medical Evaluation, Qualified Medical Evaluation	MED RPTS – IME / AME / QME
Maximum Medical Improvement or Permanent & Stationary report (Workers' comp only)	MED RPTS – MMI / PERM STAT
Medical Authorization	MED RPTS – MED AUTHORIZATION



Lien and Medical Reports (Documents or Correspondence)	
Document Description	Document Label
Medical Bills pertaining to medical treatment	MED RPTS – MEDICAL BILL RECORD
Medical Record Request	MED RPTS – MED RECORD REQUEST
Medical Records	MED RPTS – MEDICAL RECORDS
Medical Release	MED RPTS – MEDICAL RELEASE
Medicare Set-aside	MED RPTS – MEDICARE SETASIDE
Modified Duty or Alternate Work Offer	MED RPTS – MOD/LT DTY JOB OFFER
Nurse or Medical Case Management	NURSE CASE MGT
Prior Medical Records	MED RPTS – PRIOR MEDICAL RECORD
Photos (Documents or Correspondence)	
Document Description	Document Label
Investigation Photos	PHOTOS – INVESTIGATION
Medical Photos	PHOTOS – MEDICAL
Property Damage Photos	PHOTOS – PROPERTY DAMAGE
Financial (Bills)	
Document Description	Document Label
Legal Bills	MISC BILL – LEGAL BILLS
Bills from Other Vendors	MISC BILL – VENDOR BILL



ATTACHMENT F

E-DISCOVERY CHECKLIST

1. Is the case pending in State, Federal Court or arbitration? If Federal Court, FRCP 26 governing e-discovery practices applies. If state court, check the applicable e-discovery rules. For State and Federal Courts, check for any standing orders governing e-discovery. If arbitration, have the parties discussed whether e-discovery is required?
2. Have records custodians been identified? How many?
3. Are any custodians former employees? If so, has the scope of preservation obligations for the former employee(s) been established?
4. Has a written litigation hold been drafted? Has it been issued?
5. Have custodian interviews been conducted to identify all potential locations of electronically stored information (ESI) e.g., home drive (H Drive for AIG Property Casualty matters), My Documents, C Drive, Email archives (.PST), Specific Outlook folders, personal/home computer, blackberry, etc.?
6. Have IT personnel been interviewed to gain an understanding of the relevant information systems, assist in collection of custodian data and identify a potential FRCP 30(b)(6) witness?
7. Does the case have 5 or more custodians with 3GBs or more of data per custodian OR does the case have 100 GBs or more of raw data? If so, consult a vendor from AIG Property Casualty's e-discovery preferred vendor list.
8. Was there a FRCP 26 Meet and Confer conference? If so, provide a copy of the discovery plan to the claims professional. For State Court cases, prepare a discovery plan addressing e-discovery and provide a copy to the claims professional.
9. Before hiring a vendor, conduct a "mini RFP" (Request for Proposal) to obtain the best pricing for the engagement. Volume assumptions (number of custodians, volume of GBs, location of data) must be provided to the vendor so a budget with line item pricing can be prepared with the projected costs of e-discovery.
10. Are the budgeted e-discovery costs proportional to the anticipated cost of the claim?
11. When hiring the vendor, a Statement of Work (SOW) with estimated time frame, cost and volume must be executed. "TBD" should not appear on the SOW. A change order is required for any material deviations from the SOW, including cost-overruns greater than 5%.
12. After the data has been processed/filtered, consult AIG Property Casualty's preferred contract attorney vendor panel to perform first pass review for any case where review costs are estimated to exceed \$100,000.
13. When retaining a contract attorney vendor, execute an SOW (as above) that outlines the pricing, level of contract attorneys performing the work and estimated number of hours to perform the review. "TBD" should not appear on the SOW. A change order is required for any material deviations from the SOW, including cost-overruns greater than 5%.

