

Defense Counsel  
Legal Services Agreement (“LSA”)  
for the Provision of Legal Services

CHUBB®

January 1, 2018

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## Legal Services Agreement

Chubb INA Holdings, Inc., all insurance companies in the Chubb group of companies, and Chubb's Affiliates ("The Company") is responsible for managing the insurance claims brought under the policies underwritten by the various member Companies of Chubb Limited ("Chubb"). References to The Company in this Legal Services Agreement shall be deemed to include any claims unit within the Chubb group of insurance companies. Under some policies, The Company has the obligation to indemnify its insured clients ("Insured" or "Client Insured") for appropriate costs they incur in defending claims brought against them. Under other policies, The Company has the responsibility to defend its Insureds. The Company satisfies these responsibilities by providing the finest quality defense for its Insureds, achieving superior results in the most cost effective manner possible. The Company engages highly skilled outside counsel ("Law Firm" or "Law Firms") who have a strong commitment to helping The Company succeed, to upholding high standards of professional and ethical conduct, and to ensuring timely, responsive, and cost-effective service. Inherent in this goal is the objective of providing a quality defense through a long-term relationship with Law Firms. Through such a relationship, Law Firms can best understand and be responsive to these requirements.

This Legal Services Agreement ("LSA") applies to the cases and related tasks ("Assignments") given by the Company to Law Firms located anywhere in the world performing services on behalf of The Company's Insureds, whether the Law Firm was engaged by The Company directly, by representatives of The Company (e.g. a TPA) or by an Insured or representative of an Insured, as long as the matter involves or is related to an insurance policy sold by The Company. These guidelines are the foundation of a successful relationship between the Law Firm, our Insureds, and The Company. Effective and economically sound litigation management is achieved by close teamwork and communication between the claims technician, the Law Firms and the Insured throughout the pendency of the legal assignment.

The development and evaluation of each claim at the earliest time possible is a critical aspect of this relationship in order to avoid unnecessary expense and inconvenience for our Insureds. This process requires active communication between the Insured, the claims technician and defense counsel, coordination of activities and the application of common sense and good business judgment to handling litigation. Improved file handling, through close communication at every stage of the litigation process, joint decision-making upon a reasonable course of action and appropriate documentation will enable us to achieve our goal of achieving superior results for our Insureds. These guidelines provide the tools necessary to achieve these objectives and to further our relationship with retained counsel. Effective joint planning of defense strategy, substantive and timely case evaluations and superior results, whether as settlements or verdicts, will be regularly scrutinized.

Compliance with the LSA is critical to the working relationship between the Insured, Carrier and the Law Firm. Continuing evaluation of our joint efforts to achieve these objectives is an integral part of these guidelines. Additionally, compliance with the various requirements below will be measured by The Company, and failure to comply may result in modification or termination of the LSA. As discussed below, failure to comply with the LSA may result in the partial or full non-payment of legal invoices, at the sole option of The Company, subject to all of the conditions of the LSA (including but not limited to I.A.1 below). The Law Firm and its Relationship Partners (as defined in item I.C.1) should ensure that all attorneys assigned to work on matters assigned by The Company have a copy of this LSA and are fully aware of its requirements and restrictions.

This LSA should not be taken as any form of instruction to limit the Law Firm's role or to reduce the quality of the representation provided to the Insured. Nothing in this document is intended to interfere with counsel's obligation to provide independent legal judgment in representing the Insured. Rather, it should be regarded as a reasonable managerial requirement which provides a template for the representation of the Insured when requested to do so by The Company, in order

to make the claims technician a part of the decision-making process. There is clearly a degree of flexibility in the application of this LSA to specific situations and you are therefore encouraged to discuss any questions of your engagement with The Company should a situation arise that is not specifically addressed in the following agreement or which requires a different approach in order to provide quality representation to the Insured.

## **I. Introduction**

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### **A. Agreement Fundamentals**

#### *1. General Principles*

- A. The Interests of the Insured are paramount and nothing in these guidelines should be permitted to or be construed to seek to interfere with the Law Firm's zealous representation our Insured (the "Insured" or "Client Insured").
- B. These guidelines apply to all Assignments in their entirety unless otherwise modified by Appendix 7 or specifically precluded or prohibited by a jurisdiction's laws, regulations, manuals, administrative rules, ethical rules, decisions, orders or similar governing instruments issued by federal, provincial, territorial or state regulatory, executive, legislating, judicial authorities or professional regulatory bodies. If the Law Firm believes they cannot abide by all of the requirements of the LSA for any reason, then it must notify The Company in writing as soon as practicable upon receipt of an Assignment. If such notification is not given within a reasonable time (and in any case before commencement of any tasks related to a particular Assignment), the Company will expect full compliance from the Law Firms when working on such Assignment.

"Laws" as defined in I(A)(8) below of this LSA means all applicable statutory and other rules, laws, regulations, instruments and provisions in force from time to time in any jurisdiction in or in relation to which the services are performed, including the rules, codes of conduct, codes of practice, guidance, practice requirements and accreditation terms stipulated by any regulatory authority to which either party is subject to from time to time including Privacy Laws.

"Privacy Laws" means Laws relating to data privacy, information security, identity theft, data breach notification, trans-border data flow and/or data protection.

- C. This Agreement applies to defense Assignments made by The Company to the Law Firm. Defense Assignments are those in which the Law Firm's client is an Insured under a policy underwritten in whole or in part by any of the subsidiaries of the Chubb Group of Companies. These assignments typically involve The Company requesting that the Law Firms respond to either threatened or actual litigation filed against one of The Company's Insureds.

*By accepting cases to represent The Company's Insureds pursuant to a Chubb policy, the Law Firm is expressly agreeing to abide by this LSA.*

- D. The Insured's legal needs are best served through a partnership developed with the Law Firm and The Company. The best way to coordinate the efforts and knowledge of the Insured, Law Firm and The Company is to ensure a consistent and regular flow of information between the three, maximizing the information available to best secure a cost effective, efficient and acceptable outcome for the Insured. The LSA therefore requires consistent contact between the Law Firm and The Company, and occasionally requires that communication occur between

the Law Firm and The Company in order to obtain The Company's **Prior Approval** (see below for discussion of "**Prior Approval**") for certain activities, subject to I(A)(1)(a) and (b) above. The LSA should not be construed as excluding the Client Insured from the litigation process. To the contrary, it is the Law Firm's responsibility to keep the Client Insured informed of significant events including settlement discussions and to obtain its input.

- E. Along with providing quality legal services for its Insureds, The Company expects that the Law Firm will remain mindful of the need to provide such services in a cost effective and deliberative manner, without compromising the quality of the Client Insured's defense. Consequently, the Law Firm is required under this LSA to provide a detailed plan and budget for every matter.
- F. **Insurance:** The Law Firm agrees to obtain and maintain appropriate types and amounts of insurance coverage to adequately cover its liabilities and obligations under this LSA, which in most cases is expected to be a policy with a single loss limit of no less than \$5 million (or the foreign currency equivalent). If the Law Firm has more than 50 attorneys, then The Company expects that Law Firm maintain single loss limits of \$10m (or the foreign currency equivalent). The Law Firm agrees to provide copies of certificates of `insurance upon Client's reasonable request.
- G. If local laws and regulations in the respective jurisdictions of the Law Firms provide minimum requirements for insurance coverage below the amounts stated above in this item, the Company still expects the law firms to acquire additional coverage to reach said amounts as presented in this LSA. If for any reason a Law Firm is not able to acquire and/or hold the level of insurance expected, it shall promptly inform The Company, who may in turn chose to transfer Assignments to a different Law Firm...
- H. **Cancellation:** This LSA is open-ended, and will extend through the duration of any Assignment made while the LSA is in force unless it is otherwise cancelled by duly authorized representatives of The Company (in which case a different arrangement may be sought with the Law Firms).

## 2. *Billing Procedures*

In order to achieve transparency in the delivery, provision, efficiency, cost of legal services and consistent standards of case management and handling, The Company has decided to engage various bill review vendors (hereinafter "Billing Vendor") who have been instructed by The Company to monitor and ensure compliance with this LSA in connection with such legal services. The choice of Billing Vendor may change and is at the absolute discretion of The Company. The Law Firm is required to submit all invoices through the appropriate system as instructed by The Company, and agrees to bear any processing fee assessed by the Billing Vendor or The Company, if any. If there is any item on which the Law Firm and the Billing Vendor cannot agree, the final decision rests with The Company, including subsequent approval by The Company in its absolute discretion of items, costs or procedures requiring **Prior Approval** in order to be reimbursed.

## 3. *Ethics*

Outside counsel representing The Company is expected at all times to maintain the highest ethical standards. Included by reference in this agreement is "Integrity First: The Chubb Code of Conduct." The Law Firm agrees by executing this agreement that it will also abide by the relevant provisions of the Chubb Code of Conduct.

4. *Privilege and Confidentiality*

The Company and Insured expect the Law Firm to be conscious of the potential risks of disclosing any information that is privileged, non-public, proprietary and/or confidential by having the necessary procedures and safeguards in place to ensure that such disclosures do not occur. None of the information provided by the Insured or The Company should be used by the Law Firm, directly or indirectly, for any purpose other than in connection with the matter for which it was obtained. The Company and Insured require that the Law Firm take all necessary steps during and after the duration of each assignment to protect the confidentiality of that information in compliance with the relevant statutory and regulatory provisions relating to privacy and confidentiality.

Nothing about the selection of the Billing Vendor, or the performance of their responsibilities, should be deemed to alter, mediate or in any way affect or impair the attorney-client relationship between the Law Firm and the Insured. All rights to assert any applicable confidentiality, privilege or other protection from disclosure or admissibility with respect to all attorney-client communications and work product, including billing records, on any legal, equitable or ethical basis under any body of law, are reserved and any waiver of such rights, by virtue of the retention of the Billing Vendor or otherwise, is denied. In the event the Law Firm believes that involvement of a Billing Vendor will waive privileges under the law of the applicable jurisdiction, it should advise The Company in writing immediately.

5. *Data Security*

The Law Firm agrees that at all times while performing its obligations under and in connection with this LSA, it has implemented and will maintain information technology security and systems meeting the standards generally accepted in the legal community ("system protections") and has implemented data handling, processing, retention and storage (collectively, "data handling") safeguarding practices, policies and procedures to appropriately and adequately protect all of The Company and its Client Insureds' information. The Law Firm agrees that the Law Firm's performance of Services hereunder, and its system protections and data handling shall at all times be compliant with applicable laws, rules and regulations.

While The Company invites the Law Firm to perform the necessary and appropriate steps to protect the security of the data in its possession, The Company believes that certain minimum steps should be taken by all Law Firms in order to properly protect the critical private and confidential information Law Firms often possess about The Company's Client Insureds and other parties. To that end, attached to this LSA as Appendix 6 are Chubb's LAW FIRM INFORMATION SECURITY BEST PRACTICES ("ISBP"). The Law Firm hereby acknowledges its understanding that these standards are, in The Company's view, the minimum policies, procedures and technologies that the Law Firm should implement. Please note that the Company's Client Insureds may require the firm to accept The Company's ISPB, which makes mandatory the Law Firm's full compliance with the ISBP. The Law Firm also acknowledges its understanding that a Law Firm failing to fully and completely implement the ISBP is, in The Company's view, consequently not providing an appropriate level of Data Security to protect the Client Insured.

6. *Safeguarding Information*

The Company expects the Law Firm to be conscious of the potential risks of disclosing any information that is privileged, non-public, proprietary and/or confidential, including without limitation any and all information provided by one or

more of the Chubb Group of Companies or their respective employees, agents, representatives, clients, customers or Insureds, for or in connection with this LSA (collectively, the “Client Information”) by having the necessary procedures and safeguards in place consistent with the terms of this LSA to ensure that such disclosures do not occur. The Company considers the following Client Information to be highly confidential: internal policy directives, manuals, organizational charts, forms, customer and employee information and other non-public materials, thought processes and work product relevant to the Client Insured or The Company’s business and the work the Law Firm is performing. None of the Client Information provided by any Client should be used by the Law Firm, directly or indirectly, for any purpose other than in connection with the matter for which it was obtained.

- A. The Law Firm agrees to provide prompt written notice to the Client Insured and The Company in the event of any non-compliance with this Section and/or upon any improper disclosure or use of Client Information.
- B. The Law Firm further agrees to indemnify, defend and hold each and every Chubb Group Company harmless from and against any claim, cost, expense or liability arising from or in connection with any non-compliance with laws, rules or regulations, any use or disclosure of Client Information not in compliance with this LSA, or a breach of this Section.

7. *Media Contact*

All media inquiries should be referred immediately to The Company with no further comment. If a media inquiry is of an urgent nature and the Law Firm’s contact at the Company on the particular matter is unavailable, the Law Firm should contact the Chubb Limited Chief Communications Officer directly at (212) 621-8681. Under no circumstances should the Law Firm discuss representation of any Chubb Group Company (including the fact of the representation) with the media either on or off the record, without **Prior Approval** of The Company. Under no circumstances should the Law Firm discuss representation of any Client Insured without receiving written permission from either The Company or its Insured.

8. *Compliance with Laws*

The Company expects all Law Firms will fully comply at all times with all Laws, regulations, statutes, ethical guidelines and any other applicable rules and regulations in place impacting the performance of their duties, including but not limited to the specific requirements of the jurisdictions set out in Appendix 7. Violations of the Compliance with Laws provision of the LSA may be resolved through the application of Section IV – Auditing and Indemnity below.

9. *Anti-Bribery*

The Company expects and understands that the Law Firm is in compliance with all applicable Laws, and shall ensure that Law Firm’s Personnel shall (a) perform all obligations under this Agreement in compliance with all Laws; (b) comply with applicable anti-bribery legislation, including but not limited to the U.S. Foreign Corrupt Practices Act (“FCPA”); (c) obtain and maintain all applicable permits and licenses in connection with its obligations under this Agreement; and (d) comply with all requirements of any third party that may have provided any relevant proprietary materials to The Law Firm or to The Company. The Law Firm shall ensure that the Law Firm’s Personnel shall, obey all rules and regulations in effect at any premises of Chubb, the Insured, or any other location at which Law Firm’s Personnel perform Services under this Agreement, including without limitation, all security

requirements and all reasonable instructions and directions issued and provided by Chubb and the Insured.

No part of the compensation the Law Firm receives pursuant to this Agreement shall be paid or promised to any Foreign Official (as defined by the FCPA), or to any person or entity acting therefor, for the purpose of obtaining or retaining business or an improper advantage.

#### 10. *Conflicts of Interest*

In addition to the Law Firm's ethical responsibilities to avoid conflicts of interest, the Chubb Group of Companies generally applies a Group-wide approach to conflict analysis. Although the Law Firm's client is the particular Insured(s) assigned to the Law Firm as a client, Chubb believes that the critical relationship exists between Insured, The Company and Law Firm. Chubb therefore requires that the Law Firm retained on a relevant matter consider in its conflict analysis the interests of both all potential Client Insureds and all Chubb Group Companies when analyzing whether a particular representation presents a conflict of interest. The Chubb Group of Companies does not generally consider conflicts to result solely from representation of its business competitors, but specific circumstances can cause conflicts to arise in such situations. In all cases, it is the responsibility of the Law Firm to identify and bring to the attention of the Client Insured and The Company, in writing, any circumstances that may create or involve a conflict of interest as herein described.

Any request by the Law Firm for the Client Insured or The Company to waive a real or potential conflict of interest must be in writing. Prospective waivers of conflicts that might arise with firms in the future as a general matter (e.g., based on the firm's activities in future or unrelated cases), as opposed to waivers based on specific facts and circumstances currently known (e.g., a waiver of an actual or potential conflict in a particular matter), are strongly discouraged and will not be granted except by agreement of the General Counsel and the Chief Claims Officer of Chubb, who will consider such requests only under truly extraordinary circumstances.

**For the avoidance of doubt, all prior agreements between your firm and any Chubb Group company that purport to grant waivers for future conflicts are hereby terminated unless otherwise agreed by the Company in writing. By virtue of this Conflict policy, Chubb hereby requires any Law Firm to request a waiver of any actual or potential conflict of interest resulting from any assignment instructed by The Company on behalf of any Chubb Group Insured. Any Law Firm participating on any Chubb approved defense panel(s) hereby agrees to abide by this policy.**

#### **B. Agreement Scope**

1. Unless otherwise agreed in writing, these guidelines apply with full effect for any legal services performed for the duration of any Assignment made pursuant to this LSA. The agreement extends to all legal services whether performed by the Law Firm itself, or whether the legal services are outsourced or sub-contracted by the Law Firm to other parties, including legal counsel, experts, consultants, adjusters, inspectors, accountants / auditors, actuaries and any other specialist or professional service. Said sub-contractors, etc. will be required to comply with these guidelines to the extent these parties are performing legal services that otherwise would have been performed by the Law Firm.
2. As appears from these guidelines, the services extend inter alia to particular phases of litigation and activities and the guidelines are to be read in conjunction with various

task-based billing code sets, which describe such activities and functions performed and work done within such stages and expenses related thereto. In particular, The Company requires that each bill be submitted using the “Uniform Task Based Management System” Litigation Code set, which is available through the Billing Vendor, as well as a variety of other locations which may include <http://www.UTBMS.com>. x

3. The Company reserves the right to amend this LSA at any time. For new Assignments, any change made by the Company is to be deemed incorporated in the LSA. For ongoing Assignments, Law Firms may choose to discontinue working on said Assignments, sending all related documents and files to the Law Firm appointed by The Company to take over the handling of the case, should they chose not to comply with the requirements in the new LSA.

### C. Case Referral

1. The Law Firm and The Company will agree on the designation of one or more “Relationship Partners” to assist with directing Assignments to the appropriate attorneys. However, assignments may be made as desired by Chubb to any other attorney at the Law Firm. Assignments will be made by telephone, fax or email, at the sole discretion of The Company.
2. With every new Assignment, The Company will typically provide the Law Firm with a retention letter or email specifying the scope of the tasks to be performed by the Law Firm, along with copies of all relevant documentation. The Law Firm should not perform tasks outside that scope without obtaining Prior Approval.

## II. Case Management, Strategy and Reporting

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### A. General Principles

#### 1. *Communication*

The intent of this LSA is to ensure that The Company and Law Firm maintain regular communication during the life of the Assignment to be able to best serve the interests of the Insured. It is critical that the Law Firm keep The Company as well as the Client Insured fully informed of any important developments, particularly with regard to settlement overtures and legal developments. It is likewise crucial that The Company be involved in pre-approving any activities contemplated by the Law Firm on behalf of the Client Insured.

#### 2. **Prior Approval**

Frequently, reference is made in this LSA to the requirement that the Law Firm receive Prior Approval from The Company in order to perform various activities. A comprehensive list of activities requiring “**Prior Approval**” is detailed in Appendix 1 below.

- A. Unless prohibited by local law, where required, **Prior Approval** must be secured in relation to each individual task on each individual Assignment as provided by Appendix 1. **Prior Approval** requirements are not intended to be limitations on the quality of the Client Insured’s defense. Where **Prior Approval** has been requested from the Carrier and declined and the Law Firm believes that the result will compromise the defense, it should advise The Company immediately to that effect in writing.

- B. Tasks requiring **Prior Approval** must be noted in the relevant invoice line item, together with the date Prior Approval was provided and identification of the person providing it.
  - C. **Prior Approval** must be affirmatively directed from The Company to the Law Firm, and cannot be in the form of the Law Firm confirming Prior Approval without receiving an affirmative response from The Company. Prior Approval cannot generally be obtained verbally, but rather must be confirmed in writing.
  - D. Where **Prior Approval** is required but not obtained, it is at the absolute discretion of The Company whether to reimburse the Law Firm for the involved charges.
  - E. As a general rule, services performed by the Law Firm without first obtaining requisite **Prior Approval** are not reimbursable.
  - F. **Prior Approval** cannot be obtained to allow for otherwise prohibited activities unless specified below.
  - G. At The Company's discretion, exceptions can be made for activities requiring written **Prior Approval** where such was not obtained where extraordinary circumstances require the Law Firm to otherwise protect the Client Insured's interests.
  - H. Any time involved in solely requesting **Prior Approval** is not reimbursable unless otherwise billable activities are occurring contemporaneously with the creation of the request. In this instance, the line entries for the time billed should specify the otherwise billable activities.
3. *Planning Conferences*

It is critical to the provision of quality legal services on behalf of the Client Insured that the Law Firm and The Company be in regular communication (either by telephone or face-to-face meeting) to discuss the status of the matter and any involved issues. The Law Firm and The Company should regularly and jointly collaborate on the strategy for resolution of the Assignment, discuss all critical issues existing in the matter, determine those that are remaining, and discuss the activities necessary to resolve those issues. Consequently, the below requirements will frequently require that **Planning Conferences** be held prior to conducting certain activities. The Client Insured should be timely advised of the results of the **Planning Conferences**.

To this end, this document therefore requires the Law Firm to operate under a pre-approved course of action at all times, which has been agreed to by The Company after the Law Firm has provided a binding budget for those activities. Consequently, the Reporting section below details the requirement that the Law Firm recommend activities for the next Phase to The Company, and receive **Prior Approval** for the resulting budget.

If The Company chooses not to request a written report, the Law Firm is required to have a **Planning Conference** to obtain **Prior Approval** for the proposed activities and provide a verbal Budget which will also be submitted through the process specified by the Billing Vendor. Where **Planning Conferences** are required but do not occur, it is at the absolute discretion of The Company whether to reimburse the Law Firm for the charges resulting from activities that were not discussed in a **Planning Conference**.

## B. Team Approach

Upon receipt of instructions from The Company, the Law Firm should address the issue of deployment of staff with The Company. The goal should be to use only the number of people necessary and appropriate to fulfill the instructions. The Company believes that for most assignments there is no need to involve more than one senior level attorney (e.g. partner or senior associate, depending on the staff plan agreed to with The Company) and one associate level attorney. Therefore, assignment of additional Law Firm personnel beyond one senior level attorney and one associate may not be made without the **Prior Approval** of The Company. The Law Firm must recommend only personnel appropriate to a particular case.

## C. Acknowledgment of Instructions

1. Upon receipt of an Assignment, the Law Firm should acknowledge receipt and confirm that they are free to act without conflict. Such acknowledgment is to be made, in writing, directly to The Company contact that referred the assignment within three working days.
2. The acknowledgment letter should also confirm the Law Firm's understanding of the scope of the tasks they have been retained to perform, and should include identification of the attorney(s) assigned to work on the case.
3. The Law Firm should be mindful of and observe any rules of procedure statutes or regulations that may apply to the handling of claims or litigation in any particular jurisdiction. The Company must be informed of any specific requirements within seven days of receipt of the instruction and notice must be given to the Client Insured, and other relevant parties within the scope of the attorney-client relationship, that these requirements have been and will be complied with.

## D. Initial Handling Instructions

### 1. *Initial Planning Conference*

#### A. Timing

Following the receipt of the assignment and issuance of the acknowledgment letter, the Law Firm should review the submitted materials and contact The Company via telephone within **ten days** of receipt of the materials unless a shorter timeframe is mandated by The Company in the assignment letter. During that Planning Conference, the Law Firm is expected to discuss its initial views on the assignment, particularly concentrating on its recommendation for the initial strategy to defend the claim.

The Company believes it to be the primary responsibility of Law Firm to initiate the initial **Planning Conference** once its initial review of the documents has occurred. If for any reason that **Planning Conference** does not occur on or before ten days after the Law Firm receives the assignment, then within 14 days the Law Firm must email its initial strategy recommendation to The Company.

#### B. Content

If the initial Assignment was to conduct tasks that have already been completed, then the initial **Planning Conference** will be to discuss the results of the Assignment.

If there are outstanding issues that will require additional work by the Law Firm, then the initial **Planning Conference** will be to discuss and confirm the scope

of the representation and the timing of additional tasks to be performed by the Law Firm, as well as to agree upon the Law Firm's next **Phase** activities.

- During that **Planning Conference**, the Law Firm will inquire of The Company whether a Report as described below will be required.
- During that **Planning Conference**, the Law Firm and The Company will discuss whether there is the potential for early resolution of the matter.
- During that **Planning Conference**, the Law Firm and The Company will discuss whether the Law Firm is expected to contact plaintiff counsel to introduce themselves, gain an understanding of plaintiff's versions of the facts, and potentially explore what the plaintiff may need to resolve the matter.

#### 4. *Initial Law Firm Communications*

Generally, the Company believes that the most effective way to resolve claims is for the Law Firm to ensure that it is consistently communicating with all relevant parties, including the Client Insured, claimant counsel and The Company. To that end, the Law Firm is expected to contact the Client Insured immediately after receiving the assignment to establish a working relationship and gain an understanding of the Client Insured's view of the claim.

### **E. London Market (Lloyd's)**

With respect to matters identified by The Company as falling within the London Market "claims scheme," unless the Law Firm is specifically informed otherwise, reports should be furnished to The Company and all underwriters in accordance with the London "claims scheme."

Under no circumstances shall the Law Firm communicate directly with the broker, coverholder, or managing agent without **Prior Approval** from The Company.

### **F. Professional Services**

#### 1. *Generally*

This document provides The Company's expectations with regard to the Law Firm's performance of Professional Services. In some cases, the terminology below may refer to procedures of a similar nature but using a different name (e.g. "Depositions" or "Interrogatories" would be considered "Examinations for Discovery" and "Written Questions for Discovery" in Canada.) It is The Company's intent for this LSA to apply to Professional Services based on the nature of the service regardless of each jurisdiction's terminology. If there are any jurisdictions where the procedures differ by nature as well as terminology, the Company's expectations with regard to a Law Firm's performance of those Professional Services are set out in Appendix 7.

#### 2. *Substantive Positions and Communications*

All substantive (e.g. related to coverage, settlement, approval of mediation or other ADR process, institution of litigation, assertion of causes of action) positions must be taken, and all substantive written or oral communications must be made, only after obtaining **Prior Approval** of The Company unless extraordinary circumstances require the Law Firm to otherwise protect the Insured's interests.

The Law Firm must obtain **Prior Approval** in writing from The Company before issuing, initiating or defending any interlocutory process that is not mandatory. When requesting such approval, the Law Firm must address: the purpose of the

interlocutory process, the chances of success of the process, how the process will advance or otherwise benefit the case, and the projected budget for the fee earner(s) or sub-contractors involved.

In no event will non-substantive communications (e.g. form letters, cover letters) be billable.

### 3. *Depositions*

The Law Firm should initiate a **Planning Conference** at least seven days in advance of any deposition to discuss same.

#### A. Deposition Billing Practices

- i. Line items for deposition time not using a court reporter specified in Appendix 5 must document the **Prior Approval** for using the unapproved vendor.
- ii. To the extent required by The Company's e-billing system, the Law Firm will be expected to include specified unique deposition identifier for any time billed for attending a deposition.
- iii. Time for actually participating in a deposition should be billed separately than any time around a deposition that may be incidental to that deposition session (e.g. preparing a witness, meeting with opposing counsel, etc.)
- iv. Time spent during deposition breaks on personal activities (e.g. lunch, dinner) are not billable unless the fee earner is actually working on The Company's specific case or matter while on break.

#### B. "Critical" depositions (e.g. party, witness, expert)

- i. The lead lawyer assigned by The Company is expected to conduct any critical depositions unless **Prior Approval** is obtained from The Company.
- ii. The Law Firm should initiate a Planning Conference within 10 days after the deposition is completed.
- iii. A full written summary no later than 30 days.
- iv. An electronic copy of transcript along with the summary should be emailed to The Company. Costs for electronic copies of the transcript are not billable as either time or expense, as copies are available free of charge from The Company's approved Court Reporting vendor.

#### C. "Non-critical" Depositions

- i. If testimony was given during a non-critical deposition that may materially alter either your evaluation of the case or the agreed defense strategy, a Planning Conference should be initiated within 10 days.
- ii. Summaries of non-critical Deposition should be completed only after **Prior Approval** is obtained from The Company.
- iii. If no summary is requested by The Company, then non-critical depositions should be summarized as appropriate in periodic reports.

#### D. Page/Line Designations should only be completed by associates in preparation for trial or if given **Prior Approval** by The Company.

4. *Interrogatories*

- A. Reasonable substantive interrogatories can be served without receiving **Prior Approval** from The Company. In no event will any time incurred in the preparation of “form” Interrogatories be reimbursable.
- B. The Law Firm should initiate a **Planning Conference** with The Company within 10 days if any critical issues appeared in interrogatory. If a **Planning Conference** cannot be completed within that initial ten day period, then the Law Firm should send a summary of the issue to The Company by email within 14 days.
- C. Copies of any interrogatories should be furnished to The Company within 30 days of receipt by the Law Firm.

5. *Motion Practice*

- A. **Prior Approval** is required prior to the preparation or filing of any motion.
- B. Any request for **Prior Approval** to prepare or file a motion must clearly state the odds of success for that motion.
- C. If the expected chances of success of any recommended motion (including but not equal to a summary judgment motion) are less than 50%, then the request must include a discussion of the justification for the proposed motion.
- D. Any request for **Prior Approval** to prepare or file a motion must discuss the expected costs of the recommended motion.

6. *Document Review* - Any document review time greater than five hours in one day requires **Prior Approval**, regardless of the number of different documents included in the block of review time. The request for the approval should include the nature of the documents and the reason for the review.

7. *Mediations/Settlement Conferences*

- A. The Law Firm may not schedule a voluntary mediation without the **Prior Approval** of The Company. If a court orders a mandatory mediation, then the Law Firm should provide written notification to The Company within 72 hours of such order. The Client Insured should also be timely notified of all mediations/settlement conferences.
- B. A Pre-Mediation report, including an exposure analysis and settlement recommendation if requested, should be submitted to the carrier 30 days in advance of the scheduled mediation. At the Company’s option, a Pre-Mediation report may be requested on a different schedule.
- C. The Law Firm must have a **Planning Conference** with The Company no less than 14 days in advance of any scheduled mediation or settlement conference (or no less than 28 days if attendance of a corporate representative is required). During that Planning Conference the Law Firm must provide an exposure analysis including an evaluation of the projected legal issues, etc.

8. *Settlement Authority*

Requests for additional settlement authority beyond that already extended (if any), should be confirmed in writing after a **Planning Conference** is held within:

- A. Greater than or equal to \$100,000 (or local currency equivalent) – no less than 90 days before the settlement amounts need to be available.

- B. Less than \$100,000 (or local currency equivalent) – no less than 30 days before the settlement amounts need to be available.
  - C. If either timeframe in 8(a) or 8(b) above is not met, then the Law Firm will be expected to explain why in writing when scheduling the **Planning Conference**.
  - D. If requested, the Law Firm must submit a case assessment completion contemporaneous with requests for authority.
9. *Settlement Offers*
- A. All settlement demands or a willingness to settle and/or negotiate, by ADR or otherwise, must be reported to The Company and Client Insured within 24 hours of its receipt by the Law Firm. A **Planning Conference** must be scheduled within 72 hours to discuss the settlement opportunity. During the **Planning Conference** the Law Firm will provide a specific recommended response to the settlement overture.
  - B. Under no circumstances should the Law Firm make a settlement offer without first obtaining The Company’s **Prior Approval** and without seeking the Client Insured’s input.

10. *Court Appearances*

Attendance at substantive court appearances and depositions should be made by the assigned attorney primarily responsible for overseeing the Assignment or managing the Law Firm’s team (“Supervising Partner”) in every event, unless Prior Approval is obtained from The Company.

**G. Budgeting:**

1. *Generally*

The Company believes that a critical aspect of providing an Insured with an effective defense is the ability of all parties (Law Firm, Insured and The Company) to communicate about the costs and benefits of the variety of legal strategies available. Additionally, The Company expects that Law Firms retained to represent an Insured should be consistently mindful of the adverse impact of unexpected costs on both the Insured and The Company. Although The Company recognizes that it can be difficult to predict necessary legal steps and the resulting costs at various points in the duration of the assignment because all the facts are not known, The Company’s litigation policy nevertheless requires a good faith attempt at making a reasonable estimate of the projected final legal fees at every point of the assignment.

Any fees or expenses exceeding the most recent approved budget (including the Staff Plan) may not be reimbursed by The Company at The Company’s sole discretion.

2. *Budget Creation*

- A. Prior to the creation of any budget, the Law Firm is expected to conduct a **Planning Conference** with the Company to discuss the Law Firm’s current view on liability and damages, discussing /damages, creating an agreed-upon litigation plan and a resolution strategy which would all be documented in the claim file.
- B. The Company believes that an accurate **Full Case Budget** is a crucial, and it is therefore the obligation of the partner primarily responsible for the assignment to create or verify the appropriateness of any submitted **Full Case Budget**.

- C. In order to assure that appropriate care is given to the crafting of any budget submitted by the firm, The Company will allow the lead partner assigned to the matter to bill up to 0.4 hours to draft a budget.
- D. Any charges for budget creation submitted to The Company for more than 0.4 hours may not be reimbursed at The Company's sole discretion unless **Prior Approval** is obtained.

3. *Full Case Budget*

The Company requires that the Law Firms obtain approval for a **Full Case Budget** in The Company's e-billing system for every Assignment, regardless of whether The Company's representatives separately require the Law Firm to submit a written budget along with a report as described below. That process also will, at various levels of projected expense, include a requirement that the Law Firm submit an accurate and binding Staff Budget specifically identifying any partner(s) that will be billing on the case, as well as the total number of associates.

The **Full Case Budget** should reflect the Law Firm's projection at the time of the budget submission for the most likely final cost that will be billed by the firm by the end of the assignment. If, for example, the Law Firm believes at the time the budget is submitted that it will likely try the case, then that budget should include the trial phase. However, if the Law Firm believes that the likely outcome of the case will be settlement after discovery is complete with only minimal motion practice, then the submitted budget should reflect such.

**Full Case Budgets** will also include an estimate of the total amount of expenses likely to be incurred during the course of the assignment.

4. *Staff Plan:*

The Company may, at its discretion, require that the Law Firm detail when submitting a budget the timekeeper(s) expected to work on an Assignment. A typical **Staff Plan budget** will identify with specificity the partners who are expected to work on the Assignment, along with their projected number of hours. It will also include a count of the expected number of associates and paralegals who will be working on the Assignment during its duration along with their total projected number of hours. The Company at its discretion may choose not to pay for time billed for attorneys not contained on an approved **Staff Plan**.

## H. Reporting

These guidelines are event-based, typically requiring that the Law Firms obtain **Prior Approval** to prepare a report after certain defined events occur or after the expiration of the previous submitted written report, whichever comes first. Generally, after submission of the initial report the form and frequency of reporting will be as agreed between the claim technician and defense counsel. It is at The Company's discretion to notify the Law Firm that it has modified the standard reporting requirements below. If for any reason it is not possible to comply with the reporting requirements the Law Firm must provide specific reasons for such non-compliance and seek further instructions from The Company. Similarly, if it is prudent to provide specific information to The Company earlier than is proposed within these guidelines then the Law Firm should do so.

1. *General Principles:*

- A. The **Initial Report** and **Subsequent Report** section below do not serve to override or modify any of the other provisions in this LSA requiring the Law Firm

to contact The Company when certain defined events occur in the life cycle of the Assignment.

- B. **Prior Approval** in a **Planning Conference** must be obtained from The Company prior to the issuance of any **Subsequent Report** unless the Assignment is on behalf of the London Market, in which case no **Prior Approval** is necessary.
  - C. The Supervising Partner at the Law Firm is responsible for all aspects of any reports submitted to The Company. It is the responsibility of the Supervising Partner to ensure that all reporting is done accurately and timely. The Supervising Partner, and not any other attorney involved in the drafting of the report, should provide settlement recommendations (upon request) and any other specific recommendations for the effective handling of each matter.
  - D. All reports must be issued directly to The Company and to the Insured or their designated agents where specified, with no copies provided to any other third parties.
  - E. All reports and written correspondence (including cover letters transmitting legal invoices) from the Law Firm to The Company should include, conspicuously in the reference section and as provided by The Company to the Law Firm upon instruction: (1) the Insured, putative Insured or adverse party; (2) the claim or matter name (e.g., underlying plaintiff, event, loss name, location or transaction); and (3) The Company's claim number (if applicable); (4) the e-billing system's reference number (e.g. "Matter ID") and (5) the date of loss.
  - F. All reports should contain a 2-3 paragraph executive summary of the facts, key issues, and immediate litigation calendar items (within 30 days of the issuance of the report).
  - G. All reports should specify that the information contained therein is privileged and confidential and constitutes an attorney-client communication and/or attorney work product, or is otherwise subject to a rule or doctrine of privilege, confidentiality or non-disclosure. It is essential that full confidentiality is maintained when attorneys are reporting directly to The Company and Insured.
  - H. If a **Subsequent Report** not issued for a London Market Assignment is issued without **Prior Approval**, then it is at the discretion of The Company to choose not to reimburse some or all of the resulting charges.
  - I. Billed time for any report drafting activities can only represent charges for new activity related to that particular report. No drafting or review time is allowable for report content culled from previous reports.
  - J. The Company may, at its discretion, require that the Law Firm complete an online Case Assessment Questionnaire that will be separate from any reporting obligation discussed below.
  - K. In all cases, The Company must be notified in writing within three days of a trial date being set or changed.
2. *Initial Report*
- A. Timing - Unless a different timeframe is requested by The Company, the **Initial Report** for a claim handled:
    - i. In the US and Canada – 60 days after Assignment
    - ii. Outside the US and Canada (litigated matters) – 14 days after Assignment

iii. Outside the US and Canada (non-litigated matters) – 30 days after Assignment.

B. Initial Report Content –

i. Claim Summary:

- (1) The name of the Insured, and any subsidiaries or additional Insureds where appropriate.
- (2) A 2-3 paragraph factual summary of the claim outlining the date and details of the loss, the nature of the loss and the factual background. This section should include a recitation of the factual issues identified to date including the parties potentially involved and as much as can be identified regarding any contractual implications between the involved parties that may control or influence the claim.
- (3) A list of all pertinent upcoming case management dates, highlighting any occurring within the next 30 days.
- (4) If the generated report is a **Subsequent Report**, then the Summary section should contain a paragraph detailing what has changed in the case since the issuance of the prior report.

ii. Assessment: The Law Firm must provide an outline of the principal issues involved in the matter, including an analysis of:

- (1) plaintiff, claimant or Insured representation;
- (2) case value, settlement opportunities and/or potential for dispositive or interlocutory motions (e.g., motions to dismiss or for summary judgment) if applicable;
- (3) recommendations for procedural or substantive actions and/or a request for further instructions, including a discussion of the costs and benefits of the recommended actions;
- (4) if specifically requested, a reserve recommendation for both defense (fees) through case conclusion and indemnity (if appropriate);
- (5) applicable law, conventions and/or treaties;
- (6) jurisdiction or forum issues;
- (7) the merits and likelihood of resolution through ADR; and
- (8) whether there is exposure excess of the policy limits.

iii. Staffing and Strategy: The Law Firm must provide an evaluation of their assessment of the current staffing requirements of the matter. This section would be used to discuss whether the Law Firm recommends that more than the generally allowable two attorneys are necessary to conduct the defense of the case.

iv. Recommended **Phase Activities**: The Law Firm must make a recommendation for the work to be performed prior to the next **Planning Conference**. This portion of the report is intended to provide confirmation of the **Phase Activities** agreed to by The Company in the **Planning**

**Conference** in which the Report was requested by the claim professional. This section should include a discussion of:

- (1) necessary research;
- (2) likely or anticipated discovery or disclosure activity (including depositions, if applicable);
- (3) expert evidence, input or support requirements; and
- (4) a proposal for any correspondence, pleadings or other documents that the Law Firm believes should be drafted or filed.

C. Budgets: Each written report should contain two different budgets.

- i. **Phase Budget:** The Law Firm will detail the expected costs through conclusion of the proposed **Phase Activities** listed in (iv) above. This budget is to be treated as binding on the Law Firm, and it is at the discretion of The Company to refuse to reimburse any costs that are above or beyond those in the proposed **Phase Budget**.

If at any time prior to the completion of the tasks enumerated in the **Phase Budget** the Law Firm finds that it will be unable to complete the tasks within that **Phase Budget**, the Law Firm must submit a revised **Phase Budget** and must receive written **Prior Approval** of The Company to exceed the budget.

- ii. **Full Matter Budget:** The Law Firm will include the expected costs through to conclusion of the matter with a specific allocation for the current calendar year for all activities within the scope of the Law Firm's instruction. This **Full Matter Budget** should at all times be consistent with the budget submitted into The Company's e-billing system.

The Company emphasizes that while the **Full Matter Budget** is not binding, accurately forecasting legal expenses is a critical component of the Law Firm's responsibility to The Company. The Company will be measuring compliance with the accuracy of these **Full Matter Budgets**.

- iii. Other Budget issues

- (1) If the Law Firm believes that at some point in the future staffing of the case will require more than the then allowable number of attorneys (either the generally allowable two attorneys or more if Prior Approval has been obtained) then it should be discussed in this report section.
- (2) Any expected expenses >\$1000, (or local currency equivalent) should be discussed in this section, including but not limited to experts, investigators, adjusters, auditors, consultants, counsel and other third-party vendors anticipated to be necessary to conclude the matter, as well as other more operational expenses like outside photocopying expense.

- iv. Evaluation and Recommendation – Each Law Firm retained by The Company to defend the Insured(s) has been selected in part because of the Law Firm's expertise in reviewing the exposure to the Insured in a direct and efficient fashion. Consequently, each Report must contain an evaluation of the exposure to the Insured and the strategic alternatives available to address the issues involved. Each evaluation should include:

- (1) A settlement recommendation: Unless otherwise specified, this evaluation should be limited to a specific value, rather than a presentation of a settlement range.
- (2) A valuation range: The settlement recommendation should be accompanied by a discussion of the potential range and how that value or range was calculated by the Law Firm.
- (3) Strategy recommendation: It should also include a cost-benefit analysis evaluation and should include a comprehensive litigation risk analysis.
- (4) An analysis of attempting to resolve the matter by ADR, litigation, or settlement negotiations.

### 3. *Subsequent Reports*

#### A. Timing

- i. For London Market Assignments only, **Subsequent Reports** should be issued no less frequently than every 180 days, unless the Law Firm's reasonable judgment suggest a shorter timeframe is necessary.
- ii. Otherwise, for the rest of The Company's claim units, a **Subsequent Report** should be issued only after requested and obtaining **Prior Approval** from the claim professional.

#### B. Each **Subsequent Report** should enlarge upon the detail as set out in the previous reports, particularly as regards the following:

- i. A refined analysis of the facts of the loss and more comprehensive details of all parties involved;
- ii. A complete evaluation of the merits of the facts and legal issues identified by the Law Firm in its investigation to date;
- iii. An updated case-handling strategy to include:
  - (1) Any staffing revision.
  - (2) Variations on predicted matter activity re: discovery or disclosure, depositions, any investigative efforts and motion practice.
  - (3) Updated budget projection to include cumulative costs billed to date and comparison of actual to the **Full Case Budget**; and
- iv. An updated evaluation of the case, including an analysis of the costs and benefits of continuing the dispute as compared to the potential for resolving the matter. The evaluation is expected to be more refined and specific than previous evaluations if at all possible.
- v. Revisions, if appropriate, to the previously requested Full Matter Budget.

### 4. *Other Updates, Communications and Documentation*

- A. Depositions: See Section II (F) (3) above.
- B. Correspondence: The Law Firm will provide to The Company within two working days copies of any substantive correspondence received from any party.
- C. **Pre-Mediation Reports** should be issued no less than 30 days before the mediation, unless a different timeframe is requested by the claim professional.

- D. Pleadings and other documentation: It is often unnecessary for The Company to receive copies of every pleading and piece of correspondence involved in an Assignment. The Company and Law Firm should discuss in the initial **Planning Conference** what documents should be provided by the Law Firm. The following items should be sent to The Company in a timely manner:
- i. Any complaint or similar document filed against The Company or Client Insured;
  - ii. The answer and any third-party complaints;
  - iii. Copies of substantive pleadings;
  - iv. Responses to interrogatories;
  - v. Any settlement overtures (whether written or oral);
  - vi. Releases, dismissals or final judgments and all orders of the court; and
  - vii. Any discovery responses that will require certification by The Company or Client Insured with sufficient time to allow for the review of same.

**I. Continuing Representation Requirements:**

Once the **Phase** activities from the preceding **Planning Conference** (with or without a confirming Report) have been completed, the Law Firm and The Company should immediately hold a **Planning Conference** about the status of the matter and proposed **Phase** activities. During the conversation, the Law Firm should discuss whether The Company wishes to have a confirming report issued.

It is at the absolute discretion of The Company to determine whether it wishes to receive a written report to follow up the **Planning Conference**. Any costs incurred by the Law Firm in generating any report without obtaining **Prior Approval** will not be reimbursable.

The Law Firm must provide to The Company each **Subsequent Report** within 14 days of the completion of the **Planning Conference** if such a report is requested by The Company. It is at the discretion of The Company to request a report using a different time frame.

**J. Provision of Documents and Information**

Notwithstanding the above, nothing in this LSA is intended to cause the Law Firms to violate any attorney-client privileges. If the Law Firms identify restrictions to providing files and documents to The Company based on attorney-client privilege, or for any other reason, the Law Firm shall immediately contact The Company to discuss how to proceed. The Company may instruct the Law Firm to seek the Insured's written approval to allow the relevant information to be shared with the Company. Files and documents that do not contain privileged information must be shared promptly.

### **III. Billing Requirements**

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**A. Basic Billing and Case Management Guidelines:**

1. *Life-of-Case Rates* - The hourly rates applicable to any Assignment made pursuant to this LSA will be those agreed to by Law Firm and The Company at the time the Assignment is made, and will not change for the duration of the Assignment.

- A. Under no circumstances will billing rates be increased on any Assignment or litigation in progress, even if 1) this LSA has expired by action of either the Law Firm or The Company or 2) the rate agreement between the Law Firm and The Company has been changed, unless the rate increase for an individual Assignment has been agreed to in writing by appropriate authorized representatives of The Company.
- B. Any request for a rate change on a particular Assignment must be made by the Law Firm in writing, with an explanation of why the Law Firm believes the particular rate change is necessary and appropriate.
- C. Any modified rate must be submitted electronically for approval by The Company through the billing system only after **Prior Approval** is obtained from The Company in writing.
- D. It is at the absolute discretion of The Company to authorize a rate increase on any Assignment made during or subsequent to the effective dates of this LSA, regardless of the duration of the Assignment.
- E. Attorneys that are promoted during the duration of this agreement (e.g. from associate to partner) will be entitled to request that their rate be changed to the standard rate for their new level as agreed between the Law Firm and The Company. The Company has at its discretion the right to refuse the increase. Should the approval be granted to increase the rate, it will be effective immediately provided that the Law Firm properly and timely submits the revised rate request through the designated Billing Vendor. However, in no event will a rate increase be approved retroactively.

2. *General Principles*

- A. The Company expects every invoice to be submitted with accurate billing entries, including appropriate descriptions as detailed below and accompanied by accurate UTBMS coding for each line item. Inaccurate, duplicate or non-compliant billing practices may not be reimbursed by The Company at its discretion.
- B. Effective and efficient management of the case by the Law Firm is essential. It is important that the Supervising Partner be involved in each Assignment as necessary to ensure it is being properly handled by the Law Firm. At the same time, The Company needs to be involved in all decisions and strategic activities to be undertaken on its behalf or on behalf of its Insureds. The Law Firm must therefore hold Planning Conferences with The Company regularly and promptly.
- C. **Billing Requirements**
  - i. **Invoice Submission Requirements:**
    - 1) Draft invoices for services over \$500 (or in the United Kingdom £350 or local currency equivalent in other countries) rendered subsequent to the inception of this LSA may be submitted monthly, but in no event should they be submitted less frequently than every six (6) months.
    - 2) Notwithstanding c(i)(1) above, and subject to c(i)(3) below, draft invoices for services under \$500 (or in the United Kingdom £350 or local currency equivalent in other countries) rendered subsequent to the inception of this LSA may be submitted six (6) months after the submission of the previous invoice.

- 3) An Assignment's final invoice may be submitted immediately, regardless of amount, and should not be submitted more than six (6) months after the matter is closed.
  - 4) Invoices submitted less frequently than the specified timeframes in this section (III(A)(2)(c)) will be reimbursed at The Company's sole discretion.
- ii. Final invoices must be documented as such.
    - 1) If submitting the Final bill electronically in the LEDES 1998B when applicable, format, the Invoice\_Description must contain the notation "Final" for Final.
    - 2) If submitting the Final bill electronically in an XML format, the inv\_desc field must contain the notation "Final".
  - iii. The Company may, at its discretion, request a different billing frequency or change the billing minimum threshold in c(i) and c(ii) above.
  - iv. Any charges for activities submitted to The Company more than one year after the date the activities occurred may not be reimbursed at The Company's sole discretion. The only exception to this is where charges more than one year after the date of the activity are submitted on a timeframe pursuant to c(ii) above.
  - v. The Law Firm's initial invoice should contain all fees performed from the date of Assignment through the end of your first approved billing period. Subsequent invoices should not contain fee dates which overlap a prior billing period. Any fee entries containing dates that overlap with a prior billing period are subject to exclusion at The Company's discretion.
  - vi. Invoices will be processed on a first in, first out basis, such that any invoice submitted while another is pending will not be paid until the first submitted invoice has been either paid or withdrawn.
  - vii. All invoices submitted will be in the means and format specified by The Company's Billing Vendor.
  - viii. No more than 10 hours (excluding any travel time) per day may be billed on all matters (for The Company or otherwise) by a single timekeeper without Prior Approval. In no event will Prior Approval be granted for a timekeeper billing in excess of 20 hours (excluding travel time) across all matters for The Company or otherwise.
  - ix. Pleadings and Motions - Only the time actually spent in modifying or editing standardized pleadings, documents, or discovery responses or requests should be billed. The Company will not reimburse the firm for time originally spent drafting such standard language.

## **B. Hourly Rates and Time Recording**

1. Time is to be recorded in tenths of hours (0.10). The time entered for a task, and in the aggregate, must not exceed the actual time expended on any activity, function or work as specifically described.
2. Blocked billing entries are not acceptable unless all of the functions, activities and/or tasks entered together (1) fall within the same UTBMS Phase/Task Code, (2)

reasonably relate to each other and (3) are entered together under the UTBMS Activity Code most related to the blocked activities. Otherwise, each function, activity or task performed must be billed separately with an appropriate time entry. Any blocked billing entries will not be reimbursable. A specific narrative description must be provided, even where the various UTBMS Code Sets are being used and included in the invoice. The Company will, at its sole discretion, afford the opportunity for the Law Firm to correct the blocked billing entries.

3. Time records should not be destroyed, and must remain available for review, at least until five years after closure of each matter. Computerized records are sufficient for this purpose provided they are maintained in such a fashion as to allow future downloading to hard copy.

### **C. Professional Services**

#### 1. *Work Descriptions*

A. The billing entries must contain a detailed narrative description, which includes reference to:

- i. A specific function, activity or task performed,
- ii. For or in connection with a specific purpose or issue,
- iii. For a specific amount of time.

B. Additionally, descriptions must permit The Company to identify the particular work product created, the particular proceeding to which it relates, or the purpose and significant participants in meetings and conference calls. Generic or vague narrative descriptions that do not identify to The Company's satisfaction the work done are not permitted and, if used, such entries will not be reimbursed.

The Company will not pay for descriptions that lack specificity, including but not limited to the following examples:

- Attention to file, matter, correspondence, et cetera;
- Work on file, discovery, motion, trial preparation;
- Follow up on request, status of, discovery requests, medical information, et cetera;
- Update case strategy or files;
- Prepare for conference, phone call or meeting;
- Review documents, correspondence, records, file, case strategy, or case issues;
- Receive and review documents;
- Pursue strategy, investigation, various matters, documents;
- Planning regarding discovery, strategy, et cetera;
- Review mail or email; and
- Telephone conference.

C. Entries for telephone conversations, conferences, meetings, and court conferences must specifically describe the parties involved and the subject matter or purpose of the task. Charges for preparing or reviewing correspondence or

emails should identify the subject matter of the letter or emails and the author or recipient.

- D. Where Prior Approval is required for an activity on an invoice, the narrative must include a discussion of when Prior Approval was granted and who granted it.
- E. Any entry concerning any report, correspondence or any other document must specifically identify that document (including both the type AND nature of document) in any appropriate line item.
- F. The Company will, at its sole discretion, afford the opportunity for the Law Firm to amend otherwise unallowable billing descriptions.

## 2. *Staffing Issues*

- A. Generally, The Company expects a Law Firm to appropriately staff the matters it handles. In general, on routine matters The Company expects to have a partner or senior associate as the primary attorney, with an associate and paralegal (if appropriate) handling the routine work fitting their abilities. If the Law Firm wants to staff a case with more than two attorneys then it must receive Prior Approval either directly or through the submission of a Staff Plan. Only one attorney should normally need to attend depositions, meetings, hearings etc., including Planning Conferences. Any additional attorneys required for these types of activities must receive Prior Approval from The Company, and if Prior Approval is not obtained, the resulting expenses will not be reimbursable.
- B. The Company expects that the Law Firm will use paralegals, law clerks, litigation assistants and trainees wherever appropriate for work that does not need to be performed by an attorney. Where attorneys perform tasks of this sort, reimbursement is limited to rates applicable to paralegals..
- C. Appendix 2 contains a non-exhaustive list of non-legal (that is secretarial, administrative or clerical) services that are not subject to reimbursement by The Company, regardless of which employee of the Law Firm completes the service. Some examples of non-billable services are scheduling, record retrieval activities, docketing/checking case status, creation of indices of documents and compiling lists. These tasks are typically related to maintenance or scheduling issues normally expected in handling a case, which can be accomplished by someone with basic skills and minimal training.
- D. Appendix 4 contains a non-exhaustive list of services that paralegals and litigation assistants may perform (if permitted under applicable laws and regulations). Some examples of billable paralegal services are: requesting, reviewing and summarizing medical records (unless Prior Approval for lawyer review has been obtained as provided below in III(C)(3)(iii)), drafting/preparing subpoenas or notices of deposition, digesting depositions, preparing exhibits and trial notebooks, as long as the latter involves substantive analysis and review.

The services performed by law clerks and trainees are not specifically set out, but should generally reflect those of a qualified junior attorney. Where law clerks or trainees or qualified attorneys perform tasks appropriate for paralegals, reimbursement shall be limited to rate(s) applicable for such paralegals.

## 3. *Multiple Fee Earners / Oversight and Supervision / Intra-office Conferences*

- A. Multiple Fee Earners Guidelines
  - i. As a general guideline The Company believes that most cases can be effectively managed by one senior level attorney (e.g. partner or senior

associate) and one associate. If the Law Firm believes additional staffing will be required, it must make the request in writing complete with an explanation of why the additional staff is necessary in order to receive **Prior Approval** from The Company.

- ii. The Company expects that the Law Firm will use best efforts to ensure that there is clarity in the allocation of tasks by multiple timekeepers that may be working on an Assignment to avoid inefficiency and duplication of effort.
- iii. Where multiple fee earners are working on the same task, the invoice must show separate, specific, tangible work product for each fee earner.
- iv. Where more than one timekeeper is working on an Assignment, the activities carried out are to be at the appropriate level within the Law Firm (e.g., paralegals should be performing paralegal tasks).

B. Supervision

Supervisory activities by a senior level fee earner over a less experienced or junior member of staff is not billable. To the extent a senior timekeeper reviews or revises documents prepared by a junior timekeeper, the document(s) reviewed must be specifically identified in the relevant invoice line items.

C. Intra-office Conferences/Tangible Work Product

- i. Other than provided by III(C)(3)(c)(ii) below, The Company generally will not reimburse any charges for intra-office conferences with other members of the Law Firm, or for any costs incurred in the creation of internal communications to other members of the Law Firm. The Law Firm cannot obtain **Prior Approval** to allow for multiple billing of more than one timekeeper for these routine conferences or communications.

In no event can the Law Firm bill for any intra-office conferences that are procedural in nature (e.g. meetings to discuss the assignment of new work, the status of existing work.)

- ii. In the event that necessary case or strategy discussions take place in the form of an intra-office conference and no immediate tangible work product can be produced, then **Prior Approval** by The Company of such discussions must be obtained. The request for **Prior Approval** should include the nature of the discussion and identify the timekeepers that will be participating in the intra-office conference. If **Prior Approval** is obtained, it must be noted in the narrative of the billing line items for each intra-office conference attendee. In all cases with invoices containing these case and strategy discussions, the document by which the Law Firm obtained the **Prior Approval** must be submitted contemporaneous with the invoices.

D. Other Issues

- i. The Company will not reimburse the Law Firm for charges related to the transfer of a project to a new attorney for internal reasons, double-teaming, education, training or intra-firm conferencing.
- ii. The Company will not pay for summer associates, law clerks or other similar timekeepers without **Prior Approval**. If such are approved, they will bill no higher than the agreed-to paralegal rate.

iii. Generally, Paralegals are expected to review and summarize medical records. It is understood that these records may require additional attorney review in a few circumstances. In the event the Law Firm believes medical records review by an attorney is necessary, then it must receive Prior Approval from The Company. The request for **Prior Approval** should specify the reasons attorney review is appropriate, as well as information concerning the extent of the review and the resulting projected costs of such.

4. *Research*

- A. Since Assignments are made to firms which have been selected for their expertise in particular areas of law, routine legal research (e.g. review of basic procedural rules, research of basic elements of a cause of action, or other matters of common knowledge among reasonably experienced counsel in the locale) is non-billable and, if submitted by the firm on an invoice, will not be reimbursed.
- B. The cost related to the use of legal databases (e.g. LEXIS or Westlaw), computerized legal-research programs, on-line services or CDROM programs, while encouraged to reduce time spent, is considered part of the Law Firm's overhead expenses and will not be reimbursed.
- C. **Prior Approval** must be obtained before conducting any legal research that exceeds two (2) hours work. Any such request must specify the nature and expected benefits of the research, must specify a timeframe not to exceed six months in which the research is to be conducted.
- D. Research should be carried out by more junior associates, law clerks, trainees, paralegals or library staff. Partners may not bill for any time spent in conducting research unless they first obtain **Prior Approval**. That request for **Prior Approval** must specify the reasons why the partner needs to conduct the research project instead of more junior staff.

5. *Document or File Reviews*

- A. Any document review time over five hours in one day is subject to **Prior Approval**, regardless of the number of different documents included in that block of review time.
- B. Document review line items should identify the type and nature of the document(s) reviewed.
- C. The Company will not pay for file reviews unless they are prompted by a legal or factual development (e.g. the receipt of correspondence or a telephone call), and the review results in the creation of actual work product (e.g. a strategy note, a strategy plan, a letter, a report, or a telephone call.)
- D. When changes within the Law Firm require replacement of the personnel involved in the matter, The Company must be immediately notified of said changes and the reasons for the changes. Any time or costs involved in preparing new personnel for their involvement in the file, or for multiple file or document reviews by the same lawyer will not be reimbursed.
- E. Where, however, the file transfer is occasioned by a cause or causes beyond the control of the Law Firm, such time will be allowed provided that notice to The Company is given and The Company's **Prior Approval** is obtained.

6. *Outsourcing*

- A. Services may not be outsourced or subcontracted without **Prior Approval** by The Company.

- B. The Company may, at its discretion, instruct the Law Firm to work with designated outsourced Law Firms on individual Assignments.

7. *Travel time*

- A. The cost of travel time is significant. Only travel that is absolutely necessary should be authorized by the Supervising Partner, particularly if international or out-of-state travel is anticipated.
- B. In all cases, travel time expected to be over one hour must receive **Prior Approval**. Documentation for this time will be provided in accordance with III(E)(3) below.
- C. Travel time is to be included in the invoice as a separate line item. It should be billed at 100% of the actual time travelled, but for that line item the rate billed should be 50% of the approved billing rate unless the fee earner is actually working on The Company specific r case or matter while traveling. In that circumstance, the time and rate should both be billed at 100%
- D. In the line item for such travel time where no professional activities are performed, the Law Firm should clearly document that the line item is for travel time only, and as a result 50% of the rate is being charged.
- E. Time spent on other matters shall not be charged to or payable by The Company.

8. *Non-Legal Services*

- A. Generally, work that is secretarial, administrative, clerical or overhead in nature is not billable. (See Appendix 2 and 3)
- B. **Billing**  
Time and other charges relating to billing or credit control will not be reimbursed, although time spent reviewing, analyzing or verifying appropriate charges by third parties (e.g. counsel, investigators, experts or consultants) will be reimbursed.
- C. **Conflicts of Interest**  
The Law Firm is required, without charge to The Company, to conduct or have conducted appropriate searches and inquiries with regard to any actual or potential conflict of interest, and to consult with The Company accordingly.
- D. "Waiting time" is billable only if counsel is unable to work on any other legal assignments during that time.

**D. Other Vendors**

1. *Local Counsel*

- A. Prior to retaining any outside attorneys (e.g. local counsel), the Law Firm must first obtain **Prior Approval** from The Company. The hourly rates and estimated total cost of such local counsel must be provided to The Company prior to the retention, engagement or instruction.
- B. Local counsel must be fully versed in local rules and appear regularly in the local jurisdiction.
- C. Local counsel should serve as shadow counsel to assist defense counsel and the scope of their work should be consistent with that of shadow counsel.
- D. Court appearances should be limited to motions for admittance Pro Hac Vice and as necessary by local rules.

- E. Any legal analysis and/or strategy billed by local counsel should be limited to compliance with local rules unless the Law Firm obtains **Prior Approval**.
  - F. Document/brief review should be limited to compliance with local rules unless the Law Firm obtains Prior Approval.
  - G. Supervision of local counsel is the responsibility of the Supervising Partner and that attorney's formal approval of all fees and expenses of such local counsel (i.e., the reasonableness of the amounts billed, the necessity of the work and compliance with the terms of the retention) must be provided with the submission of all fees and expenses to The Company for payment. Any such costs must substantially comply with these guidelines and must be agreed to by The Company.
  - H. The following charges for the use of local counsel will not be reimbursed by The Company:
    - i. Charges deemed inappropriate by The Company;
    - ii. Charges that are not in compliance with this LSA;
    - iii. Charges excluded by Appendix 2 or 3 below;
    - iv. Charges that are incurred without The Company's **Prior Approval**; or
    - v. Work of local counsel that is unnecessarily duplicative of work performed by the Law Firm.
2. *Investigators, Experts, Surveillance, Other Vendors*
- A. Prior to retention or engagement, The Company must give **Prior Approval** for the selection and use of investigators, experts and/or other consultants. The hourly rates (where applicable) and estimated total cost of each such investigator, expert or consultant must be provided to The Company prior to the retention or engagement, including the handling attorney's recommendation of a suitable individual or firm to be utilized in these circumstances for specific reasons.
  - B. Supervision is the responsibility of the Supervising Partner and that attorney's formal approval of all fees and expenses of such investigator, expert or consultant (i.e., the reasonableness of the amounts billed, the necessity of the work and compliance with the terms of the retention) must be provided with the submission of all fees and expenses to The Company for payment.
  - C. It is expected that the Law Firm will fund any such costs as a disbursement and include these within the next draft invoice. Where such costs are expected to exceed \$1,000 (or local currency equivalent), or funding of the costs is likely to lead to an unreasonable financial burden upon the Law Firm, other arrangements should be discussed with and approved by The Company. Any such costs must substantially comply with these guidelines and must be agreed by The Company.
  - D. The Company may, at its option, require that the Law Firm use specified companies to conduct surveillance or perform background checks. A list of these vendors is found in Appendix 5 below.
  - E. Charges for the use of investigators, experts or other consultants deemed inappropriate by The Company and incurred without The Company's **Prior Approval** shall not be payable by The Company.

3. *Electronic Discovery Vendors*
  - A. The Company may, at its option, require that the Law Firm use specified Electronic Discovery Vendors. A list of these vendors is found in Appendix 5 below.
  - B. Time or expenses billed for Electronic Discovery related services that did not otherwise involve The Company's approved Electronic Discovery vendor(s) may not be reimbursed at the sole discretion of The Company.
4. *Court Reporting Vendors*
  - A. The Company may, at its option, require that the Law Firm use specified court reporter(s). Any such designated reporter(s) will be specified in Appendix 5 below.
  - B. If the Law Firm will be unable to use The Company's designated court reporter(s), then the Law Firm must receive **Prior Approval**.
  - C. Time billed by the Law Firm for deposition or other court reporting related services that did not otherwise involve The Company's approved court reporter(s) may not be reimbursed at the sole discretion of The Company.
5. *External Photocopying* – See Appendix 9

## **E. Disbursements, Expenses and Other Cost Items**

1. *Generally*
  - A. The Company expects any request for reimbursement of expenses over \$25 (or local currency equivalent) will be accompanied by documentation of that expense.
  - B. Each individual disbursement, expense or cost item is to be separately described and identified and charged at cost. If VAT or some other such tax is payable, this should be indicated. No miscellaneous items will be reimbursed.
  - C. "Routine" (less than \$1000 or local currency equivalent) disbursements, expenses or cost items should be paid directly by the Law Firm and then be billed pursuant to the guidelines provided by the Billing Vendor.
  - D. Exceptional expenses may be invoiced directly and/or in advance, although any payment requests must be accompanied by supporting documentation. Unless otherwise agreed, payments on account to the Law Firm will not be made.
  - E. Whether the disbursement is submitted in the Law Firm's bill for reimbursement or forwarded to The Company for direct payment, The Company expects the Law Firm to be responsible for the validity of the charges contained therein (e.g. if submitting a court reporting bill to The Company for payment, the Law Firm is accountable for validating that the invoice properly reflects the number of pages in the transcript as well as the ancillary services contained in the invoice.)
2. *Internal Photocopying* – See Appendix 9
3. *Travel Expenses*
  - A. **Air** - Unless approved by The Company, short-haul travel (that is, less than 8 hours) will be via non-refundable, coach or economy class (or their equivalent) where available. Use should be made where possible of Apex or similar such discount fares. For long-haul flights (that is, 8 hours or more), Business Class is acceptable. The tickets and other flight documents, as well as any supporting invoice, must be kept as evidence of travel, including travel time. Where the

trip/travel has more than one purpose, the cost should be charged pro rata to each relevant file, matter or Carrier.

**B. Non-Air -**

- i. Rail travel shall be in standard/second-class or equivalent.
  - ii. Vehicle Travel - Generally, invoices including reimbursement of any travel of more than 50 miles or 80 kilometers must be accompanied by a Google Maps or similar printout showing the start and end points of the trip that also clearly displays the traveled distance and travel time. Specific reimbursement guidelines can be found in APPENDIX 8 below.
  - iii. Taxi fares will only be reimbursed while traveling away from the office, and the destination is to be specified in the invoice line item detail.
4. *Hotels/Meals*: Specific reimbursement rates can be found in Appendix 8 below.
  5. *Telephone, Postage and Facsimile*: Unless otherwise agreed, all such charges, including conference call charges, should be considered as part of overhead and will not be reimbursed. Video conference calls, if used, will be reimbursed at cost and must be accompanied by proper backup. Any agreement to the contrary must be confirmed by The Company in writing and both The Company representative providing **Prior Approval** and the date of approval identified in the relevant draft invoice.
  6. *Courier, Messenger, Expedited Delivery and Similar Services*: Courier, messenger, expedited delivery and similar services must only be used when absolutely necessary, and not because the Law Firm has neglected to allow sufficient time within which to complete something and forward it in a timely manner. Such expenses will be reimbursed, subject to a limit of \$250 (or currency equivalent) for an individual item. If the cost should exceed \$250, Prior Approval must be obtained except in cases of emergency. Wherever possible, time-sensitive documents should be via email or facsimile.  
  
The Company recognizes that an increasing number of jurisdictions allow for e-filing of pleadings. Where available, e-filing should be utilized. Unless **Prior Approval** is obtained to use a filing means other than e-filing, resulting expenses in these jurisdictions will not be reimbursed.
  7. *Overhead* – Appendix 3 contains a non-exhaustive list of non-billable disbursements considered to be overhead of the Law Firm.

#### **IV. Auditing and Indemnity:**

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The Company reserves the right in its absolute discretion to audit all fees, disbursements, expenses and other cost items submitted by the Law Firm and the corresponding files relating to the functions, activities or tasks performed, and the various supporting vouchers, invoices or other fee notes. Personnel of The Company, the bill review vendor, or any other third party authorized by The Company may perform this audit either on the premises of the Law Firm or remotely. The Company's payment of any fees, disbursements, expenses or other cost items shall not constitute a waiver of any right to seek reimbursement for any overpayment revealed during an audit or otherwise. In the event of an audit, the Law Firm will cooperate fully and without additional charge, including making available all appropriate staff for interview and producing all files and other pertinent documentation for review.

The Company additionally reserves the right to conduct open or closed file reviews as needed (whether related to a formal audit or otherwise) and evaluate whether a deficiency in the services performed by the Law Firm caused the Company to incur payments in excess of those that would have been incurred had the Law Firm carried out its obligations under or in connection with the LSA with reasonable skill, care and diligence to:

- A. The Law Firm,
- B. Any government or governmental entity as a result of a statutory or other violation,
- C. An Insured, or
- D. Any other party.

The Law Firm acknowledges the Company will expect the Law Firm to fully indemnify The Company for all losses that it has suffered as a result of these deficiencies. Where losses are shown to have been incurred by the a third party, the Law Firm acknowledges it understands the Law Firm will be expected to be liable to that third party.

## **V. File Retention Policy**

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Law Firms are required to retain all file materials as follows:

- All file types except Worker's Compensation– 7 years (in the US) or any applicable limitation period specified by Chubb outside the US following resolution.
- Worker's Compensation – 10 years following resolution.

This section is subject to amendment as required by Chubb's Records Retention policy.

## **VI. Terms of Severance and Consequences of Severance**

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1. The decision to terminate a retention, appointment or instruction, to transfer a matter to another attorney or Law Firm, or otherwise to restrict the handling of a particular matter shall be entirely at the discretion of The Company.
2. Subject to clause VI(3) below, the provisions of this LSA shall remain in full force and effect in respect of claims handled under this LSA until such claims have been fully and finally settled.
3. In the event of termination of this LSA for any reason, The Company may at its own option elect that clause 2 above shall not apply and immediately deal with the claims direct or transfer the provision of services to a third party Law Firm. The Law Firm shall co-operate with all requests made and provide reasonable assistance to The Company or third party Law Firm nominated by it to ensure the orderly transfer of services to the third party Law Firm.
4. Sections 1 (Introduction: A Agreement Fundamentals; clauses 1(g) Insurance, 4 (Privilege & Confidentiality, 5 (Data Security) and 6 (Safeguarding Information), IV (Audit and Indemnity), and V (File Retention Policy) shall survive termination of this LSA for any reason.
5. Termination of this LSA shall not affect any rights, liabilities or remedies arising under this LSA prior to such Termination.

## Appendix 1 - Prior Approval Matrix

Prior Approval Matrix	
LSA Section	Title / Description
I(A)(2)	Billing Procedures
I(A)(7)	Media Contact
I(C)(2)	Case Referral
II(A)(2)	Prior Approval
II(A)(3)	Planning Conferences
II(B)	Team Approach – staffing
II(E)	London Market
II(F)(2)	Substantive positions
II(F)(3)	Depositions
II(F)(4)	Interrogatories
II(F)(5)	Motion Practice
II(F)(6)	Document Review
II(F)(7)	Mediation/Settlement Conference
II(F)(9)	Settlement Offer
II(F)(10)	Court Appearance
II(G)(2)	Budget Creation
II(H) (all sections)	Written Reports
III(A)(1)(c)	Rate revisions to Life-of-Case Rates
III(A)(2)(viii)	Billing in excess of 10 hours in one day
III(C)(2) and (3)	Multiple Fee Earners
III(C)(3)(c)	Intra-office Conferences
III(C)(3)(c)(ii)	Summer Associates/Clerks
III(C)(3)(d)(iii)	Medical Records
III(C)(4)	Legal Research over 2 hours
III(C)(4)(d)	Research by Partners
III(C)(5)	File Reviews
III(C)(6)	Outsourcing
III(C)(7)	Travel Time
III(D)(1)	Local Counsel
III(D)(2)	Investigators/Experts/Other Vendors
III(D)(4)	Court Reporting Vendor
III(D)(5)	External Photocopying
III(E)(2)	Internal Photocopying
III(E)(5)	Telephone, postage and facsimile
III(E)(6)	Courier & similar services
APPENDIX 9	Photocopying

## Appendix 2 – Non-Billable / Secretarial Matrix

Non-Billable / Secretarial Matrix
Description
• Docketing/checking case status
• Charges for Opening or Closing Files
• Creation of indices of documents
• Compiling lists or documents
• Training of staff
• Preparing or revising bills, statements and dealing with billing enquiries
• Clerical duties such as creating or organizing files, folders, binders or notebooks
• Preparing documents or other materials for attorney review
• Collating; copying and binding; pulling/copying documents; & filing and re-filing
• Inventorying documents
• Uploading/downloading/converting documents
• Faxing/scanning documents
• Attendance at seminars or other such functions
• Word processing / data entry
• Scheduling and arranging meetings or appointments and making calendar/diary entries
• Making calendar/diary entries
• Making travel and related arrangements
• Proof-reading
• Filing/serving documents
• Mail merge
• Non-substantive communications (e.g. form letters, cover letters, standardized letters)
• Creation of Macros, Templates, etc.
• Conflict checks
• Document and record retrieval activities (e.g. request process, pickup, delivery, etc.)
• Chasing
• Leaving or listening to telephone messages
• Attempting unsuccessfully to make a telephone call
• Sending a text message related to attempts to contact another party (e.g. a request for a return phone call)
• Bundling, not requiring a professional or legal input, analysis or selection process, e.g. labeling or indexing

(The above list is not exhaustive.)

## Appendix 3 – Non-Billable /Overhead Matrix

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### Non-Billable / Overhead Matrix

#### Description

- Charges for Westlaw or Lexis/Nexis usage
- Any taxes other than those that are the legal obligation of the carrier to pay
- Facsimile/telecopying Charges
- Postage
- Telephone Charges, including conference call charges
- Scanning Charges
- Database (including but not limited to Summation or Concordance) set up and/or management charges
- Utilities, rent, heat, etc.
- Meals not associated with travel
- Travel costs associated with commuting
- Secretarial or support staff overtime
- Subscription charges to general publications such as law reports
- Entertainment / Carrier development
- Printing Charges
- Charges related to the firm's storage on its own systems of any data storage
- Word Processing Charges
- Stationery, office supplies, etc.
- Unnecessary courier, messenger or delivery charges
- Any expenses not supported by proper receipts or backup
- Any miscellaneous, "other" or unspecified expenses

(The above list is not exhaustive.)

## Appendix 4 – Paralegal Task Matrix

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Paralegal Task Matrix
Description
• Handling of case documents.
• Production of enclosures to Instructions to Counsel or Experts, Exhibits to Affidavits, Witness Statements, and Court or other Legal Documents.
• Production of (draft) trial bundles.
• Production of application and case management bundles.
• Preparation of Lists of Documents.
• Liaising with Counsel's/Judge's Clerks on contents of bundles.
• Standard form - Court and other Legal Documents.
• Performing CRU activities, with the exception of activities related to CRU Appeals.
• Preparation of <i>Forms of Authority</i> to access medical or employment records.
• Preparation of <i>Authorization to Defend Proceedings</i> .
• Preparation of <i>Witness Summons</i> .
• Preparation of <i>Acknowledgment of Service</i> .
• Preparation of <i>Notice of Acting</i> .
• Preparation of <i>Certificate of Service</i> .
• CRU activities except CRU Appeal activities.
• The administration of complex telephone conferences
• Contact with lay and expert witnesses for purposes of attendance for witness testimony, except conferences where the lawyer is discussing evidence with the witness.
• Contact with Counsel for purposes of attendance at Trial, except conferences where the lawyer is discussing trial strategy with counsel.
• Creating/updating chronologies or timelines
• Creating trial notebooks, as long as such involves substantive review and analysis.

(The above list is not exhaustive.)

## **Appendix 5 - Mandatory External Vendors**

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The Company has designated the following as approved its approved vendors in the geographic areas specified below. As such, use of the vendors is considered mandatory unless otherwise specified above. Any time billed or expenses incurred through an unapproved vendor may not be reimbursed at the discretion of the carrier.

### **United States**

- I. Court Reporter – DTI
- II. Reproduction Services - RICOH
- III. Electronic Discovery
  - A. Epiq
  - B. Ernst & Young
  - C. FTI
  - D. Kroll
  - E. Renew Data
  - F. Stroz Freidman
- IV. Surveillance/Background Checks – CoventBridge Group

## **Appendix 6 – Law Firm Information Security Best Practices**

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The protection of client confidences is one of the hallmarks of the legal profession and the maintenance of those confidences is essential for its proper function. The electronic transmittal of information is one of the biggest vulnerabilities in protecting these confidences. Chubb is employing these Information Security Best Practices in order to clearly communicate Chubb's data security expectations, but the Client will determine whether the ISBP is mandatory in any particular matter. These best practices are meant to supplement, and not replace, a lawyer's professional obligations to her/his clients. Chubb trusts that you will find these best practices helpful, and we look forward to working with you in a secure environment.

### **Purpose**

This ISBP sets forth Chubb's information security best practices with respect to Client Data and will outline what Chubb expects from the Law Firm ("Firm"). This ISBP will provide guidance in handling of all confidential information associated in any way with Chubb's retention of the Firm ("Services"). In its performance of the Services, the Firm should comply with all of the provisions of this ISBP and should cause all of the Firm's employees, agents, representatives, subcontractors and all other parties to whom the Firm may provide access to or disclose Client Data, as permitted by the Defense Counsel Legal Services Agreement ("Agreement"), to comply with all of the provisions of the ISBP. The Firm, Client and Chubb are hereinafter referred to collectively as the "Parties" or individually as a "Party".

### **1. Definitions**

**"Chubb"** means, individually and collectively, Chubb INA Holdings Inc., all insurance companies in the Chubb group of companies, and Chubb's Affiliates, including but not limited to ESIS, Inc.

**"Affiliate"** means a related company or business entity.

**"Breach"** means an (i) unauthorized use, loss or disclosure of or access to Client Data and/or (ii) failure to provide the Services in accordance with Information Security Best Practices.

**"Client"** means the person or business entity that the Firm represents as understood by the applicable rules of professional conduct (which term may include Chubb).

**"Client Data"** means confidential data or information provided to the Firm in connection with representing an entity insured under a Chubb policy or any matter where the Firm receives an assignment to perform Services by Chubb or one of Chubb's Affiliates. Confidential information may include, but shall not be limited to: (a) information owned by, or licensed by any third party to, Chubb or any of its suppliers or clients to which the Firm obtains access in connection with Chubb's retention of the Firm, including Personally Identifiable Information; Client Data includes data and information: (i) regarding the businesses, customers, insured, personnel, operations, facilities, products, rates, regulatory compliance, competitors, consumer markets, assets, expenditures, mergers, acquisitions, divestitures, billings, collections, revenues and finances of Client, its affiliates, suppliers and clients; and/or (ii) created, generated, collected or processed by the Firm in the performance of its obligations under this Agreement, including data processing input and output, service level measurements, reports, third party service and product agreements, and contract charges; and (b) all derivatives of any of the foregoing.

**"Information Security Best Practices"** means practices compliant with the following: (i) privacy and information security best practices consistent with the applicable informative

references listed in the NIST Cybersecurity framework (for example, ISO 27001); (ii) the security requirements, standards, obligations, specifications and event reporting procedures set forth in this ISBP or the Agreement (as they may be amended from time to time); (iii) PCI Standards; and (iv) any other applicable requirements, standards, obligations, specifications and/or event reporting procedures required by any Law.

**“Laws”** means all applicable international, federal, state, provincial, regional, territorial and local laws, statutes, ordinances, regulations, rules, executive orders, court orders, rules of professional conduct, confidentiality agreements, supervisory requirements, directives, circulars, opinions, interpretive letters and other official releases of or by any government, or any authority, department or agency thereof, including Privacy Laws.

**“PCI Standards”** means with respect to all cardholder data, (i) any standards issued by the Payment Card Industry Security Standards Council including the Payment Card Industry Data Security Standard and the Payment Application Data Security Standard; (ii) any VISA, MasterCard, and any other credit card network bylaws and operating regulations; and (iii) any Laws applicable to cardholder data, as any of (i) – (iii) shall be amended or revised from time to time.

**“Personally Identifiable Information (PII)”** means any Client Data that contains one or more unique identifiers from which the identity of the person can be determined or accessed such as their full name, national identification number, social insurance or social security number, passport number, driver’s license, or other government-issued identification number, credit card, debit card or financial account information, date of birth, mother’s maiden name, medical information or health insurance information, biometric records, digital signature files, account login information (such as a combination of user ID or email address when combined with password or other information that would give access to an account), and any other information that is protected by Privacy Laws.

**“Privacy Laws”** means any and all applicable international, federal, state or other local laws, rules or regulations relating to data privacy, information security, personally identifiable information, identity theft, data breach notification, trans-border data flow or data protection.

## **2. Data Protection**

**2.1 Data Restriction.** The Firm covenants and agrees that: (a) it will not sell, assign, license, or market Client Data to any third party without Client's prior written consent; and (b) it will not make use of Client Data for its own purposes or the benefit of anyone or any other entity other than Client and that such data shall only be used and disclosed for purposes of meeting the Firm’s obligations with respect to the Services.

**2.2 Termination.** If in Chubb's sole judgment, the Firm’s physical and data security controls are not adequate to protect Client Data, Chubb may (a) upon providing notice to the Firm, terminate (and the Firm shall immediately terminate) any/all Services by the Firm and any Sub-Providers without liability for any such termination, and (b) terminate the applicable agreement(s) and/or other instrument(s) of engagement entered into thereunder upon ten (10) business days written notice to the Firm without liability for any such termination.

**3. Correction and Reconstruction.** The Firm shall develop and maintain procedures for the reconstruction of lost Client Data, and, at no cost to Chubb, the Firm should correct any errors in, or destruction, loss, or alteration of, any Client Data caused by Firm or Firm agents.

**4. Data Processing.** Each Party shall comply with all Privacy Laws in connection with the performance of its obligations and the exercise of its rights under this Agreement. The Firm shall cooperate as requested by Client in connection with any filings, disclosures or registrations required by data protection authorities in connection with the provision or receipt of the Services.

If the Firm or a Firm agent processes PII on behalf of Client in connection with this Agreement, the Firm shall, or shall ensure that the Firm agent shall: (i) process those PII only on the instructions of Client and, in particular, not process them except in order to provide the Services; (ii) at all times have in place appropriate administrative, technical, and physical safeguards to protect PII against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure of or access to PII (in particular, but not only, where the processing involves the transmission of data over a network) and all other unlawful and unauthorized forms of processing; (iii) treat PII as confidential, not disclose such PII to any person except with Client's prior written consent and limit access to such PII to employees of the Firm or Sub-Provider who need access in order to provide the Services; (iv) promptly inform Client of any unauthorized access to or unlawful processing of PII of which it becomes aware; (v) when Client Data is no longer needed for the provision of the Services or required to be retained, promptly purge or otherwise securely delete Client Data in a manner that renders the information unrecoverable or, at Client's option, return Client Data to Client; and (vi) not, by any act or omission, place Client or Chubb in breach of any Privacy Laws.

5. **Data Safeguarding Procedures.** The Firm should establish and maintain throughout the term of the Agreement a comprehensive written data security program that includes administrative, technical and physical policies, procedures and safeguards for the protection of Client Data. The Firm's data security program should be designed specifically to (1) ensure the security, integrity, availability and confidentiality of Client Data, (2) protect against any anticipated threats or hazards to the security or integrity of Client Data, and (3) protect against the destruction, loss, unauthorized access or alteration of Client Data. The Firm's policies and procedures should be: (i) no less rigorous than those maintained by the Firm for its own information of a similar nature; (ii) no less rigorous than industry standard best practices for locations similar to the applicable service location hereunder, and (iii) adequate to meet the requirements of Laws. Chubb and Client shall have the right to audit (at no extra cost), including through site inspections, the Firm's data security program and controls with reasonable advance written notice to the Firm. At Chubb's or Client's request, and if available, the Firm shall provide a copy of its then current SOC 2 Type II report, or a substantially equivalent report.

As part of the Services, the Firm shall conduct vulnerability and threat assessments performed both by itself and by an independent third party, at least once a year, to identify any threats and/or vulnerabilities that might compromise the security, confidentiality, availability or integrity of any Client Data, and monitor, test and update its data security program to ensure its effectiveness and compliance with this ISBP. The Firm shall document and maintain a security incident response plan that contemplates threats to the confidentiality, integrity, and availability of Client Data, and engage in periodic incident preparedness exercises. If the Firm discovers or is notified of any accidental or intentional Breach or suspected Breach of the security of Client Data, or any unlawful or unauthorized use or disclosure of Client Data, the Firm shall: (a) notify Client and Chubb's Chief Information Security Officer at [tpsecuritynotice@chubb.com](mailto:tpsecuritynotice@chubb.com) immediately, but in no event later than twenty four (24) hours after discovery of the Breach or suspected Breach of the security of Client Data; (b) immediately secure the affected systems to prevent further or continuing Breaches, (c) promptly investigate and remediate the effects of such Breach or suspected Breach of security on Client Data, perform a root cause analysis, and provide an executive summary of such analysis to Chubb and Client upon request.

The Firm acknowledges that Privacy Laws include certain security breach notification statutes and/or regulations obligating owners and licensees of PII to provide notice of unauthorized access to or use of such information (the "Security Breach Laws"). If the Firm becomes aware of any circumstance that may trigger either party's obligations under Security Breach Laws, the Firm shall immediately provide written notice to Chubb and Client and shall fully

cooperate with Chubb and Client to enable Chubb and Client to carry out their respective obligations, if any, under Security Breach Laws. Chubb and Client will have the sole and exclusive right to issue any notices required under any Security Breach Laws. If the Firm is required by any Security Breach Law to give any notice to any person other than Chubb and/or Client, the Firm will cooperate with Chubb and Client in developing and delivering such notice, and Client will have the final right of approval over the content of any such notice (subject to applicable law). The Firm shall bear appropriate costs related to any Breach involving Client Data, except to the extent that such Breach is directly or indirectly caused by the actions of Chubb or Client in violation of Chubb's or Client's express obligations under this ISBP. Each party shall provide any and all assistance, cooperation and support as the other party may reasonably request in the investigation of any security incident, breach, fraud attempt or other disaster.

- 6. Cross-Border Data Transfers.** In the event the Services will involve any international or cross-border transfers of PII, then, each Party shall comply with all applicable Laws governing the cross-border transfers and will work together, in good faith, to put in place any necessary data transfer agreements.

For international or cross-border transfers of PII governed by Directive 95/46/EC of the European Parliament and of the Council of the European Union dated October 24, 1995, as it may be amended from time to time, (the "Directive"), any such international PII transfers from and to any applicable service location hereunder by Client, Chubb or the Firm, each in their respective capacities as data controller and/or data processors, as appropriate, shall comply with the Directive.

- 7. Security Practices.** The Firm shall provide all Services in accordance with Information Security Best Practices. Notwithstanding anything to the contrary set forth herein, the Firm hereby agrees to implement and maintain, at a minimum, the following security controls:

#### **7.1 Segmentation**

Maintain a firewall at each Internet connection and between any DMZ and the internal network

Logically or physically segregate, to the extent technically feasible, all Chubb and Client Data from that of any other customer of the Firm, and restrict access in any shared environment to the Firm's employees or Sub-Provider performing the services

Logically or physically segregate production environments from non-production environments (e.g., development, test, QA)

#### **7.2 Default Parameters**

Change default passwords and configurations, where appropriate, on vendor-supplied devices prior to connecting them to the network

Enable only necessary and secure services, protocols, as required for the function of a particular system

Update and maintain system configurations in a manner that is consistent with industry practices and the Firm system hardening standards

### **7.3 Stored Data**

Maintain and follow processes for secure deletion of both electronic and printed media when no longer needed

Hash or encrypt passwords wherever stored using a cryptography system (e.g., bcrypt), consistent with Information Security Best Practices

Prohibit storage of PII in non-production environments unless first being cleansed/masked

### **7.4 Encryption**

Use strong cryptography and security protocols to safeguard Chubb and Client Data and passwords during its transmission over public networks and storage on removable media such as backup tapes, laptops, flash drives and the like

Ensure that corporate wireless networks are implemented with industry standard, strong encryption for authentication and transmission

Use controls, including encryption, to protect Chubb and Client Data at rest in the Firm's possession or control. To the extent the Firm determines that such encryption is infeasible, the Firm may use effective alternative controls, but only if approved by the Firm's Chief Information Security Officer (CISO) and reviewed by the Firm's CISO at least annually.

### **7.5 Vulnerability Management**

Install and maintain anti-virus/malware software on all systems commonly affected by malicious software (particularly personal computers and servers)

Ensure that all anti-virus/malware mechanisms (e.g. virus signatures) are current, actively running, and maintaining audit logs for at least 90 days

Install critical security patches within one month of release

Develop applications based on secure coding guidelines in order to prevent common coding vulnerabilities (e.g., as listed by OWASP) in software development

Review networks and public-facing web applications via manual or automated application vulnerability security assessment tools or methods, at least quarterly and after any changes, and remediate all confirmed high or critical risk vulnerabilities within thirty (30) days of discovery

### **7.6 Access Control**

Restrict privileges of Firm-maintained privileged user IDs to only those privileges necessary to perform job responsibilities

Require multi-factor authentication (i.e., password, smartcard, or biometric) for remote access to the Firm internal networks from external networks

Revoke access to terminated users immediately

Use federation (e.g., SAML 2.0 or current industry standard assertions) for network authentication to Chubb and/or Client trusted networks, if network access is not provisioned by Chubb or Client on its Virtual Desktop Infrastructure (VDI) or Desktop-as-a-Service (DaaS) technologies

Review user access to the Firm systems at least semi-annually

Immediately notify Chubb or Client, as applicable, of any Firm user with access to Chubb or Client systems that is (i) terminated, or (ii) no longer supported by a business need to access such systems

Do not use group, shared, or generic accounts and passwords

Restrict passwords to a minimum length of 8 characters with a mix of at least 3 of the 4 categories: uppercase characters, lowercase characters, special characters, and numerals

Lock user IDs after no more than 6 unsuccessful attempts and require IDs to be unlocked by an administrator or a 30 minute timeout period

## **7.7 Monitoring**

Implement automated audit trails for system components necessary to reconstruct events to detect or respond to security events

Configure system time such that it is accurate, consistent across systems and based on industry accepted time sources

Secure audit logs so that they cannot be altered or modified; retain log data for one year

Use intrusion-detection systems, and/or intrusion-prevention systems to monitor all traffic at the perimeter of the network

## **7.8 Physical and Environmental Controls**

Implement and maintain physical access controls, including controls that restrict access to facilities to authorized personnel, limit access to sensitive areas (e.g., data center) based on job responsibilities, and require appropriate visitor escort protocols

Implement and maintain environmental controls, including appropriate fire detection and suppression, redundant power supply, battery backup, water detection, HVAC, humidity control systems where appropriate

Implement and maintain trash disposal programs that provide for the secure disposal of sensitive trash. Sensitive trash is defined as any discarded material that contains or could disclose Chubb or Client Data

## **8. General**

**8.1 Security Administration.** The Firm shall provide (or cause to be provided) security awareness training to all employees and Sub-Providers using or having access to Client Data. The training must be designed to educate them on maintaining the confidentiality, integrity and availability of sensitive personal and corporate information, and shall occur no less frequently than annually. The Firm's security administrator must retain sole responsibility for providing use of or granting access to systems containing Client Data for all Firm and Sub-Provider employees, and for providing a process by which Firm-specific administrative accounts shall be created and deleted in a secure and timely fashion. The Firm shall enforce the security access principles of segregation of duties, need-to-know and least privilege.

**8.2 Sub-Providers.** The Firm shall impose written contractual requirements equivalent to those relating to data privacy and security in this ISR on any Sub-Provider prior to such Sub-Provider's obtaining access to Client Data. Chubb and Client shall have the right of prior review and approval of any Sub-Provider. Any act or omission by any Sub-Provider that would be a breach of this ISR if committed by the Firm is deemed a breach by the Firm for which the Firm shall be responsible. The Firm shall be fully liable and responsible for all Sub-Providers used by the Firm in the performance of any Services.

9. **Non-Compliance.** It is Chubb's view that: (a) the requirements contained in this ISBP are necessary to protect Client Data and (b) the ISBP effectively communicates Chubb's expectations to the Firm. Chubb reserves the right to amend and update this ISBP from time to time through reasonable notice to the Firm. If the Firm has any questions about its obligations under this ISBP, please contact Chubb immediately. Please understand that in the event that the Firm fails to comply with its obligations to protect Client Data, Chubb and Client reserve the right, in Chubb's and Client's sole discretion, to terminate the Firm's representation on any matters assigned to the Firm by Chubb.

## **Appendix 7 – Compliance with Laws**

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“Laws” shall have the meaning ascribed to it as set out in item 1.A.1.b of this LSA. While the Company does not intend to specify or limit these obligations through this Legal Service Agreement, there are some local provisions that have particular performance and handling requirements.

### **United Kingdom**

Where a Law Firm is governed by UK laws and regulations and/or is providing the Services in the UK it must ensure that:

- A. It is compliant with the Enterprise Act 2016 at all times;
- B. Immediately notify the Company of any complaint received with respect to the its representation of our Insured; and
- C. Indemnify the Company on demand and keep it wholly and effectively indemnified against any loss, liability, claim, proceedings, settlement, damages, costs and expenses arising directly out of or in connection with any breach by the Company of the UK Enterprise Act 2016.

## Appendix 8 – Regional Travel Guidelines

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### A. Vehicle Travel

1. United States: Vehicle travel in the United States will be reimbursed at no more than the Standard Mileage Reimbursement rate as established by the U.S. Internal Revenue Service.
2. United Kingdom: Vehicle travel in the United Kingdom will be reimbursed at no more than 45p/mile outside a radius of 10 miles from the Law Firm's office which is handling the claim.
3. Puerto Rico: Travel within 20 miles of San Juan is not reimbursable. Beyond that radius, travel will be reimbursed as established by the U.S. Internal Revenue Service.
4. Otherwise, vehicle travel may be reimbursed at a rate agreed in writing in advance with The Company.

### B. Hotels

1. Within the United States, hotels will be reimbursed at up to \$375/night in New York, Los Angeles, Dallas, Honolulu, Boston, Miami, San Francisco, New Orleans, Chicago and Washington DC., and \$250/night outside those locations. Meals during an overnight or extended stay will be reimbursed up to \$75/person/24 hour period. Exceptions must receive **Prior Approval**.
2. Within the United Kingdom, hotels will be reimbursed at up to £225/night inside London and £150/night outside London, and meals during an overnight or extended stay will be reimbursed up to £45/person/24 hour period.
3. Otherwise, hotel charges and meals may be reimbursed at rates agreed in advance with The Company, or as The Company determines is reasonable in its absolute discretion.

## **Appendix 9 – Photocopying**

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### **Internal Photocopying**

At Chubb, we recognize our responsibility to provide solutions that help clients manage environmental risks, to reduce our own environmental impact, and to make meaningful contributions to environmental causes. Chubb makes sustainability and preservation a high priority, integrating environmentalism into many aspects of our business from our products and services to our day-to-day operations as well as within our philanthropic commitments. There will be no reimbursement for any photocopying charges. Any time related to preparation or completion of photocopying is clerical, and is not reimbursable.

North America - There will be no reimbursement for any photocopying charges. Any time related to preparation or completion of photocopying is clerical, and is not reimbursable.

#### United Kingdom, Australia, New Zealand and Puerto Rico

- A. There will be no reimbursement for any photocopying of documents under 200 pages.
- B. Where photocopying of documents over 200 pages is required, this will be reimbursed at the rates per page listed below but **Prior Approval** must be sought from Chubb. If you have received **Prior Approval**, the narrative must include the name of the person granting prior approval and the date on which it was granted.
  1. United Kingdom at a rate of £.06p per page
  2. Australia at a rate of AUD \$.10c per page
  3. New Zealand at a rate of NZD \$.11c per page.
  4. Puerto Rico at a rate of USD\$.08c per page
- C. Any time related to preparation or completion of photocopying is clerical, and is not reimbursable.

### **External Photocopying**

#### North America

- A. External photocopying is only reimbursable for photocopying projects over 200 pages or \$500 (or the local currency equivalent). Additionally, it may also be necessary to outsource photocopying either because of a special service is needed (e.g. color photocopying) or because special documents such as plans are required. In these circumstances, **Prior Approval** must be obtained from the claim professional, whether the project is done by the approved vendor in Appendix 5 or another vendor.
- B. The Company may at its option, mandate the use of particular external vendors for reproduction services. They will be listed in Appendix 5. Use of any so designated vendor is mandatory for all Chubb photocopy projects outsourced by the Law Firm. If for some reason that vendor is not available as an option, then written **Prior Approval** must be obtained from The Company prior to using a different vendor.
- C. Any external photocopying in violation of this section may not be reimbursed at the Client Insured's sole discretion.

United Kingdom, Australia, New Zealand and Puerto Rico

- A. Occasionally, it may be necessary to outsource photocopying either because a special service is needed (e.g. color photocopying), the project is over 500 pages, or because special documents such as plans are required. If so, **Prior Approval** must be obtained from the claim professional, whether the project is done by the approved vendor in Appendix 5 or another vendor. If you have received prior approval, the narrative must include the name of the person granting prior approval and the date on which it was granted.
- B. The Company may at its option, mandate the use of particular external vendors for reproduction services. They will be listed in Appendix 5. Use of any so designated vendor is mandatory for all Chubb photocopy projects outsourced by the Law Firm. If for some reason that vendor is not available as an option, then written **Prior Approval** must be obtained from The Company prior to using a different vendor.
- C. Any external photocopying in violation of this section may not be reimbursed at the Client Insured's sole discretion.

Chubb. Insured.™

Chubb is the marketing name used to refer to subsidiaries of Chubb Limited providing insurance and related services. For a list of these subsidiaries, please visit our website at [www.chubb.com](http://www.chubb.com). All products may not be available in all states. Coverage is subject to the language of the policies as issued. P.O. Box 1600, Whitehouse Station, NJ 08889-1600.