

Litigation Counsel Guidelines

Arch Insurance Group Inc. is a nationwide organization of property and casualty companies. It is our objective to fairly adjust and resolve all meritorious claims and lawsuits brought against us, or our insureds/customers, in an expeditious and cost-efficient manner.

We believe that effective claim management of litigation begins with a partnership between defense counsel and Arch Claims Professionals. This is further achieved through effective planning of defense strategy, controlling litigation costs, as well as the ability to rapidly respond, as a team, to changes in the litigation. Early evaluation of a claim with consistent follow-up is the foundation of this management. Close communication at every stage of the litigation process will help Arch Insurance achieve superior claims handling and excellent results.

As a foundation for a successful partnership, this guide is intended to communicate the requirements of our litigation management. Attorneys representing Arch Insurance and/or its insureds are required to comply with these guidelines. These Guidelines are based upon reasonable litigation and case management principles and the American Bar Association's "Model Rules of Professional Conduct." **Neither Arch Insurance nor its insureds shall be responsible for payment of legal services and expenses that were not incurred in compliance with these Guidelines.**

Please familiarize yourself with the requirements stated herein and communicate those requirements to all other counsel and staff in your office who may be involved in the defense of Arch Insurance and/or its customers.

Team Concept

The team concept is best implemented if the cases assigned by Arch Insurance are consistently handled by a core group of legal professionals in your office. Optimally, each case should be handled by one attorney who may, when appropriate, be assisted by an associate or paralegal. We expect counsel assigned to a case will remain on that case from start to finish unless otherwise discussed. As with all of these Guidelines, should counsel feel a need to deviate, we ask that a discussion with and prior approval by the Claims Professional assigned to this matter take place.

Assignment of Case

Claim files will be forwarded directly from the Claims Professional to the assigned counsel. The assignment generally will be accompanied by correspondence summarizing the claim information we have available at the time. Our correspondence will specify the immediate defense work we want to undertake until a detailed defense strategy is determined.

- Within two days of receipt of the assignment, counsel should briefly acknowledge receipt of the defense file in writing, confirming identity of legal staff assigned. Included should be a staff bio for those professionals assigned to the case.
- Defense counsel must contact the Claims Professional within two weeks of receipt to advise of their initial assessment and plan based upon the information received and learned to date. Thereafter, a more accurate and detailed **Initial Report and Litigation Plan (Attachment "A")** will be due within two weeks.

Agreed To Litigation Management Plan

A litigation management plan is a detailed defense strategy developed cooperatively among defense counsel, the Claims Professional, and where appropriate, the insured's representative. The plan includes:

- Initial analysis of the lawsuit.
- Identification of issues and case objectives.
- Development of a defense strategy.
- Identification of required activities.
- Target dates for completion, and projected cost for each litigation phase and significant activity anticipated.
- Venue and jurisdictional concerns.
- Liability and damages issues.
- Legal and factual defenses.
- Recommendations for further needed investigation, anticipated discovery that will be undertaken, and the goals sought to be achieved by it.
- Measures that may be undertaken to achieve a summary disposition of the case; and
- Case value and settlement value.

The above will be documented electronically, when and where available.

Counsel will memorialize the issues, methods, and strategies agreed upon in the planning conference in the format of a **Litigation Plan and Ongoing Claim Report Form (Attachment “B”)**. The plan will be in electronic format when, and where available.

Counsel will submit both the initial budget estimate and Litigation Plan and Ongoing Claim Report Form to the assigned Claims Professional for approval within 45 days after receiving the case assignment. Paper budgets will be used only when an electronic format is not available or impractical.

Status Reporting / Budgets

Counsel shall provide a written status report to the assigned Claims Professional every 90 days or upon the occurrence of any significant event that affects the litigation plan, strategy, or budget. Status reports should succinctly state and analyze the information learned since the last status report and its overall effect on the case. Telephone reports or an email rather than a status letter are preferred where there has been no change since the last status report. Counsel shall immediately advise the assigned Claims Professional of arbitration, mediation, settlement conferences or trial dates anticipated or scheduled by the court.

The Litigation Plan and Ongoing Claim Report Form is a continually updated document. Counsel, along with the Claims Professional should, when circumstances dictate, modify and update the plan and when necessary, review and update the budget. When providing a status report, the **Litigation Plan and Ongoing Claim Report Form** should be updated, with recent changes **highlighted** or **BOLD**. A short cover letter outlining the new developments and providing an analysis the effect these developments had on liability, causation, damages and overall evaluation should be included. Arch Insurance Company is retaining counsel to provide their expertise and opinion on these matters. A regurgitation of factual events, without analysis, is not considered an acceptable status update report. The review and update should be a succinct summary of the relevant and/or significant changes. Paper format is acceptable if an electronic format is not available or impractical. At the conclusion of the litigation, this plan should be able to embody the entire litigation strategy and evaluation.

Counsel shall provide an **Amended Budget** when necessary (**Attachment “C”**). As noted on the form, please list fees and expenses for pre-trial and trial work separately. Any material change in the budget amount should be accompanied by a narrative explanation of same. Again, paper budgets are only acceptable where an electronic format is not available or impractical.

Budgets, whether initial or revised, should exhibit a joint effort and collaboration between Arch and Counsel where appropriate.

Coverage / Monitoring Counsel shall complete the **Coverage Budget Form (Attachment “D”)** within 90 days of assignment. A paper budget is acceptable only where an electronic format is not available or impractical.

Discovery and Depositions

Counsel shall provide access to the Claims Professional all of vendor work product and documentation, including if not limited to significant pleadings and/or discovery documents, if not already available from the vendor. Answers to written discovery should not be summarized unless requested. Status reports or correspondence

relating to, or accompanying, pleadings and discovery documents should not restate the information contained therein but should highlight the significance and impact they have on the case.

All depositions initiated by counsel retained to represent Arch Insurance and/or its insureds must be discussed with and **preapproved** by the assigned Claims Professional. If approval is obtained from the Claims Professional, the date and party giving the approval must be indicated within the billing entry or the charge will be reduced.

The additional cost of expedited deposition transcripts or videotaped depositions must be approved by the Claims Professional. If your firm employs a paralegal, we will pay for digesting only after consultation with the Claims Professional. If your firm does not employ a paralegal, we will pay for approved digesting at a paralegal rate.

Significant information, other than deposition highlights, and the effect on the overall case shall be included and succinctly stated in counsel's periodic status reports to the Claims Professional.

Arch's preferred panel providers (in alphabetical order) for court reporting and related services are:

- Esquire Deposition Solutions: ECSSCHEDULING@ESQUIRESOLUTIONS.COM or 888.486.4044
- Magna Legal Services: SCHEDULING@MAGNALS.COM or 866.624.6221
- Veritext Legal Solutions: ARCH@VERITEXT.COM or 800.657.8656

Our expectation is that Counsel will choose the appropriate vendor recognizing the competitive rates our vendors provide based upon venue/jurisdiction and other appropriate factors. At the time services are ordered through a panel provider, law firm must advise vendor that services are being provided **on an ARCH claim** (to obtain Arch rates). Law firm must obtain advance authorization for any ancillary or add on services and indicate the approval information on the law firm or attached vendor invoice (name of Claims Professional and date of authority). Failure to indicate authorization on an invoice may result in write offs of the services/fees. It is preferred that the law firm attach the authorization email to the law firm invoice when same is forwarded to the Claims Professional or uploaded to the Assure Legal (formerly known as LSS) platform.

Only one attorney may charge for attendance at a deposition absent advance authority from the Claims Professional. Prior authorization is required for any expense associated with attendance at a deposition. The firm is expected to 'downstream' (to a paralegal or associate rather than a partner) work needed to prepare for the deposition (identifying exhibits, preparing exhibits and reviewing transcripts). Preparation for a deposition must be conducted within a reasonable time prior to actual attendance at a deposition. Premature, excessive time preparation for 'an as yet to be scheduled' or depositions that do not occur within the time range of the invoice may be subject to write offs/reductions.

Investigation

Unless otherwise agreed, the Claims Professional shall conduct all investigation (e.g., witness statements, photographs, etc.) required on third party claims. With regard to first party and/or coverage claims, the Claims Professional shall also be responsible for internal file reviews and staff interviews.

Legal Research / Motion Practice

Counsel shall obtain prior authorization from the assigned Claims Professional before undertaking any extraordinary legal research. Approval must be indicated on the invoice. Counsel is expected to discuss the purpose for the proposed research, how it relates to the litigation plan, and estimated costs associated with the research. Legal research over three hours will be allowed only when prior approval has been obtained. Copies of research memoranda shall be provided to Arch or its TPA partners upon request. We expect that you will not bill for elementary legal research which should be general knowledge for attorneys experienced in the field for which your firm was retained. Billing for time spent on research of local rules/procedures/Chambers' rules are considered overhead and are not permitted absent advance authorization from the Claims Professional. Billing for reworking, drafting, and/or reviewing legal memorandum drafted by another timekeeper is not permitted. Legal memoranda and motions should be submitted to the Claims Professional for inclusion in the claims file.

Medical records

Counsel shall not prepare detailed page and line digests or summaries of medical records unless prior approval to do so is given by the assigned Claims Professional. The preparation of medical summaries once approved by the Claims Professional is to be handled by a paralegal. A brief summary explaining the relevance and effect on the liability/damages is all that is required.

Experts

Experts must be approved in advance by the assigned Claims Professional. Counsel should be prepared to provide the purpose for retaining the expert, a detailed succinct assessment of the expert's experience (include a CV) as well as the proposed budget for retention of the expert. Please make sure to specifically detail the anticipated pre-trial and trial fees and expenses associated with any retained experts, including travel expenses, deposition preparation, and attendance, etc. Experts in litigated matters should be retained with trial in mind. As part of Counsel's assessment, the ability and purpose (strategy) of the expert to testify at trial is essential to retaining a successful expert.

Copies of expert contracts, statements of work and/or agreed upon fee schedules and work product/reports must be provided to the Claims Professional and made part of the claim file. A copy of these Guidelines and/or Arch's Vendor Guidelines must be sent to any third-party vendor/expert hired by the law firm and agreed to prior to retention and initiation of work by the expert/third-party vendor.

Negotiations and settlement

Defense counsel and the Claims Professional shall act cooperatively in the negotiation and settlement of appropriate cases. The Claims Professional is responsible for directing the negotiation of the settlement. Counsel is expected to assist the Claims Professional as requested to effectively and expeditiously resolve litigated matters. Law firm must obtain Claims Professional's authorization prior to scheduling a mediation. The assigned Claims Professional must be notified in writing of all: settlement demands; settlement offers made by any interested parties; settlement conferences anticipated or scheduled by the court as soon as that information becomes known, including any requirement for the Claims Professional to attend the settlement conference.

Requests for settlement authority must be made on a timely basis. Arch Insurance will not look favorably upon a request for authority on the “eve of trial” or the day before a settlement conference. It is understood that changes occur and can occur on the eve of trial; however, this should be the exception and not the rule.

Pretrial report

Law firm must notify Claims Professional that the matter is proceeding towards trial or alternate dispute resolution (ADR) and must immediately notify the Claims Professional of any trial or ADR date.

At least 90 days prior to a scheduled trial date, counsel shall complete and submit to the assigned Claims Professional an Arch Insurance **Pretrial Report form (Attachment “E”)**. In addition, Counsel shall schedule with the Claims Professional a conference where trial strategy, witness, evidence information and overall evaluation will be discussed. The attorney assigned to try the case will attend (telephonically) and will jointly present the case and provide the trial report.

Travel

Local travel: Local travel is defined as less than 50 miles round trip. Arch will not pay for local travel time or expenses. Local travel time is not to be included in an attendance entry and should be noted as “no travel time included” in all attendance/appearance entries. Arch will not pay for travel time from or to timekeepers home/office (point of origination) to airport or train station for onset of approved long distance travel. Arch will pay for expenses incurred by authorized timekeeper from timekeepers home/office to or back from airport or train station (i.e., Uber, car service and or parking for personal vehicle) at onset or conclusion of authorized long distance travel.

Long distance travel: Long distance travel is defined as more than 50 miles round trip. Long distance travel time and expenses must be approved in advance by the Claims Professional assigned to the case. If approval is obtained from the Claims Professional, the date and party giving the approval must be indicated within the billing entry, or the charge will be reduced.

Arch will pay the full hourly rate for “active” long-distance travel time (i.e., driving), and one-half the hourly rate for “passive” or ‘non-working’ travel time (i.e., flying, train travel, non-driver passenger in a car). **Travel time must be itemized separately.** The billing entry must include the point of origination, destination, length of time, purpose for the trip and mode of transport.

Any time billed to a different file during travel shall not also be billed to the Arch file. Any time spent working on the Arch file during local or long-distance travel time may be billed at the full hourly rate. The mileage reimbursement rate shall not exceed applicable IRS rates. Assure Legal will use Google Maps to make any necessary mileage determinations.

Trial

Unless otherwise agreed to by the Claims Professional, only one trial attorney shall participate at trial. Any additional staffing needs before or during trial must be approved in advance by the Claims Professional. Trial counsel shall keep the assigned Claims Professional advised of the status of the case on trial at least once daily.

Post-trial / Appeal

Within three days of the return of a judgment entered in the case affecting Arch Insurance and/or the insured, counsel shall contact the assigned Claims Professional to discuss post-trial and/or appellate issues that may impact the case.

Artificial Intelligence

Advance authorization in writing must be obtained from Arch Insurance, Arch Claims AI Inquiries ClaimsAIinquiries@archinsurance.com before your firm utilizes Generative Artificial Intelligence, Predictive Analytics and Document Automation Technologies (collectively referred to as 'AI', as defined below) in conjunction with any engagement on behalf of Arch and/or its insureds.

Outside Counsel, including both attorneys and non-attorney staff ("Counsel") are prohibited from using artificial intelligence tools, including without limitation Generative Artificial Intelligence, Predictive Analytics and Document Automation Technologies (collectively as 'AI') and as further defined below, to perform the litigation services or to generate, create, or otherwise produce any portion of Counsel's work product without the prior written consent of Arch Claims in each instance. The law firm must request advance authorization to use AI by email to ClaimsAIinquiries@archinsurance.com. The email request must include the following: name of the firm and specific attorney making the request; Arch/TPA Claim number; TPA name (if applicable); Line of Business (if available); Type of AI/name of AI application; and the nature of the work for which AI is requested to be used.

Billing for pre-approved AI-assisted work must be fair and reasonable. Billing for both AI and human drafting and/or human or AI review of the same work product is prohibited and adjustments to invoicing will be made.

Definitions.

"Applicable Laws" means all federal, state, local, and international laws, rules, regulations, codes, constitutions, treaties, requirements, guidelines, bulletins, and orders or decisions of any Governmental Authority, other administrative, self-regulatory, industry, safety body, or organization that are applicable to Counsel each party in its performance of its obligations under the Guidelines, as may be amended and in effect whether or not having the force of law. Applicable Laws and standards shall include applicable AI laws and data protection legislation.

"Artificial Intelligence" ("AI") means a machine-based system that is designed to operate with varying levels of autonomy and that may exhibit adaptiveness after deployment, and that, for explicit or implicit objectives, infers,

from the input it receives, how to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments.

“Document Automation Technologies” means technology that streamline the review and analysis of electronic documents for legal and compliance purposes by using machine learning, natural language processing and rules-based automation to categorize, tag, redact and prioritize documents.

“Generative Artificial Intelligence” (“Generative AI”) means the use of machine learning and artificial intelligence algorithms to generate outputs such as new data, content or outputs that resemble the data on which it trained. This includes, but it is not limited to, the generation of text, images, audio, video, or any other content.

“Predictive Analytics” means the use of statistical techniques, machine learning models, and data analysis to identify patterns in historical data and make forecasts about future outcomes.

AI Prohibition. As provided above, AI cannot be used for the following without prior written consent and without limitation to:

- Analyze privileged, confidential or proprietary information;
- Conduct legal research, check citations of research (except that Counsel may use Westlaw/Lexis as otherwise permitted by these Guidelines);
- Draft pleadings, motions, discovery requests/responses;
- Draft legal memoranda and communications, that contain any legal advice, analysis, opinions or strategy;
- Perform trial preparation and document work-product;
- Draft or review contracts or agreements, including without limitation settlement agreements, releases, non-disclosure agreements, tolling agreements; and
- Automate decision making or make independent legal determinations, risk assessments or compliance evaluations.

Use of AI With Arch’s Consent. If AI is approved for use by Arch, Counsel agrees that all related work product shall not relieve Counsel of the obligation to independently review, proofread, fact-check, cite-check or otherwise verify the accuracy of any and all work-product generated; such work product shall be reviewed for accuracy and relevance by a senior employee or shareholder of Counsel’s office; and the use of approved AI work product shall adhere to ethical guidelines and professional standards of the legal profession (including the American Bar Association’s Formal Opinion 512 dated July 19, 2024).

For the avoidance of doubt, the work product will be fully created, vetted and reviewed by Counsel’s employees in a manner that ensures that the work product includes sufficient human authorship to meet the standard for copyright protection under US law and no substantive information from AI will be used in the work product.

Training. Comprehensive training on the ethical and responsible operation, limitations and risks of use of the AI as well as Applicable Law(s) must be provided to Counsel’s employees who undertake the approved AI work product. Such training must be provided on a recurring basis at least once annually

Audit and Record Retention. Counsel must maintain detailed records of their use of the approved AI use, including the specific tasks for which AI was used and any work product created, for each project on behalf of

Arch or its insured. These records must be available upon request of Arch. Arch retains the right to audit Counsel's use of the AI to ensure compliance with these Guidelines.

Security and Data Use Obligations. Counsel shall be responsible for complying with any AI laws or regulations applicable to the AI usage. Counsel shall maintain the highest standards of security and responsibility in its use of the AI. The parties agree to negotiate an amendment to this section of the Guidelines in the event of any new or amended law or regulation impacting either party with respect to the use of any AI within the Services.

Indemnification. Counsel hereby agrees to defend, indemnify and hold harmless, at its own and sole cost and expense, Arch and its insured; officers, directors, employees and staff, against and for all losses, causes of action, liabilities, costs, expenses, fines, penalties, obligations, claims and damages of any kind, including without limitation all judgments and settlements, loss of revenue and reasonable attorney's fees, that Arch incurs or becomes liable for to any third-party arising from or relating to Counsel's use of AI, any AI tool used in conjunction with such work product or any other AI content or outputs relied on herein.

Self-Disclosure. Counsel is required to disclose any breach of their obligation not to use AI in the performance of the Litigation Services for Client. Any such breach must be disclosed in writing to Arch Claims, ClaimsAlnquiries@archinsurance.com within two (2) business days of discovery. Failure to disclose a violation in a timely manner may result in disciplinary action by Arch including but not limited to disclosure obligations under the applicable Rules of Practice, loss of Arch's engagement or termination of the underlying Agreement.

Fees and General Billing Practices

The hourly rates for legal services offered by your firm must be agreed to in advance and confirmed in writing by the Claims Professional or another Arch representative. Approved panel rates shall be applicable to all covered Arch claims, 1) irrespective of whether the firm is retained by Arch or the insured/defendant, 2) during and after any applicable SIR/deductible has been satisfied, and 3) whether the defendant is an Arch insured, additional insured, tender acceptance, etc., to the extent consistent with the policy language and applicable law. Arch expects counsel to perform any due diligence required to determine if Arch is the carrier involved. Counsel shall be responsible for calculating and issuing any credit due from inadvertent failure to apply panel rates to a covered Arch claim.

All compensation agreements will remain in effect unless amended by mutual agreement. Requests for hourly rate increases should be submitted in writing to Arch Insurance Litigation Management at least 90 days prior to the proposed effective date of the increase. Additional consideration may occur where exigent circumstances warrant such review. Claims Professionals do not have the authority to approve rate increases. Hourly rate increases will be honored only if approved in writing by Arch Insurance Company. Arch Insurance and/or its insured shall not be responsible for unilateral rate increases.

We require that time entered be the actual time spent on a task, without the time being rounded. We will not accept standardized charges for work that is form in nature. We recognize that many documents are form in nature, pre-printed or computer generated and that the time required for their completion is dependent on the

accuracy of the clerk and the speed of the word processing equipment, rather than on the professional time involved. We do not expect to be billed individual charges for documents such as a Subpoena Duces Tecum served on multiple parties when only notice or subpoena is prepared with minimal modifications to subsequent notices or subpoenas.

Arch expects that all tasks will be undertaken by the most appropriate level of staff. If attorneys perform paralegal work, these tasks will be paid at a paralegal rate. Unless prior approval is obtained, one attorney (partner or senior associate) assisted by one associate and one paralegal is permitted to work on any one file (the 'core group'). The expectation is that the assigned core group will work on the file until resolution of the matter. The law firm and the Claims Professional must agree at the assignment of the claim as to the specific timekeepers assigned to the matter. No change in staffing is permitted unless advance authorization is obtained from the Claims Professional.

Any deductions made to a bill will be considered final and binding if not appealed within 30 days.

Arch Insurance will not pay for:

- Preparation of invoices or responses to billing inquiries.
- Preparation of responses to requests from our legal auditors.
- Time spent reviewing or analyzing the law firm's conflicts issues, opening or closing the file, or other administrative activities.
- Clerical work performed by attorneys and/or paralegals.
- Charges related to the departure of a lawyer or paralegal (including startup work or higher rates for replacement personnel).
- Research on elementary issues which should be understood by an experienced firm.
- Intra-office communications of an administrative nature.
- Multiple charges for the same document addressed to multiple parties.
- Calendaring and docketing.
- Work performed by firm staff other than attorneys or paralegals.
- Time devoted to firm management, including such tasks as supervisory file reviews, training, and routine staff meetings.
- Research or any other work initially prepared for other files. (Only the initial matter for which such research was performed may be charged. Any charges for the subsequent use of the research is limited to the time spent adapting the research to the current case.)
- Computerized research (i.e., Lexis, Westlaw, CourtLink, Pacer, Bloomberg etc.)

Unless prior approval is given by the Claims Professional assigned to the case and noted on the bill (name of Claims Professional and date of approval), Arch Insurance will not pay for:

- Legal research and associated memoranda in excess of three hours.
- Motions in limine.
- Digesting or otherwise preparing page and line summaries of depositions or other recorded testimony before trial is imminent. Arch will allow the applicable paralegal rate for page and line summaries prepared for trial unless prior approval is granted for an attorney to complete this task.

- Excessive reworking or redrafting of pleadings, correspondence, legal memoranda, or other documents.
- Multiple reviews of documents or work already performed by another member of the defense team.
- Trial preparation undertaken when trial is not imminent (more than 90 days prior to trial date).
- Retention of experts.
- More than one attendee at a deposition, trial, arbitration, hearing, court appearance, meeting with third parties, or other similar or related events.
- Duplicated effort caused by the law firm's staffing or training requirements.
- Time billed for more than one lawyer involved in an intra-office or interoffice communication (including memoranda). Only the most senior attendee's time is allowed. Any exception requires prior authorization from the Claims Professional.
- Multi-teaming (more than one timekeeper performing the same service function on the same date),
- Motions and legal memoranda unless litigation time constraints preclude obtaining prior approval from the Claims Professional assigned to the case.
- Time billed by summer associates or law clerks. If approved, the hourly rate shall not exceed the applicable paralegal rate.
- Activities that deviate from these guidelines and procedures unless immediate litigation needs so dictate.

Expenses

Arch Insurance will only pay the actual incurred costs for expenses (without "premiums" or "markups"). We will pay single expenses of \$500 or more if the assigned Claims Professional approved the expense prior to the time it was incurred. Bills for expenses that require pre-approval of a Claims Professional must indicate the name of the approving Claims Professional and the date approval was given on the invoice.

All bills for expenses must have supporting documentation available for review upon our request. All Individual expenses of \$50 or more must be accompanied by supporting documentation. All invoices must contain a detailed itemization by category, cost item, services provided, materials furnished, vendor name, and date (including detail for messenger charges).

Arch Insurance will pay for:

- Reasonable, pre-approved long distance travel expenses of an approved timekeeper, including Coach airline transportation. A reasonable charge for breakfast, lunch and dinner will be allowed during approved business travel on Arch matters for one approved timekeeper. Charges exceeding \$25.00 per person for breakfast, \$35.00 for lunch and \$50.00 per person for dinner, including tip will be adjusted to conform to these guidelines. Alcohol will not be reimbursed. Room service charges for meals will not be reimbursed. Charges for beverages or snacks in between meals will not be reimbursed.
- Travel charges must provide detailed travel and itinerary information. To qualify for payment, expense bills must contain an "expense account" level of detail and must be accompanied by documentation for all travel and disbursements. Original receipts (including copies of tickets) must be submitted for all travel expense items exceeding \$50.00.
- Experts' and investigators' expenses provided prior approval for these expenses is given by the Claims Professional assigned to the case.

- Messenger delivery and air freight/ courier (e.g., Federal Express, Airborne, UPS, etc.) expenses if court ordered or exigent need and approved by the Claims Professional.
- Court filing fees, jury fees, and witness fees, provided receipts are submitted with the invoice.
- Litigation exhibits if pre-approved by the assigned Claims Professional.
- Expenses for services provided by contractors or other non-employees of the law firm if pre-approved by the Claims Professional.

Arch Insurance will not pay for:

- Case management or litigation software or systems.
- Continuing education for any personnel.
- Local travel time or expenses (less than 50 miles round trip),
- Photocopying unless prior approval is given by the Claims Professional and noted on the bill (name of Claims Professional and date of approval). If approved, photocopying will be paid up to 8 cents per page for black and white, and up to 25 cents per page for color copies. The per-page photocopying rate, the date the photocopying was performed, and the number of copies made must be noted on the bill.
- Incoming or outgoing fax charges.
- Local or long-distance telephone charges.
- Overhead, including rent, conference rooms, equipment rental, utilities, computer equipment, software, books, publications, seminars, office supplies, routine postage, refreshments/food during meetings, local telephone charges, employee courier services, meals, non-attorney or non-paralegal staff (such as library staff), and law office staff overtime charges.
- Overtime transportation and meals.
- Inadequately described or "miscellaneous" expenses.
- Interest or late fees on unpaid or past due invoices or previously unapproved invoice amounts.
- Administrative and clerical work, including but not limited to:
 - Receipt and distribution of mail,
 - Opening/closing a file,
 - File organization,
 - Conflict checking,
 - Scheduling/Calendar,
 - Proof reading,
 - Communicating with Court personnel,
 - Copying,
 - Posting,
 - Faxing,
 - Scanning,
 - Redacting,
 - Loading documents into case management systems (i.e., Summation),
 - Creating chronologies, timelines, etc.,
 - Inserting into/retrieving documents from the file,
 - Processing authorizations,

- Bates stamping,
- Creating folders/notebooks/binders,
- Assembling materials,
- Scheduling/confirming depositions, meetings, etc.,
- Picking up/delivering,
- Time billed to travel to and copy documents at courthouse, another law firm, or other offsite location,
- Processing vendor bills,
- Preparation of and communications regarding law firm invoices or payment of invoices,
- Responding to requests for documentation or inquiries from Arch regarding law firm invoices,
- Collating,
- Ordering court reporter/translator,
- Enclosure/transmittal letters,
- Invoice/bill preparation or 'reconciliation,'
- Communications with vendors regarding invoices or provision of services.
- Court reporter or any other vendor ancillary/add on fees such as:
 - Litigation services/packages,
 - Video or remote meeting set up fees,
 - Fees to link, copy or store exhibits,
 - Fees to archive,
 - Travel or parking expenses,
 - Fees to enhance video or transcript,
 - Fees to provide additional timekeepers with access to transcript/documents or remote attendance,
 - Change format of transcript or exhibits (PDF to Excel etc.),
 - Fees to manage remote exhibits,
 - After hours services,
 - Enhancement services (transcript, access, exhibits or video),
 - Services that inure to the benefit of the law firm or vendor only.

Billing Procedures

- Arch bills shall be submitted electronically through the **Assure Legal (formerly known as LSS)** platform ([HTTPS://ARCHLITIGATIONMANAGEMENT.CSC-FSG.COM](https://archlitigationmanagement.csc-fsg.com)) for review. Should you require technical assistance, please contact the Assure Legal Help Desk at 1-866-694-5462, or by email at LEGALSOLUTIONS@DXC.COM. Arch will apply a discount of 3% of legal fees (not expenses) to any invoice paid within 30 days of Arch's receipt of the finalized audit report from Assure Legal.
- Should the law firm wish to request reconsideration of any adjustments made by Assure Legal to the amount due on an invoice, such appeals must be commenced within **30 days** of the law firm being advised of such adjustments and will be limited to a maximum of two appeals per invoice. Requests for reconsideration must be directed to Assure Legal, not to the Claim Professional. If no appeal has been made by the 30th day after notification, the adjustments are presumed final and binding.

- **Arch may withhold payment of bills that, in whole or in part, do not comply with these Guidelines.**
- Bills should be submitted monthly if the amount of the fees and expenses billed is equal to or exceeds \$1,000. If the amount billed is less than \$1,000, roll it over until the bill reaches the \$1,000 threshold or the case is concluded. However, NO bills should be held longer than 180 days. In circumstances where high billing activity is expected, Counsel is expected to notify the Claims Professional and will document such consultation on the billing record prior to engaging in such practice. Failure to comply with this procedure is unacceptable.
- Authority to retain outside vendors, professionals/experts or to utilize extraordinary services must be obtained in advance from the Claims Professional. Law firms MUST communicate any extraordinary, anticipated expenses or events to the Claims Professional as soon as possible.
- Defense expert witness invoices and private investigator invoices in excess of \$1,500 shall be sent directly to the Claims Professional, and NOT included on the law firm invoice submitted to Assure Legal. Plaintiff's expert witness invoices and private investigator invoices for amounts up to \$1,500 **may be** included in the invoice submitted to Assure Legal **OR** submitted directly to the Claims Professional - together with back up documentation to evidence the expense.
- Each bill shall reflect the entry of single-activity time records. All time must be billed in tenth-of-an-hour increments (.10/hour). Other than this tenth -of-an-hour exception, no formula or value billing is permitted. Bills must reflect only the actual time spent on a task. **Block-billed time records** (i.e., lumping several tasks together with a total for the time spent to perform the tasks) **are not acceptable**, and bills containing block-billed entries will be adjusted or returned unprocessed.
- All time entries must include the date, a detailed description of the task performed, the timekeeper performing the task, the hourly rate for that timekeeper, the time spent on the task and the dollar value of the task.
- All entries shall identify participants/subject matter/content/ purpose and outcome of all communications (i.e., phone calls, emails, meeting, text, correspondence etc.).
- All entries must state with detail the purpose of a hearing/conference, location and participants.
- All entries must state purpose of the task – what substantive work has been done on the file and why.
- All entries must state the identity/status of each deponent/interviewee and purpose of preparation for any interview/deposition and how that work is substantive to the file.
- All entries must specify the nature of the legal research performed, the issues related to the case, names/citations of the materials or resources reviewed and how that research is substantive to the case.
- All entries must state the specific pleading by reference to party ('Demand for Bill of Partic. from Def. Jones') for whom responses are being prepared and the nature of the work done.
- All entries must identify what materials/documents are being reviewed, prepared, responded to; what substantive work has been done and why.

Bill Format

To electronically submit invoices, your invoice must be in one of these formats: LEDES 1998 B (ASCII), LEDES 2000 (XML) or an Assure Legal Specific format. UTBMS Codes are required. Each entry on the invoice must be appropriately coded using the Uniform Task-Based Management System codes as approved by the American Bar Association and the American Corporation Counsel Association.

Timekeeper Information

1. **Each invoice must provide a summary of the charges billed by each individual timekeeper showing:**
 - their full name.
 - the initials or other identifiers used to identify them in the time records.
 - their status (e.g., partner, associate, paralegal, etc.).
 - their hourly rate and if the hourly rate for any timekeeper changed during the billing period, the change date(s) and
 - their unique identification number assigned by the firm.
 - Total hours billed by each timekeeper included on the invoice with indication of hours with \$0 hourly rate or 'no charge' broken out within the timekeeper summary.
 - Corresponding total dollar amount charged by each timekeeper.
 - Total hours billed by the firm on the invoice.
2. **Each time record shall provide a detailed description of all work performed. This includes, but is not limited to, the following:**
 - Identity of participant(s) and subject matter(s) involved in intra-office and third-party communications (e.g., telephone calls, correspondence, meetings, etc.).
 - Purpose of a hearing/ conference and name(s) of each participant.
 - Identity of each deponent/ interviewee when the deposition/ interview is attended, prepared for, summarized, etc.
 - Purpose of extensive review of transcripts (deposition, trial, other testimony).
 - Legal research billings, which should include a brief description of the issue researched and its significance to the defense, as well as names or citations of the digests, statutes, annotations, cases, journals, etc., reviewed.
 - Specific non-deposition discovery worked on and the nature of the work performed.
 - Specific trial preparation performed.
 - Identity of materials/ documents reviewed.
3. Generic descriptions such as the following **are not acceptable** for billing purposes:
 - Attention to matter
 - review case and issues
 - conference
 - review correspondence
 - arrangements
 - telephone call
 - discovery
 - trial preparation
 - meeting
 - update strategy
 - motion work
 - misc. emails
 - work on project or case
 - pleadings work on file

- prepare for meeting
- work on discovery
- receive/review documents
- research
- analysis, strategize
- any other nondescript activity
- digest/summarize depositions (unless authorized in advance)

Arch Insurance reserves the right to request additional information concerning your invoices and to ask that the invoice be reorganized to meet Arch Insurance billing requirements.

Billing Judgment

We expect to be charged reasonable fees for legal services in accordance with the provisions in these Guidelines, reasonable litigation and case management principles and the American Bar Association Model Rules for Professional Conduct. As an example; we expect the firm's hourly charges to be reduced where, in the exercise of billing judgment, you believe the charges exceed the value of what was delivered or accomplished.

Audits

Arch Insurance reserves the right to examine and audit books, records, other documents, and supporting material for the purpose of evaluating compliance with its litigation management guidelines, the billing requirements set forth therein, and the reasonableness of the firm's charges. The books, records, and documents we may examine include, without limitation:

- Original time sheets from attorneys and staff.
- Pre-bill documents, receipts, invoices, pleadings, court notices/documents, litigation file/documents, phone/computer records and electronic research records.
- Explanations of billing methods and practices.
- Attorney work product and other contents of open and closed files involving the defense of Arch US customers.
- Phone message records; and diaries, etc.

All requested books and records must be made available to us during business hours for examination, audit, or reproduction. We shall employ, at our discretion, internal auditors or independent outside auditors for purposes of accomplishing audits. Any representative selected by Arch to conduct an audit or review documentation will be acting as an agent of Arch and all rights, responsibilities and privileges shall apply.

Based upon information obtained via audit, Arch may request invoice reductions, reimbursements, the reassignment of firm personnel responsible for assigned cases, or new arrangements. Arch Insurance's prior payment of legal bills and expenses on a file does not constitute a waiver of any of its rights to request reimbursement resulting from an evaluation or audit of your firm's work and bills.

Cybersecurity

It is vitally important to protect the security and confidentiality of books and records related to your representation of Arch Insurance or -- its insureds to the extent applicable, including all privileged, confidential and sensitive information received from Arch Insurance its insureds/customers or developed as part of your representation of Arch Insurance or its insureds (collectively, "Arch Books and Records"). Counsel shall maintain and use reasonable and appropriate administrative, electronic, technical, organization, and physical information security safeguards and controls to protect the confidentiality, integrity, and availability of Arch Books and Records. These security measures should be consistent with industry best practices, commensurate with the size and complexity of Counsel's law firm and practice; and as may be necessary for Counsel to comply with applicable data security laws, regulations, and ethical obligations.

At minimum, Counsel's information security program must include the following safeguards and controls:

- Written information security policies and procedures;
- Industry standard access controls to limit access to Arch Books and Records and systems containing Arch Books and Records only to those who need such access in connection with representing Arch Insurance or its insureds, including requiring the use of multi-factor authentication for any access to networks or systems with access to Arch Books and Records;
- User identification and password standards, including length and configuration attributes (character composition, expiration term, no sharing of accounts, separate privileged user accounts from non-privileged user accounts, etc.);
- Industry accepted methods of secure encryption of Arch Books and Records in transit over public networks and of data storage and backups of Arch Books and Records at rest;
- Maintaining regular data backup and recovery systems of Arch Books and Records and any other data or systems used to represent Arch Insurance or its insureds/customers;
- Enable secure logging of all systems processing or storing Arch Books and Records to the extent available;
- Regular vulnerability scans and a managed patch management process to redress any identified vulnerabilities;
- Maintaining and updating all systems, hardware and software Counsel uses in representing Arch Insurance or its insureds such that they remain under support by the applicable manufacturer or provider; and
- Conducting appropriate due diligence and putting in place reasonable and appropriate minimum cybersecurity requirements for any sub-contractor, vendor, or other third party who will access, use, or produce Arch Books and Records as part of Counsel's representation of Arch Insurance or its insureds.

Security Incident Notification

Counsel must notify Arch Insurance within twenty-four (24) hours of Counsel becoming aware of or reasonably suspecting any unauthorized access, disclosure, acquisition, or use of Arch Books and Records (a "Security Incident") and provide full details on the same as soon as possible thereafter. Counsel must cooperate with Arch Insurance in every reasonable way to investigate the Security Incident and must terminate any unauthorized access to affected Arch Books and Records, remediate the Security Incident and take steps to prevent the

reoccurrence thereof, including by developing a plan of remediation that is subject to Arch Insurance's reasonable input. Where applicable, Counsel must provide reasonable assistance to Arch Insurance to regain possession of any affected Arch Books and Records. Counsel must reasonably cooperate with Arch Insurance in the conduct of any investigation of, or litigation involving, third parties related to the Security Incident. Counsel will discharge all responsibilities set forth in this paragraph at its own expense.

Inclusion

Arch strives to expand opportunities for a broader range of suppliers with multiple perspectives, backgrounds, and experiences to help us drive innovation. We seek a supply chain that prioritizes competitive sourcing and selection, delivering long-term value for our customers, employees and communities. Periodically we may request information to evaluate whether our panel legal services are provided by law firms that foster collaboration from a broad range of backgrounds, interests, and perspectives.

Modifications to these Guidelines and Procedures

Defense counsels are expected to adhere to Arch Insurance's current guidelines, procedures, and requirements when representing the interests of Arch Insurance or its insureds. In a continuing effort to provide quality insurance services for its insureds, Arch Insurance reserves the right to modify its guidelines, procedures, and requirements for defense counsel as may become appropriate in the future.

Attachments

- A: Initial Report and Litigation Plan
- B: Litigation Plan and Ongoing Claim Report
- C: Amended Budget
- D: Coverage Budget Form
- E: Pretrial Report Form