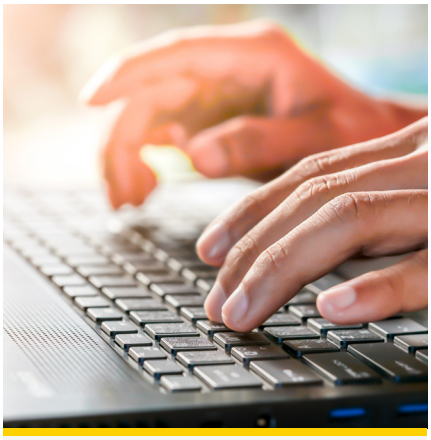


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Commitment to managing the Insured's policy limits

Claims

Litigation management guidelines for third party claims

Introduction

Liberty is committed to providing their client's with high quality defences.

Liberty is also committed to assisting Insured's in the management of their policy limits, which in practice involves ensuring that policy limits are only eroded by reasonable and necessary defence costs.

These guidelines set out the service standards that Liberty expects from Counsel.

Liberty is only liable for payment of those reasonable and necessary costs that fall within the ambit of the Insured's policy. Likewise, only such reasonable and necessary costs will erode the costs inclusive deductible under an Insured's Policy.

Litigation management requirements

Retainer and staffing

Any retainer or engagement letter prepared by the Counsel for Liberty's approval must make reference to this guideline and provide that the terms and conditions contained therein be subject to this document.

If appropriate, this guideline may be attached to the retainer or engagement letter.

All Counsel or their staff assigned to a case should have substantial prior experience defending similar litigation. Liberty reserves the right to request that a particular individual within the firm be responsible for a matter or matters directed to a firm, or how a matter is to be resourced in other respects.

Acknowledgement

Acknowledgement shall be sent to the instructing Liberty claims professional of instructions within 48 hours of receipt, (or sooner where appropriate) including file reference and contact person.

Conflict of interest

In the event of a potential conflict of interest, consultation must take place with the claim professional handling the matter as soon as possible.

No service provider should act against Liberty directly.

Prior to Liberty giving its consent to the appointment of Counsel as both Coverage and Defence Counsel, Liberty would need to be satisfied that there is no actual or potential conflict of interest for the Counsel in so acting, and it is in the best interest for the said Counsel to be appointed in those capacities. A separate retainer for each respective role shall be prepared. Separate billing shall also be arranged.

Taking instructions

The Liberty claims professional handling the matter will endeavor to ensure that the instructions to Counsel will be properly defined and adequately detailed to facilitate appropriate action. In this regard, provided with our instruction will be a copy of any supporting documents where immediately available.



Equally, Counsel will be expected to clarify any uncertainty that arise when instructions are received and to proactively assist Liberty in maintaining high standards of file management within its business and in limiting costs associated with unwarranted or inappropriate instructions. The ability to follow instructions and deliver solution-orientated advice is highly valued.

It is our expectation that the service must be sound, factually and technically correct and solution-orientated. Where a specific issue arises, a recommendation for resolution of the issue must be made.

Initial advice

It is expected that a preliminary advice be provided within six weeks of the date of receipt of the initial instructions. Advices must be in written form and be as brief as possible. Counsel are encouraged to utilise electronic format wherever possible. Unless otherwise specified or instructed by Liberty, the initial advice should include a minimum of the following sections:

- Introduction
- Facts and circumstances
- Coverage availability, if applicable
- Merits of Defence, if applicable
- Recovery/contribution, if applicable
- Quantum
- Reserve, this should include monies payable to the third party and also an estimate of legal fees
- Ongoing file strategy, including further investigations, interlocutory applications, settlement negotiations

It is acknowledged that in some matters, only minimal commentary will be possible for some of these sections. However, some recommendation on reserve must be made in the initial advice.

Update reports

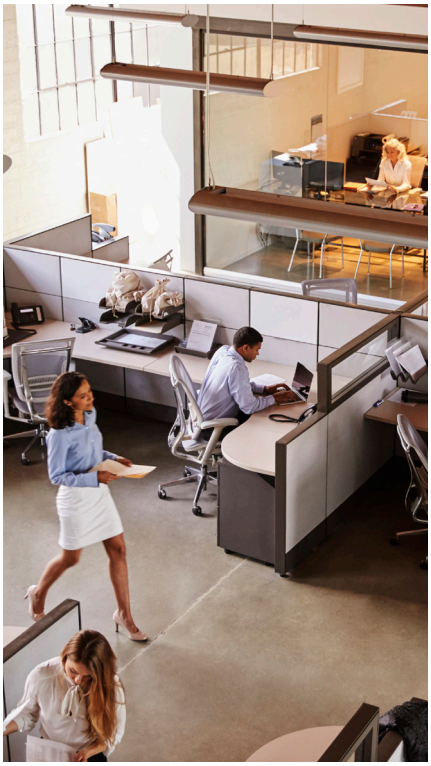
- Update reports covering latest activities, costs estimates, revisions to strategy or case evaluations are to be provided at least every three (3) months (or earlier where there is a material development)

Updates do not need to be provided where agreed.

Prior approval required

Liberty's consent is required before the Counsel takes any substantial steps in the proceeding. In particular, Counsel must obtain Liberty's prior approval before:

- Joining other parties
- Filing cross-claims or counterclaims
- Making settlement offers to be funded in whole or in part by Liberty
- Admitting liability or agreeing damages
- Waiving any right at law
- Filing appeals
- Retaining a barristers opinion
- Travel
- Legal research which involves work exceeding five (5) hours



Fee structure and accounts

Liberty reserve the right to disapprove payment for charges which fail to comply with the requirements set forth below as well as charges which are excessive, unreasonable, unnecessary or unauthorised and to disallow credit for such charges to the satisfaction of self-insured retentions and deductibles in our policies.

It is agreed that accounts will be rendered on a quarterly basis, unless they exceed (HK$20,000 or S$5,000). Breakdown of professional fees, disbursements and relevant taxes must be stated on the invoices. The invoice must contain a billing narrative for each time entry.

It is expected that the final account, including all disbursements, will be rendered within 21 days of resolution of the claim.

Liberty will not be charged for internal discussions, meetings, telephone calls, emails or other communications which are to ensure that your own staff know the current position or when you are allocating work or where such work is required due to staff turnover. Such costs are considered to be internal costs and should not be charged to the claim. Clerical, administrative and secretarial works shall also not be billed to Liberty.

Liberty generally allows the billing of long distance travel time if the said travel is requested and approved by Liberty. Prior to billing the travel time in the invoice, the senior lawyer shall consult and discuss with Liberty whether or not the whole of the travel time shall be billed or if some of the time shall be allocated to some other files.

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Distinct, complex and constantly evolving – every business is as unique as their insurance needs. To confidently progress in the face of risk and uncertainty requires a level of security you can only achieve through working with specialists.

Liberty offers a breadth of world-class insurance and reinsurance services to brokers and insured clients. We bring value and solutions to business and government organisations across Asia – helping protect what they earn, build and own.

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