



## **Liberty Mutual Insurance Company & Helmsman Management Services, LLC Guidelines for Law Firms**

These Guidelines for Law Firms (Guidelines) seek to promote effective and efficient case management, consistent with the defense attorney's professional responsibilities. They are modeled on the Defense Research Institute's Recommended Case Handling Guidelines for Law Firms and enhanced for application to Liberty Mutual Insurance Company and Liberty Mutual Helmsman Management Services LLC. The Guidelines constitute our continuing agreement with defense counsel for the management of litigation on and after January 1, 2026, involving Liberty Mutual Insurance and Liberty Mutual Helmsman Management Services LLC, and their policyholders and/or customers. By accepting cases, your law firm is expressly agreeing to abide by the policies set forth in these Guidelines. These Guidelines do not, and are not intended to, circumvent or supersede Local, State, Federal, Ethical or other professional responsibility rules or decisions which govern (1) the enforcement or restriction in the application of such guidelines or (2) defense counsel's legal handling and billing practices. If there are any discrepancies or conflicts, the defense counsel shall defer to the governing rules and decisions.

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## I. PREFACE

**A. Philosophy.** The firm is expected to work with Liberty Mutual Insurance including its Global Risk Solutions (GRS) and US Retail Markets (USRM) Business Departments, its Global Legal & Compliance department (Legal), and Liberty Mutual Helmsman Management Services LLC (HMS) (all collectively "Liberty"), and the insured/customer to achieve the best result for the insured/customer in a timely, efficient, and cost-conscious manner consistent with the clients' interests and the firm's ethical obligations, and to resist non-meritorious, suspicious or frivolous claims. Unless Liberty instructs otherwise, Liberty's case handling and reporting litigation management protocols and service level agreements discussed in Section IV of these Guidelines guide the roles of Counsel and the Liberty case handler/primary Liberty contact for the case to bring about the best legal outcomes. Nothing contained herein is intended to, nor shall, restrict defense counsel's independent exercise of professional judgment in rendering legal services for the insured/customer. If discrepancies or conflicts exist between the instructions in these Guidelines and Local, State, Federal, Ethical or other professional responsibility rules or decisions, Counsel shall defer to the governing rules and decisions.

**B. Fairness & Opportunity.** Liberty Mutual is an equal opportunity employer that values a high-performing, equitable, and inclusive culture where the best talent of all backgrounds can succeed. We empower our talent to bring their whole selves to work, employing curiosity, courage, conviction, and a commitment to excellence for the benefit of our customers and communities. We encourage our law firm partners to align with Liberty's philosophy as we work together to best serve our customers' legal needs.

### C. Conflicts of Interest.

**1. Initial Conflicts Check.** The firm must, upon notification by Liberty to the firm of a defense assignment, immediately conduct thorough conflicts checks including, without limitation, Liberty and its affiliates and subsidiaries. The firm must confirm in writing to the primary Liberty contact for the case, preferably within twenty-four (24) hours but by no later than three (3) business days after receipt of the assignment, that the firm has completed its conflicts check, there is no conflict or appearance of a conflict, and the firm is able to handle all aspects of the defense on behalf of the insured/customer and/or Liberty and its affiliates and subsidiaries. Please note that this conflict check is considered a law firm overhead expense and should not be billed as part of the defense assignment.

If, as a result of the conflicts check, there is a conflict or an appearance of a conflict, the firm shall either (a) seek a full and informed waiver of the conflict, in writing, from all interested parties and as required by the rules of professional conduct; or (b) decline the defense assignment in writing to the primary Liberty contact for the case and the insured/customer, returning to Liberty and the insured/customer any documentation or materials provided to it and maintaining as confidential and privileged any information provided to it by Liberty and the insured/customer.

**2. Conflicts Arising During the Representation.** Defense counsel has a continuing obligation to ensure that there exist no conflicts relative to its ongoing representation of the insured/customer and/or Liberty and its affiliates and subsidiaries (e.g., when parties are added in ongoing litigation). If, at any point in time during its representation, a conflict or the appearance of a conflict arises, the firm shall immediately notify the primary Liberty contact for the case and



insured/customer in writing so that they, with the firm, have an opportunity to address and resolve the issue.

## **II. GENERAL CASE DEVELOPMENT**

An effective and strategically sound legal defense is the responsibility of defense counsel in direct consultation with the primary Liberty contact for the case and should be developed in a timely manner under Liberty's case handling and reporting Litigation Management Protocols discussed in Section IV of these Guidelines, unless Liberty instructs otherwise.

The goal is to work with the primary Liberty contact for the case to timely identify those claims for which there is liability, and to discuss settlement opportunities early. The activities necessary to defend a given claim and bring it to appropriate resolution should be addressed early and the steps necessary to achieve that resolution (whether through direct negotiations with claimant's counsel or alternative dispute resolution) should be jointly agreed upon between Liberty and defense counsel (all settlement related activity, such as requests, authority, and agreement, should be in writing whenever possible). To that end, budgets addressing case activity may be required pursuant to case handling and reporting protocols and/or in conjunction with discussions with the primary Liberty contact for the case.

## **III. STAFFING PHILOSOPHY**

The firm will designate one attorney to have primary responsibility for each case on which its services are requested. Initial time taken for internal file assignments to staff is considered a non-compensable administrative task. The case should be staffed effectively and economically while avoiding duplication of effort. To achieve the best efficiency and value, the role and responsibilities of the staff members should be clearly defined and appropriate for each individual's qualifications, level of experience, and billing rate. Lead defense counsel should delegate work wherever possible to achieve efficiency and cost-effectiveness without compromising quality. High volume, repetitive or routine tasks, requiring legal expertise which clerical support/administrative staff do not possess should be assigned to a paralegal whenever appropriate.

Regardless of the number of timekeepers on the file, duplication of effort within the firm is to be avoided, especially when files are re-assigned within the firm. All administrative related activities are not to be billed, regardless of the staff member performing the activity. Liberty will not pay for the same work performed by multiple timekeepers or work performed by firm employees other than attorneys, paralegals and law clerks unless approved in advance by Liberty. Liberty will only pay the appropriate rate level for the work performed, regardless of the title of the person who performed the work. Only licensed attorneys will be reimbursed at an attorney timekeeper rate.

## **IV. REPORTING**

The firm is responsible for understanding and complying with applicable service level agreements, litigation management protocols and reporting requirements for each assigned case (Protocols). The Protocols are linked to the e-billing platform and are also available upon request. Questions regarding whether the Protocols apply should be addressed with the primary Liberty contact.

### **A. Additional Case Handling and Reporting Protocols.**

- 1. Case Acknowledgement.** Upon receipt of a new case, counsel should send an acknowledgement letter, preferably within twenty-four (24) hours but by no later than three (3) business days, to the



primary Liberty contract for the case regarding receipt of the file, the results of the conflicts check, and (assuming no conflicts) designating the legal team assigned to the case. Counsel should collaborate with the primary Liberty contact for the case initially and as the case progresses to ensure appropriate staffing to meet the needs of the case. Any matters of immediate concern or information that may result in early resolution should be addressed in the acknowledgement letter. Counsel should also continue to abide by the reporting/timing requirements as set forth in the Protocols, including, without limitation, timely submission of the appropriate budget, plan and/or case evaluation. Counsel should also contact the insured/customer verbally, if possible, or otherwise in writing/by e-mail, and preferably within twenty-four (24) hours but by no later than three (3) business days, after retention to introduce his/her firm.

**Service of Process.** Upon receipt of a new matter, counsel should promptly discuss with the primary Liberty contact the status of service of the Summons and Complaint on the client. Reasonable efforts should be taken at all times by the firm, to include without limitation proactive review of the court docket, to confirm if and when filing and service have been perfected. The firm must consult with the primary Liberty contact on any procedural steps or actions to be taken regarding such service.

**Reporting to the Insured/Customer.** Counsel should consult with the primary Liberty contact for the case on the appropriate means of communication with Liberty, whether by e-mail telephone, or regular mail, etc., to avoid duplication.

Counsel must abide by any reporting requirements set forth in an insured's/customer's Special Service Instructions (SSIs) as advised by Claims. To the extent not addressed in the SSIs or Protocols, as a general rule, Counsel should keep the insured/customer apprised of significant developments relative to: their cooperation and participation in preparing discovery responses or for a deposition, final settlement (unless the insured's/customer's consent is needed at the onset); filing dates and results of dispositive motions; date(s) for the insured's/customer's deposition; changes in the evaluation of liability and damages; and pre-trial and trial dates.

2. **Documentation.** Counsel and the primary Liberty contact for the case should always discuss what documentation the primary Liberty contact for the case would like Counsel to submit. Unless specifically set forth in the Protocols, Counsel shall provide to the primary Liberty contact for the case (unless copies are already in the contact's possession) copies of expert reports, medical reports and all other pleadings filed by or against the client along with releases, orders of dismissal and final judgments. Counsel shall continue to advise the primary Liberty contact on how these documents affect the outcome and evaluation of the case and impact defense strategies. Counsel shall provide copies of releases, orders of dismissal and final judgments to the insured client, as well as other documents required by the insured's SSIs.

If significant research is being conducted, or dispositive motions are being prepared, Counsel should advise the primary Liberty contact and offer to provide copies with/without exhibits.

3. **Budgets.** A budget may be required depending on the applicable Protocols in place on the case and/or the needs of the responsible Liberty case contact. Specific requirements may also be provided upon case assignment. An initial budget for all files shall be drafted using the appropriate budget form/template and discussed with the Liberty case contact for the case. An initial budget should realistically set out only those expected defense costs for the case handling that are associated with the litigation strategy, e.g., Settlement, Discovery/Investigation, or Trial for certain GRS cases or Answer Only/Settlement, Limited Discovery, or Full Discovery for certain



USRM cases. Once discussed and approved, the firm must provide the budget to the primary Liberty contact.

When handling a matter under an Alternative Fee Arrangement (AFA) a budget for anticipated legal fees is not required, though a budget for anticipated legal expenses should be provided to the Liberty case contact.

After a budget is approved, Counsel should continue to consult with the Liberty case contact to manage budget accuracy as the case progresses, providing updates in the appropriate form in accordance with the Protocols.

- 4. Firm Changes.** Any changes made to a firm name (whether due to a merger, acquisition, partner change, or otherwise), address, phone, fax, email, tax identification number (IRS identifying number) should be provided to the Outside Counsel Manager overseeing your state. Any changes to a firm that may impact the handling of a file (e.g., a handling attorney leaving the firm for another; a firm closing or splitting, etc.), must immediately be brought to the attention of Claims and/or Corporate Legal and the Outside Counsel Manager so that they may ensure appropriate safeguards are in place to maintain efficiencies in the handling of the file and that the customer's needs are being met.
- 5. General Confidentiality - Media Contact and Marketing.** Counsel shall treat any Liberty business, financial or claims information, and Liberty's claims and litigation management approaches as confidential and shall not disclose such information and approaches to the public or media absent written consent from Liberty. Any public or media inquiries made to counsel about Liberty, or any claim or case shall be referred to Liberty unless Liberty has previously and specifically authorized Counsel in writing to respond to such. Counsel may not use Liberty or any of its Affiliates' names, or claim or case specific information, in public statements or marketing materials without Liberty's prior written consent.
- 6. Business Continuity.** To ensure uninterrupted provision of legal services, law firms must have a comprehensive written business continuity plan that meets the following minimum requirements: (1) maintain service levels during a crisis by implementing a communication plan; (2) have necessary technology and resources in place for remote work, allowing operations to continue in the event of office closures; (3) maintain a robust data backup system with regularly tested recovery procedures to prevent the loss of critical client and firm data; (4) develop an emergency response plan that includes evacuation procedures, emergency contacts, safety protocols, and regular training to ensure preparedness; and (5) create contingency plans to ensure critical vendors' availability and develop alternative supplier relationships to minimize disruption.

Law firms should conduct a thorough assessment of potential risks and identify critical processes, resources, and personnel essential for business continuity. This analysis must be regularly reviewed and updated to promptly address any areas for improvement. Additionally, law firms must ensure that their business continuity plans comply with all applicable legal and regulatory requirements.

Failure to maintain a business recovery and disaster recovery plan and/or failure to maintain data back-up in the event of an emergency, which leads to a failure to properly protect, maintain, and secure physical and/or electronic Liberty/Customer information, may result in liability for the firm and/or an obligation to indemnify Liberty Mutual. These obligations apply notwithstanding



separate requirements set forth in the Data Protection & Privacy contained in Section X of these Guidelines.

**7. Annual Reporting Expectations.** As a condition of approval to accept cases on behalf of Liberty Mutual, all approved firms shall execute the following documents on an annual basis or as requested by Outside Counsel Partnerships.

- a. **Guidelines & Litigation Management Protocols Acknowledgment.** The law firm acknowledges that it has received a copy of, and agrees to adhere to, the Guidelines and Protocols. Failure to complete this process may render the law firm ineligible to receive new referrals. The Guidelines do not, and are not intended to, circumvent or supersede local, state, federal, ethical or other professional responsibility rules or decisions which govern (1) the enforcement or restriction in the application of such guidelines or (2) defense counsel's legal handling and billing practices. If there are discrepancies or conflicts, defense counsel shall defer to the governing rules and decisions applicable to the referral.
- b. **Licensing Acknowledgment.** The law firm certifies that it has made a good faith effort to verify that all timekeepers billing as attorneys are licensed to practice law and in good standing to represent clients in the venue(s) serviced by them.
- c. **Errors & Omission (E&O) Insurance Statement.** The law firm certifies that verification of E&O Insurance has been provided to Outside Counsel Partnerships as set forth in Section XII of these Guidelines.
- d. **Data Security/Cyber-liability Insurance Statement.** The law firm certifies that verification of Data Security/Cyber Liability has been provided to Outside Counsel Management as set forth in Section XII of these Guidelines.

**B. Rates, Pricing & Discounts.** Rate agreements for firms, whether hourly, contingent, alternative, or subject to a particular rate program, will be established by Liberty Mutual in collaboration with Outside Counsel Partnerships. Requests by firms for consideration of a rate modification should be forwarded to the firm's designated Outside Counsel Manager well in advance of the requested effective date. The firm shall not unilaterally implement or bill for a rate increase, and any increase must be approved by Liberty Mutual in writing. Invoices submitted with improper rates or rates that have not been formally approved will be rejected.

**1. Alternative Fee Agreements (AFAs).** Liberty Mutual periodically evaluates existing AFA programs and may adjust prices to align with the market, venue, and quality of service provided by the firm(s). The scope of an AFA program, applicable rate structures, eligibility for opt-outs, exclusions, or exemptions are governed by a Memorandum of Understanding (MOU) between a firm and Liberty Mutual. The Guidelines for Law Firms and applicable SLAs/Protocols are also incorporated by reference into all MOUs.

If a law firm believes that a case ordinarily handled under the AFA program should be exempted from the program, a written request must be submitted to the Outside Counsel Manager (not the Claims adjuster) setting for the specific reasons for the request. If the firm would like to exercise a designated opt-out it possesses under the program, the firm must notify the Outside Counsel Manager within the timeframe set forth in the MOU. Any change from a flat fee to an hourly rate will require past and future billing on the matter to comply with Liberty Mutual Guidelines.



When another carrier(s) agrees to share in the defense of a Liberty Mutual insured, the law firm's defense fees are capped according to the AFA fee structure. If the firm's hourly fees exceed the AFA fee structure, Liberty Mutual will not be involved in, nor will it participate in, any such fee recovery efforts by the law firm with respect to other participating carrier(s).

- 2. Rate Modification Requests.** Liberty Mutual periodically initiates pricing discussions to ensure rates are appropriate for the markets, service areas and overall performance of the law firms. Rates may be adjusted up or down to remain consistent with the market, and alternative pricing may be explored to meet evolving business needs.

Law firms seeking a rate modification outside of Liberty's periodic review timeframe must submit a completed application to their designated Outside Counsel Manager. Rate modifications pursued through other channels may not be considered or approved. Requests made to update billing rates or rate structures are reviewed no sooner than three (3) years from the date of the firm's last rate modification absent an approved exception. There is no guarantee that rate modification request will result in an increase. Consideration is given to a variety of factors, including, but not limited to, market conditions, attorney expertise, experience, outcomes, quality audit results, financial compliance and client value provided. Any approved rate modifications will only affect new referrals or engagements initiated after the rate update is implemented. Rate updates will only apply to approvals for which the request is made.

- 3. Discounts.** In general, a percentage discount (e.g., 5%) is automatically applied to fees for all policyholder defense matters, regardless of the specific matters or insureds involved, if the referral falls within the scope of the panel firm's engagement with Liberty Mutual. Please consult with your designated Outside Counsel Manager if you have any questions regarding a discount applied to your firm's invoices.

Liberty Mutual periodically reviews and reconciles the discount calculations with each panel firm to ensure accuracy and transparency. Liberty Mutual reserves the right to adjust or modify the discount percentage or terms, providing reasonable notice to panel firms. Any changes or updates to the discount policy will be communicated in a timely manner to maintain a collaborative relationship.

## **V. INVOICE SUBMISSION PROCEDURES**

The following invoice submission procedures apply to all Liberty case types, with the exception of Asbestos matters. For guidance regarding billing for Asbestos cases, see Appendix A and Appendix A1.

### **A. Frequency and Timeliness of Billing.**

- 1. Frequency of Billing.** Invoices should be submitted quarterly (90-day cycle) commencing with the assignment of the case, or sooner if the billing exceeds \$5,000 during that 90-day cycle. Invoices submitted thereafter should resume the quarterly billing cycle, on the new quarterly cycle. Invoices should be billed every 90 days and not held to accumulate higher dollars levels. "Final invoices" should be submitted promptly (i.e., within 90 days) and marked as "Final" in CounselLink.
- 2. Contemporaneous Timekeeping.** Charges should be recorded contemporaneously as the work is performed to ensure accurate timekeeping.



3. **Timeliness of Billing.** All invoices are required to be submitted within 90 days following the end of the billing cycle. The end of the billing cycle is the last day of service appearing on an invoice. Invoices received in excess of 90 days, without an adequate explanation for the lateness, may not be paid. Dates of service between invoices should not overlap absent sufficient demonstration of need. Explanations for deviating from these requirements can be communicated via CounselLink with a note attached at the individual invoice level.

## **B. Invoice Submission Procedures.**

1. **Electronic.** Liberty is committed to electronic submission of legal services invoices through a secure web-based process. All invoices must be submitted electronically. Only specific exceptions granted to the firm, for specific customer-related issues will be honored. Liberty uses LexisNexis and its CounselLink system for e-billing, and your firm is not responsible for paying LexisNexis fees.

- a. Specific technical requirements and all other information will be provided by LexisNexis. Liberty requires that law firms are Uniform Task-Based Management System (UTBMS) compliant and able to provide UTBMS information in an industry format similar to Legal Electronic Data Exchange Standard (LEDES). Activity and Expense codes should be included in addition to the phase and task codes to describe the legal action being performed or expenses incurred. More information about these codes is available at <http://bit.ly/2mtfQCr>.
- b. Every invoice must contain the case caption and Liberty claim number in the Invoice Description. Invoices failing to contain this information, in addition to the following, will be automatically rejected.
  - (1) Invoices must also include daily entries showing: (a) the date the work was performed; (b) the name, appropriate rate and timekeeper level of the person providing the service; (c) a description of the work performed, by single activity, with the associated UTBMS phase, task, activity and/or expense code; and (d) the actual time in tenths of an hour for each single activity.
  - (2) At any point in time, a litigation auditor may request a PDF copy of any document related to time billed on an invoice to support the total time billed. If requested, your firm should provide necessary documentation with your electronic invoices by uploading them using the Documents tab within CounselLink.

c. **Legal Audit & Billing Services (LABS) Help Desk.**

The most preferred and efficient way to reach LABS Support is via the Legal Invoice Support Assistant (LISA). More detailed invoice submission procedures are also available in Appendix A. Additional support is available through the Help Desk, which will reply to inquiries posed via e-mail in the order in which they are received:

Instructions for Accessing Legal Invoice Support Assistant ("LISA"):

- (1) Log into CounselLink. From the home page, click on Legal Invoice Support Assistant (LISA) link under Contact LABS.
- (2) Click "My Requests" on the top right corner to see your request queue showing all the requests you have submitted so far and their status.



- (3) The "My Requests" queue will indicate if the request is open or closed and to whom it is assigned.
- (4) You can also access it after you submit a request from the success msg page.
- (5) Click on my request queue to check status of all your requests or start a new request.

LABS\_Support@LibertyMutual.com

## VI. ADDITIONAL INVOICE SUBMISSION ITEMS APPLYING TO ALL CASE TYPES

- A. Alternative Fee Programs – Invoice Submission.** Firms working under an Alternative Fee Arrangement (AFA) shall submit invoices pursuant to these Guidelines. Liberty also requests that AFA Law Firms submit their hourly "shadow billing" into CounselLink pursuant to Shadow Billing protocols incorporated by reference herein (refer to Appendix C).
- B. Flat Fee (Task) Billing (e.g., on WC cases).** Firms working under a flat fee/task arrangement shall submit invoices pursuant to these Guidelines (refer to Appendix D).
- C. Hybrids: Flat Fee (Task) Billing + Hourly (e.g., on WC cases).** Firms working under a flat fee/task arrangement that have additional activities that are not included within the flat fee/task should combine hourly billings on the same invoice with the flat fee/task and shall submit such invoices pursuant to these Guidelines (refer to Appendix D). We refer to these combined billings as Hybrids.
- D. Credits:** Credits due Liberty should be submitted to the LABS address as noted below in the form of a check made payable to "Liberty Mutual Insurance," accompanied by a brief explanation for the credit, including the claim number. Do not apply any credits to future invoices, unless the credit pertains to a paper ASB invoice, in which case it can be applied to a future invoice.

Liberty Mutual Insurance  
ATTN: LABS 03A  
225 Borthwick Ave.  
Portsmouth, NH 03801

- E. Accessing cost share and payment information.** Refer to Appendix E.

## VII. CHARGES FOR SERVICES: ALL CASE TYPES

- A. Time Charges.** All charges for services by attorneys and paralegals must be recorded daily based upon their actual time in one-tenth hour increments. Time incurred for less than  $\frac{1}{2}$  of 0.1 hour should not be billed. Time billed in excess of .1 hour should be billed by rounding up or down to the nearest higher or lower increment. The overall time billed should not exceed the actual time spent. Zero-hour entries are allowed to be billed if the firm wants to account for each concurrent activity separately, where the sum of all individual lines would be greater than the actual time spent.
- B. Single Entry Timekeeping.** Unless otherwise directed, the time for each activity should be separately stated. Grouping multiple activities under a single time charge greater than one-tenth of an hour ("block billing") should not be employed. However, when billing similar work for sequential documents, such as five deposition notices, the work should be billed as a single entry (e.g., review 5 notices of deposition for x, x, x, x, x) if the actual time spent would be exceeded if billed individually on a single file. This concept is also particularly applicable in the case of ASB General file use on accounts when dealing with a similar task over several plaintiffs' files.



**C. Descriptions of Services.** The reasonableness and necessity of the time billed for a task is assessed on the description provided by the timekeeper. It is therefore the obligation of the firm to provide the appropriate detail to support all time billed. Descriptions of services should provide the nature, purpose or subject of the work performed, and the specific activity or project to which it relates. Firms should be sure to include detail such as the numbers of pages or other information to quantify the volume or project reviewed to support the time billed. For example, entries for page-line deposition summaries (when permitted) or document analyses must provide sufficient detail to describe the scope of the task or include the number of pages summarized or reviewed.

Similarly, for all work associated with motion activity, including, without limitation, review, analysis, preparation, hearings, and results, entries should be sufficiently detailed as to the motion work performed, nature and purpose of the motion, and disposition (note: for purposes of consistency in billings, Motions for Summary Judgment should be input as "MSJ," while motions such as "Motions to Dismiss" and "Motions to Compel" should be spelled out as such to avoid varied use of abbreviations, and results should be spelled out in entries, e.g., "Granted," "Dismissed," "Withdrawn," "Denied" etc.).

All entries for communication must contain the means of communication (e.g., telephone call, e-mail, correspondence), recipient, and a sufficient description of the subject matter discussed.

**D. In-Firm Conferences.** When counsel consults with another attorney in the firm to obtain specific advice or counsel on substantive or procedural aspects of the case that result in a more effective defense, said reasonable and necessary conference time will be reimbursed, for the senior biller only, provided that sufficient detail of the subject of the communication is set forth to demonstrate its relevance and value. The narrative detail in the invoice should include the specific participants in the in-firm conference, the nature/subject matter of the discussion and its contribution to an effective defense and should be billed using UTBMS Activity Code A105.

**E. Multiple Attendance.** Only one professional should attend trial, court appearances, meetings, depositions, witness interviews, inspections, and other functions. Defense counsel must obtain prior written authorization (e.g., in an e-mail) from the primary Liberty contact for the case where the firm believes more than one timekeeper's attendance is necessary. Please provide the name of the Liberty contact for the case in the line-item description and that approval was granted and attach a copy of the authorization at the line-item level of the CounselLink invoice.

**F. Non-compensable Fees.** Activities that Liberty considers to be support/clerical or administrative in nature are non-compensable because they do not require legal acumen and are assumed to be incorporated within the firm's agreed hourly rate or legal fee structure. These tasks will not be compensated at any timekeeper level and should not be billed by the firm. Such tasks, which Liberty will not pay for, include, but are not limited to, the following:

- Preparing, reviewing and/or following up on vendor and firm invoices;
- Preparing responses to billing disputes;
- Opening or closing files;
- Initial time taken for internal file assignment to staff;
- Attending seminars or continuing education;
- Reviewing advance sheets or other publications to stay abreast of the law;
- In-person or electronic filing of documents/pleadings with the court, administrative agency, or other ruling or governing body;



- Monitoring electronic court rosters, dockets or websites; Administrative support and clerical activity, including, but not limited to receipt and distribution of mail; maintenance of office or attorney calendars; transcribing; copying; faxing; posting; forwarding, cover, and/or enclosure letters and e-mails; searching contact information; inserting documents into and retrieving documents from a file; maintaining file order; stamping or numbering documents; tabbing sub-files; and assembling materials.
- Communications with vendors such as copying services, interpreters, court reporters, medical providers, the courts or other parties for the purposes of scheduling, confirming, cancelling, obtaining a status, or managing payments;
- Formatting, scanning or importing/exporting documents into an electronic database;
- Training on systems or databases;
- Time spent developing competency in the use and application of artificial intelligence (AI) technology;
- Invoice and audit preparation; and
- Conflict of interest checks, including all related activity as addressed in Section I. C. above.

**G. Depositions.** Defense counsel should consult with their primary Liberty contact for the case before initiating and attending depositions other than that of the plaintiff(s), the insured/customer and other depositions already planned under the applicable Liberty Protocols. If multiple timekeepers were given prior approval to attend a deposition, please include the name of the primary Liberty contact for the case in the line-item and attach the prior written approval to the line-item. Billing should use UTBMS Code L330 with Activity Code A109.

Liberty recognizes that deposition transcripts are needed to support dispositive motions and trial. When ordering transcripts, please order an electronic transcript (E-Tran). Liberty has in place cost and billing arrangements with several national court reporter service providers. They have been instructed to deliver an E-Tran of proceedings if a transcript of a proceeding is ordered. Unless required by court rule or unique circumstances, we will only reimburse firms for the cost of an E-Tran.

**Deposition Attendance – ASB matters.** In addition to the Deposition terms above, in all ASB cases, the firm should comply with the following protocols unless another carrier is lead and has approved different handling:

1. In cases in which your firm has been given a Stipulation in advance of a deposition of any plaintiff or other witness (e.g., confirming that the deponent will not identify the insured during his/her testimony), your firm should refrain from attending the deposition unless the firm has discussed and reached agreement with the case handler for the account after providing specific reasons as to why attendance (and any related preparation) is warranted.
2. In cases in which a firm has not been given a Stipulation in advance of a deposition, your firm is expected to attend the deposition virtually unless the firm has discussed and reached agreement regarding in-person attendance with the case handler for the account after providing specific reasons as to why in-person attendance is warranted in the case.

**H. Legal Research.** Defense counsel must consult with and obtain written approval from their primary Liberty contact for the case before undertaking a legal research project requiring over three hours of research and include the name of the primary Liberty contact in the line-item, attach a copy of the written approval to the invoice, and bill using UTBMS Activity Code A102. Entries for legal research must state with specificity the topic and purpose of the research. Copies of all research memoranda shall be provided to Liberty upon request. Research considered routine or elementary on issues



considered to be common knowledge among reasonably experienced counsel in your area will not be reimbursed. Jury verdict research does not require pre-approval if being done in preparation for drafting a pre-trial report, arbitration report or pre-mediation report for the primary Liberty contact for the case. Jury verdict research conducted for any other purpose does require pre-approval. Jury verdict research is subject to the threshold set forth above requiring pre-approval if the research is in excess of three hours.

- I. Motions.** Defense counsel should consult with their primary Liberty contact for the case before filing any motions not previously identified and approved under the applicable Liberty Protocols.
- J. Revising Documents/Standard Forms/Pleadings.** Only the actual time spent customizing standardized pleadings, documents, or discovery responses or requests to the case at hand should be billed, rather than the time originally spent drafting standard language. The firm should not charge for the portions of the reports, pleadings or other documents that incorporate prior writings. Similarly, if the firm is using any type of Artificial Intelligence (AI) technologies in accordance with the disclosures set forth in Section X. "Data Protection and Privacy," in reviewing, drafting or revising documents, only the actual time spent to review and/or modify the document should be billed and in compliance with the applicable laws in the state or jurisdiction.
- K. AI Prompts.** Use of AI technologies, including creating, reviewing and modifying prompts and reviewing and modifying AI tool responses/outputs, is compensable at the appropriate timekeeper level. Any questions regarding the appropriate timekeeper level or compensability of related tasks should be discussed with firm management to ensure adherence with expectations set forth in these Guidelines.

## **L. Travel Time.**

### **1. Travel time definitions**

Local travel is defined as any travel that is (1) less than 100 miles round trip from the firm's office or remote location where the traveler primarily works OR (2) in circumstances both before and after the firm has arrived at a destination (e.g., airport, hotel, another office), less than 100 miles round trip from that destination.

Non-local travel is defined as (1) any travel 100 miles or more round trip from the firm's office or remote location where the traveler primarily works OR (2) in circumstances both before and after the firm has arrived at a destination (e.g., airport, hotel, another office), 100 miles or more round trip from that destination.

### **2. Billing Travel Time**

All travel, attendance, and preparation time should be billed as separate entries. For all travel-related entries, the firm must specify the destination and miles traveled.

Local travel should be billed at full actual time and full hourly rate. Non-local travel time should be identified using the A112 code and billed at half of your regular hourly rate, reflecting the actual amount of time.

Liberty will reimburse non-local travel time at half the normal hourly rate unless the traveler is able to perform actual Liberty billable legal work. Actual legal work should be billed at the full hourly



rate as if it were performed in the office. The total amount of travel time where no legal work was performed should be billed as non-local travel time and should not include any time where actual work was performed.

**Example:** An attorney with a \$200/hr. regular rate has an 8-hour trip (drive to airport, flight, airport to destination). Because 3 hours of substantive legal work were performed on the flight, make two entries: 3 hrs. billed at the full \$200/hr. (\$600), with specific tasks and time increments (no block billing); the remaining 5 hrs. billed as Travel Time at half rate (\$100/hr. = \$500). The travel line should also state the total trip time (8 hrs.).

**M. Pro-Rating.** Law firms must pro-rate their time when performing work for multiple carriers or clients. When dividing work across multiple cases or clients the task description must contain a reference to the overall time spent and the numbers of files included in the proration. Example: 2.6 hrs./3 files.

## **VIII. DISBURSEMENTS**

**A. Overhead Expenses.** Liberty anticipates that incidental expenses and routine or recurrent tasks are considered law firm overhead. Any associated cost or expense is assumed to have been incorporated within the firm's agreed hourly rate or legal fee structure. The following items, though not exclusive, are included in this category:

- Books, magazines, subscriptions, and educational materials;
- Computer software, hardware, programming, system usage and maintenance;
- Continuing education seminars;
- Courier charges, including in-house messenger service;
- Equipment purchase or rental (e.g., copier, fax, postal machine, etc.);
- Facsimile charges (incoming and outgoing);
- Group outings/hospitality;
- Interest charged;
- Legal research resources, including Lexis and Westlaw usage;
- Local travel related expenses less than 100 miles round trip, including mileage, taxi, train, subway, parking and tolls;
- Mark-ups or surcharges added by the firm;
- Meals unless related to non-local travel, including refreshments during meetings;
- Next day air and/or overnight mail;
- Certified mail;
- Office supplies;
- Overtime;
- Photocopies (in excess of 10 cents per page)
- Postage;
- Professional associations or other fees;
- Rent on facilities;
- Scanning or printing to file;
- Shredding;
- Storage;
- Support staff service charges, including internal word processing;
- Forwarding, cover, and/or enclosure letters and e-mails;
- Telephone bills (including cell phones and long distance);
- Temporary help;



- Training materials or sessions; and
- Utilities.

**B. External Expenses.** Liberty will reimburse you for the following:

- Court mandated filing fees - provide sufficient detail about fees to eliminate the possibility that multiple fees could be considered as duplicates, and bill using UTBMS Expense Code E112;
- Jury fees – bill using UTBMS Expense Code E112;
- Subpoenaed records – bill using UTBMS Expense Code E113 (Important: When subpoenaing or requesting medical records or bills not through an LMI preferred vendor program, if there is an option to receive electronic copies at a lesser cost, your firm should receive copies only in electronic format unless paper format is required by court rule, unique circumstances or the primary Liberty contact. Reimbursement for invoices concerning medical records or bills will only be allowed at amounts charged in compliance with applicable state or administrative statutes, regulations, laws or rules governing what medical or other providers are authorized to charge per page(s) for electronic (or paper) copies of such documents; any charges in excess of what is permissible will not be reimbursed.); and
- Witness fees – bill using UTBMS Expense Code E114.

The firm will be reimbursed without mark-ups or surcharges for the following when agreed to, following consultation with your primary Liberty contact for the case:

- Consultants – bill using UTBMS Code E123;
- Expert witness fees – bill using UTBMS Code E119;
- Imaging; and
- Overnight travel.

**C. Liberty Preferred Vendor Programs.** Liberty may arrange to utilize preferred vendors, nationally or otherwise, for legal support services in a state to the extent such preferred vendor programs are permissible in that state under Local, State, Federal, Ethical and other professional responsibility rules or decisions. Detailed information about these programs and individual vendors' services will be provided separately by your Outside Counsel Manager. These preferred vendors should be utilized, if available and practical, and in a manner consistent with all applicable state statutes and regulations, for all related work. To avoid duplicate payment, payment for these services will be directly billed to and paid for by Liberty and should not be paid for by the firm. In the event of duplicate payment of the preferred vendor invoice as a result of the firm's improper invoice submission, the firm shall reimburse Liberty for any overpayment. Payment procedure for other vendors is discussed below.

- 1. Preferred Vendor Invoices.** On all Liberty cases, to the extent Liberty has established a preferred vendor program, nationally or otherwise, these services should be used whenever possible. Liberty will pay for services provided by these preferred vendors directly as their invoices are automatically submitted to Liberty via a direct feed, so they should not be paid for by the firm, and your firm should not receive an invoice for these services. Liberty also utilizes National Court Reporters, which the law firms should associate with each matter via the LISA application available in CounselLink at the outset of each case. In the event of duplicate payment of the preferred vendor invoice as a result of the firm's improper invoice submission, the firm shall reimburse Liberty for any overpayment. If you have any questions regarding whether a vendor is a preferred vendor, please contact your Outside Counsel Manager.



2. **Non-Preferred Vendor Invoices.** For all non-preferred vendor services (see, e.g., subsection E. External Professional Services, below), the process for payment and/or invoice submission will vary depending on the nature of the vendor/services, the amount of the expense, and the level of direct oversight desired by the primary Liberty contact. Firms should confirm whether the primary Liberty contact or LABS will issue payment. Firms must avoid submitting vendor invoices to both Claims and LABS for payment.

For all vendor invoices submitted to LABS for payment, the following processes shall be followed: The firm will timely pay individual vendor invoices for up to \$750 and include the charge as a disbursement on their next invoice. The firm should include the following details to support the disbursement: vendor name, date incurred, and a description of the expense.

Where the individual vendor bill is over \$750, your firm is responsible for obtaining the invoice and validating the services performed. The firm must submit the invoice for direct payment to the vendor using the LISA portal. For each submission, please include the CounselLink matter number, invoice amount, payee Tax Identification Number, and detailed invoice information. Although not recommended, if your law firm chooses to pay such individual vendor bills over \$750, your firm must include the disbursement on the firm's next invoice. Your firm must include the following details to support the disbursement: vendor name, date incurred, a description of the expense, and a copy of the itemized vendor invoice. If the firm fails to follow the procedures above, which results in duplicate payment, the firm shall reimburse Liberty for any overpayment.

#### **D. Travel Expenses.**

1. **Local Travel.** See definition in Travel Time above. Expenses and disbursements incurred in local travel are considered overhead and within the firm's rate structure.
2. **Non-local Travel.** See definition in Travel Time above. Defense counsel should consult with the primary Liberty contact prior to incurring non-local travel expenses to secure agreement that Liberty will reimburse defense counsel for reasonable travel expenses. What constitutes reasonable reimbursement for hotel accommodation, meals, and ground transportation depends upon the locale visited. Examples might include coach airfare and business class hotels. Mileage will be reimbursed at the lesser of the IRS rate prevailing on the date of travel or the actual rate of reimbursement paid by the law firm to the traveling employee. Invoice information should contain the numbers of miles (billed as # of units) and rate (billed under hourly rate) per mile charged.

All travel must include the destination, reason for travel, number of nights, number of meals and method of travel with applicable detail. Prior written approval is required for any expenses incurred by anyone other than the timekeeper. Detailed receipts for each expense over \$300 must also be included, not credit card statements or expense reports.

E. **External Professional Services.** Defense counsel should consult with the primary Liberty contact prior to incurring expenses for experts, consultants, investigators, temporary attorneys or outside paralegals, or other professional services (e.g., AI vendors/products, etc.). Expenses for professional services will be reimbursed at actual cost, although they may also be subject to verification processes and/or primary Liberty contact's oversight including as referenced in subsection B. External Expenses, above.

F. **Receipts.** Copies of receipts for all items over \$300 should be included with the applicable legal bills. Use the applicable feature in CounselLink to include scanned images of the receipts with your



electronic invoices or attach them to the back of any paper invoices. There are three ways to include receipts in CounselLink: (a) at the matter level; (b) at the invoice level; and (c) at the line-item level. The preferred method is to attach the receipts at the line-item level.

While not all itemized receipts for expenses billed and costs advanced need to accompany invoices, they need to be retained by the firm. We may request itemized receipts prior to issuing payment for certain expenses. Attaching copies does not preclude the requirement to include sufficient line-item information in the invoice to provide a full understanding of the nature of the expense.

**G. Administrative Activities.** Secretarial and clerical work is considered overhead within the firm's rate structure. A list of examples appears in subsection VIII. F. above.

## IX. INVOICE AND FILE REVIEW

The firm acknowledges that Liberty has the right to review all legal invoices for services and disbursements pertaining to the matter for which the firm has been engaged by Liberty, and, further, that Liberty has the right to review counsel's file for issues including but not limited to invoice review and substantive quality. However, such invoice and file review, including the review of documents, must be done in a manner that does not compromise the attorney-client privilege, reveal client confidences or diminish the protection afforded defense counsel's work product.

**A. Audit.** Payment of legal invoices and expenses on a file does not constitute a waiver of any of Liberty's rights to request reimbursement resulting from an evaluation or audit of your firm's invoices. This includes normal review while processing invoices and a variety of audits, both remote and on-site. Liberty may periodically conduct audits at your firm. These audits will generally review information related to processed invoices. These audits would include files your firm has handled or is handling for Liberty. An evaluation may be made of your work quality, reporting and time and cost disbursements to assess firm capabilities, capacity and staffing related issues.

The firm may be asked to produce the original complete timesheets, pre-bills and a monthly/yearly summary for your attorneys, paralegals, law clerks, or anyone else that has billed time to Liberty. These timesheets should account for all time billed by the timekeeper for the period requested, including non-Liberty work, but should redact the identity of non-Liberty customers. Any document or electronic file which memorializes a change in the original time or rate billed by any timekeeper (e.g., marked up pre-bills, change reports, etc.) must be maintained in accordance with Liberty's record retention policy and should be available for review.

Your law firm should also maintain notes, e-mails, drafts, telephone messages, and other documents which support your billing on those files.

Any expense or fee related to audit preparation is not compensable.

**B. Internal Billing Dispute Resolution/Appealing Billing Adjustments.** If Liberty adjusts a legal invoice, an explanation shall be given by Liberty, usually in CounselLink, and the firm shall be given the opportunity to explain the disputed items and appeal such adjustments in the following manner:

- The invoice will be in "Pending Payment" status to allow time for payment to issue, and the firm will not be able to appeal until the invoice moves into "Provider Review" status.
- Any appeal must be submitted within 45 days from the date payment is received. If the appeal is not submitted within 45 days, the system will no longer allow the firm to appeal.



- An appeal must address the underlying reduction by articulating the basis for relief sought and, if applicable, must include appropriate supporting documentation related to the appealed line-item.
- The explanation on appeal must not materially alter the meaning of original line-item description. It is Liberty's expectation that the original line-item is accurate and authored to appropriately account for the work in question.
- Any supporting documentation attached for an appeal must indicate the line-item to which it correlates. Attaching unlabeled documents may result in a denial. For security reasons, firms should not attach a link to ShareFile documents.
- Appeals of reductions that were previously identified to the firm as non-compensable, due to insufficient information, or that have been repeatedly considered and denied may not be considered; Liberty reserves the right to refuse such subsequent appeals.

All appeals must be submitted electronically in CounselLink as set forth in Appendix B (Appeals). Please contact [ask@LexisNexis.com](mailto:ask@LexisNexis.com) or call them at 1-800-600-2282 for assistance with appeal functionality.

**C. Arbitration.** If a dispute cannot be resolved by such Internal Billing Dispute Resolutions discussions, the parties agree that the dispute shall be submitted to binding arbitration. The arbitration shall comply with and be governed by the provisions of the American Arbitration Act. The parties agree that the dispute shall be governed and adjudicated under Massachusetts law (for legacy LIU, New York law will apply) or as otherwise agreed to by the parties. In disputes over the applicable rates and/or level of control Liberty Mutual would owe in instances where an insured may be entitled to independent counsel in connection with a defense of a claim, the independent counsel law of that jurisdiction will apply to that dispute. The parties shall mutually select a single neutral arbitrator, or, if they are unable to agree, each party shall appoint one arbitrator and the two arbitrators shall, in turn, appoint a third impartial arbitrator. The decision of the arbitrator(s) so selected shall be final and binding with no right of appeal. The cost of the arbitration shall be borne by the respective parties or in such proportions as the arbitrator(s) may decide. The arbitration hearing shall be held in the county where the legal services were rendered or at such other location as the parties may agree. The arbitration and results thereof shall remain completely confidential as between Liberty, the insured, and defense counsel.

## X. DATA PROTECTION AND PRIVACY

**A. Duty to Protect Liberty/Customer Information.** In accordance with applicable laws, legal and regulatory obligations, business best practices and standards, law firms representing Liberty and/or its policyholders and customers have a duty to protect the security, integrity and confidentiality of information received during the course of representation, including safeguarding policyholder, customer, claimant, and employee information against accidental or unlawful destruction, loss, alteration, or unauthorized access or disclosure. The information and data that the firm must protect includes, but is not limited to, attorney-client privileged, work product, confidential information, Personal Information of any individual or party, and Non-Public Personal Information (NPPI) of any individual or party, non-public Liberty and/or customer account information, claim information, and any other Liberty policyholder/customer information in the firm's possession (collectively called "Liberty/Customer Information"). Personal Information means personal data or information as such terms are defined in the applicable data protection laws and regulations as amended, consolidated or re-enacted from time to time. NPPI includes personally identifiable financial or medical information of or concerning a natural person, which has been obtained from sources that are not available to the general public or obtained from the person who is the subject and may include data elements such as names and addresses of individuals, as defined by the Gramm-Leach-Bliley Act of 1999, 15 U.S.C.



6801 et seq., and applicable United States federal and state laws and regulations implementing the act, as amended. Unless instructed otherwise by Liberty, a natural person may also include Customer and its Affiliates' employees, contractors, business partners, or other individuals whose personal information is processed by the law firms.

- B. Control and Ownership.** The firm must not access, collect, store, retain, transfer, use or otherwise process in any manner any Liberty/Customer Information, except: (a) in the interest and on behalf of Liberty; and (b) as directed by authorized personnel of Liberty in writing. Without limiting the generality of the foregoing, the firm may not make Liberty/Customer Information accessible to any subcontractors or relocate Liberty/Customer Information to new locations, except as set forth in written agreements with, or written instructions from Liberty. The firm must return or delete any Liberty/Customer Information if and/or when Liberty requests it.
- C. Use and Transfer Limitations.** Except as required in the course of representation of the client and in accordance with the Rules of Professional Conduct and applicable local, state and federal rules, the firm must not access, collect, store, retain, transfer, use or otherwise process in any manner any Liberty/Customer Information without expressed authority from Liberty. The firm also may not make Liberty/Customer Information accessible to any third-party vendor or relocate Liberty/Customer Information to new locations, except as set forth in written agreements with Liberty. To the extent that the firm intends to allow third-party vendors access to Liberty/Customer Information beyond those already agreed to, the firm must provide Liberty with 30-days' notice and an opportunity to provide a written objection. The firm must return or delete any Liberty/Customer Information pursuant to the records retention requirements contained within these Guidelines. Except as required in the course of representation as stated above, at any time during the party's relationship, Liberty may provide a written request that the firm return and/or delete Liberty/Customer Information. The firm must comply in accordance with good industry practice and provide verification of data return and/or destruction to Liberty within thirty (30) days of the written request. The firm must provide Liberty with full cooperation and assistance in relation to any complaint or request made in respect of any Liberty/Customer Information, including providing Liberty with documentation that verifies that the firm no longer retains or uses the Liberty/Customer Information of data subjects that have made a valid request to delete with Liberty. The firm shall ensure that all employees, contractors, sub-processors and other onward recipients to protect Liberty/Customer Information retained or used by them in accordance with these Guidelines.
- D. No Information Selling or Sharing.** The firm acknowledges and confirms that it does not receive any Liberty/Customer Information as consideration for any services or other items that it provides to Liberty Mutual. The firm shall not have, derive or exercise any rights or benefits regarding Liberty/Customer Information. The firm must not sell or share any Liberty/Customer Information, as the terms "sell" and "share" are defined in the California Consumer Privacy Act of 2018, as amended, including by the California Privacy Rights Act of 2020 ("CCPA") or under any other applicable laws.
- E. Recording of Conversations.** The firm shall not record conversations with Liberty Mutual. Our policy restricts recording of business calls, especially when sensitive information is discussed, confidential business matters are covered, or attorney-client privilege may apply.
- F. Cooperate with Compliance Obligations.** The firm shall immediately, but in no event later than five (5) business days, notify Liberty Mutual if it can no longer meet its obligations under applicable laws related to the use of Liberty/Customer Information. Upon receiving such notice, Liberty Mutual may take commercially reasonable and appropriate steps to stop and remediate any unauthorized use of Liberty/Customer Information. At Liberty Mutual's reasonable request, the firm must: (a) agree to



comply with laws or industry standards designed to protect Liberty/Customer Information, including, without limitation and only where applicable, standard requirements approved by the European Commission for data transfers, PCI Standards, as well as similar and other frameworks, if and to the extent such frameworks apply to any Liberty/Customer Information that the firm accesses; or (b) allow Liberty Mutual to terminate certain or all agreements with the firm, subject to (i) transition or migration assistance as reasonably required, and (ii) without applying any early termination charges or other extra charges.

**G. Use of Artificial Intelligence (AI) Technologies.** The firm shall identify, in writing, any deep learning, machine learning, and other artificial intelligence technologies (AI technologies) that will be used in connection with matters being handled by the firm under these Guidelines, including, but not limited to the following: (a) proprietary algorithms, models, software, techniques, systems that make use of or employ neural networks, statistical learning algorithms, or reinforcement learning, or (b) proprietary embodied artificial intelligence and related hardware or equipment and shall obtain prior written approval from Liberty Mutual before use of any AI technologies. Law firms shall not use AI technologies for the recording of any conversations, or for the summarization or transcription of any such conversations.

Law firms should adhere to the following practices for the use of AI technologies in the management of litigation. These technologies are intended to promote the use of AI ethically, securely and effectively while managing risk and maintaining compliance with legal standards and requirements.

- 1. Compliance with Legal and Ethical Standards.** Firms must ensure that the use of AI complies with all applicable Rules of Professional Conduct and any relevant state bar guidance or regulation. It is the responsibility of firms to develop policies and procedures for AI use and disclosure and ensure their use conforms with ethical obligations, including client confidentiality, competence, and conflict of interest rules. Furthermore, the firm shall not use any Liberty Mutual data to train AI technologies. AI use and disclosure policies should remain with the firm and be made available for Liberty to review upon request.
- 2. Transparency.** Law firms should maintain transparency and inform clients when AI tools are used in their cases. The extent and nature of AI involvement or augmented use of AI should be clear and transparent to clients to maintain trust and fulfill ethical responsibilities, consistent with professional obligations.
- 3. Competence.** Firms are responsible for ensuring all staff using AI are competent to use AI tools, supervise AI outputs and integrate them effectively into their legal practice. Firms should provide comprehensive training to their employees regarding the operation and limitations of AI technologies and tools.
- 4. Accuracy and Reliability.** Firms should employ validation processes, oversight, and appropriate controls to confirm accuracy and reliability of AI outputs. These processes, oversight, and controls should include regular assessments and implementation of appropriate validation and verification mechanisms to minimize risk of inaccuracies or biases in data. AI technology and tools should be used as an aid to, and not replacement for, professional judgment.
- 5. Billing Guidelines.** Firms shall adapt billing models and practices related to AI usage to conform to these Guidelines as well as applicable Rules of Professional Conduct, state bar guidance, rules or regulations governing attorney fee arrangements, engagements and any related provisions therein.



## XI. RECORD RETENTION REQUIREMENTS

The records retention requirements are media neutral and apply to both hard copy and electronic documents (although best practices suggest that firms move toward electronic case and document management approaches). The record retention requirements below reference minimum retention periods. If a longer time period is required by Local, State, Federal, Ethical or other professional responsibility rules or decisions, the longer time period will apply. Regardless of retention periods, all firms working on behalf of Liberty and its customers must contact Liberty at least 30 days prior to disposing of case records to ensure Liberty either has copies of such records in its possession or, per the primary Liberty contact, does not need copies for the Liberty files. Any notification of the intent to dispose of records that is sent to Liberty's Global Compliance and Ethics group, or other records management department, must also copy the primary Liberty contact.

Firms should retain their entire case files, and especially the following records, for the duration of the case, plus ten years:

- Invoices.
- All deposition transcripts, expert witness materials, court documents, or other case information, as well as electronic mail.
- All original settlement documents in a case (executed agreements, releases, etc.) should be forwarded to the primary Liberty contact; the firm should retain copies of such for the retention period.
- Expert witness: copies of engagement letter, curriculum vita, fee schedule, and confirmation authorizing the engagement of the expert.
- Expenses advanced on behalf of other law firms (i.e., joint defense activities or repository expenses): a full accounting to the firms for their pro rata shares, including the calculation of the pro rata percentage; accounts receivable records showing the amounts billed/collected, with clear notations indicating the invoice date and number on which collections were credited back to Liberty files; and correspondence documenting follow-up collection attempts on any pro rata billings outstanding more than 45 days.
- Original time sheets for all individuals billing time to Liberty files. If the firm utilizes an electronic time and billing system, data must be retrievable and comply with these requirements.
- Pre-bills or any records showing the adjustments made to time sheet entries (including data entry documents from which any change was entered).
- Supporting documentation for out-of-pocket expenses billed, including proof of payment.
  - For expenses that require consultation, letters, e-mail, or dated memorandum of the telephone conversation authorizing the expense.
  - Original bills and invoices, with file numbers or case captions clearly identified.
  - Canceled checks/other evidence of payment.
  - Original receipts for all travel expenses.
  - Expense accounts and supporting records when firm members are reimbursed through the filing of expense accounts.
  - A cover/voucher sheet should be attached to the invoice itemizing the expenses distributed to each file when expenses are charged to multiple files.

## XII. INSURANCE COVERAGE



**Errors and Omissions Coverage.** Firms must have adequate insurance coverage and/or protections in place to address any liability related exposures arising from Errors and Omissions. Liberty requires that law firms always maintain Errors and Omissions Insurance that is underwritten by an "A" (A. M. Best rating) or better rated insurance company with minimum limits of one million dollars per occurrence or as otherwise directed by Strategic Counsel & Litigation Management as a condition of doing business with Liberty. Evidence of insurance, such as a declaration sheet specifying coverage amounts and the name of the insurance carrier, will remain with the firm and be disclosed to and available for Liberty to review upon request. The firm shall notify Liberty/Outside Counsel Manager of any termination in such insurance no less than thirty (30) days prior to any such change.

**Cybersecurity Insurance Coverage and Protections.** In addition to the mandatory requirements of Errors & Omissions coverage, firms must have adequate insurance coverage and/or protections in place to address any liability related exposures arising from a Security Incident. Thus, as a condition of doing business with Liberty or on behalf of its customers, firms shall maintain Cyber/Data Security Liability Insurance or a similar type of data security insurance that is underwritten by an "A" (A. M. Best rating) or better rated insurance company with minimum limits of one million dollars per occurrence or as otherwise directed by Strategic Counsel & Litigation Management, and that covers the following:

- A. Protection of private or confidential information whether electronic or nonelectronic.
- B. Liability for breach of privacy or network security.
- C. Protection against liability for systems attacks, denial or loss of service, data damage, destruction or corruption, the introduction, implantation or spread of malicious software code.
- D. Protection against liability for security breach, unauthorized access or use of data including investigative expenses, regulatory action expenses and expenses for notifications, credit monitoring or other remediation services, crisis management, and public relations.

Evidence of insurance, such as a declaration sheet specifying coverage amounts and the name of the insurance carrier, will remain with the firm and be disclosed to and available for Liberty to review upon request. The firm shall notify the Outside Counsel Manager of any termination in such insurance no less than thirty (30) days prior to any such change.

