

Adopted: July 1, 2025



# **PRISM**

## **LIABILITY DEFENSE COUNSEL STANDARDS**

## **I. INTRODUCTION**

Public Risk Innovation, Solutions, and Management (“PRISM”) has established the following Standards for Defense Counsel to follow in representing PRISM’s member entities and/or the entity’s employees in claims and lawsuits asserted against the entity and/or its employees.

Each PRISM member entity (hereafter “Member Entity” or “Member Entities”) has a self-insured retention, which can vary in amount from year to year. Each Member Entity also purchases from PRISM excess insurance above their self-insured retention. The amount of the excess limits also varies from year to year.

Representatives of PRISM, each Member Entity, and Defense Counsel function as a team. The Member Entity understands that as the attorney of record, Defense Counsel has a duty to provide the Member Entity and any assigned individually named defendants with appropriate representation. Defense Counsel should work directly with the Member Entity<sup>1</sup> and PRISM staff to obtain appropriate approvals and authority throughout the matter. It is critical that the Member Entity and PRISM staff be kept informed of all developments in the matter. All significant legal strategy and other important decisions must be raised with appropriate advance notice and discussed with the Member Entity and PRISM staff before any substantive decision is made.

Please note that PRISM may decide to waive or modify some or all of the below Standards as the situation requires. However, Defense Counsel is expected to adhere to the Standards as written, unless specifically exempted from any of them in writing.

## **II. GENERAL EXPECTATIONS OF DEFENSE COUNSEL**

Defense Counsel hourly rates are approved by the Member Entity. Questions regarding rates or rate adjustments should be raised directly with the person so designated at the Member Entity.

The Defense Counsel who is assigned to the case is responsible for the supervision of all partners, associates, and paralegals on their litigation team. To ensure efficient case handling, no more than two (2) attorneys and one (1) paralegal may be assigned to work on any one file absent unusual circumstances. Any requests to use additional staffing must be approved in writing by the Member Entity prior to adding or changing personnel on a particular case. The Member Entity should not be billed for costs and fees associated with new personnel learning about a particular case (see Section XII.F., Disallowed Charges).

Member Entity will typically only pay for one (1) attorney from a firm to attend trials, court appearances, depositions, interviews, conferences, and meetings. If Defense Counsel

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<sup>1</sup> Member Entities may have in-house claims staff handle claim, utilize a Third-Party Claims Administrator (TPA) to handle claims, or utilize a combination of both in-house claims staff and a TPA. All references to Member Entity or Member Entities hereafter refer to all claims staff involved in a particular claim.

believes additional attorneys are needed to attend an event, then Defense Counsel must obtain written authorization from Member Entity and/or its representative in advance of such an event occurring.

Defense Counsel firms must carry Errors & Omissions Insurance with limits, per individual attorney, of at least \$2,000,000 per claim and \$5,000,000 in the aggregate. Certificates of Insurance must be provided to Member Entity on an annual basis no later than July 1<sup>st</sup> of each year.

### **III. CASE ASSIGNMENT AND DEFENSE STRATEGY**

#### **A. Case Assignment**

Cases are assigned to specific attorneys in the Defense Counsel firm and/or Member Entity's legal department and shall not be reassigned to others without the prior written approval of the person responsible for overseeing defense counsel at the Member Entity. Upon receipt of a new case assignment, Defense Counsel must send an acknowledgement of the assignment to the person responsible for overseeing defense counsel at the Member Entity.

The litigation philosophy of the Member Entity is to defend against non-meritorious claims and lawsuits, and to resolve as soon as is practical claims and lawsuits where liability is reasonably clear. The Member Entity want the defense attorneys to take a proactive approach to defending cases, meaning that once an assignment is received, Defense Counsel should direct their efforts towards collecting and analyzing necessary information about the case so as to assess and resolve cases at the earliest possible stage. Defense Counsel is then expected to provide the Member Entity with a realistic evaluation of the case and an appropriate litigation plan and budget. Defense Counsel should not simply be reactionary to the opposing side or to case developments, but should instead actively gather the information necessary to evaluate the case.

To provide the best defense strategy possible, the Member Entity expects Defense Counsel to master the facts, circumstances, and legal issues as soon as possible and to prepare a litigation plan that details the specific objectives Defense Counsel intends to achieve. The litigation plan should take into consideration the fact that in some cases a more streamlined approach to discovery and investigation may be appropriate to help achieve an early resolution, whereas other cases require a more in-depth approach. As the case progresses, Defense Counsel is expected to reevaluate the defense position, particularly as new facts, legal issues, or other matters are discovered.

B. Tenders of Defense

Throughout the life of a case, Defense Counsel must determine whether there are responsible parties in the case, other than Member Entity, or whether Member Entity was named as an additional insured on any applicable insurance policy by any entity, in order to make appropriate and timely tenders of defense.

Defense Counsel should identify other responsible parties, including insurance companies, as soon as is practicable. The possible tender of defense to that party should be discussed with the Member Entity as soon as is practicable. Tender letters should demand a written response within twenty (20) days and Defense Counsel is expected to follow up on all tenders.

C. Member Entity Employees as Defendants

It is expected that upon receipt of the defense assignment in a case where Defense Counsel is assigned to represent the Member Entity and a Member Entity employee, Defense Counsel will immediately ascertain facts necessary to determine if there is a conflict, or potential conflict, which may preclude Defense Counsel from jointly representing all Member Entity related defendants. The Member Entity will assign separate Defense Counsel to those individual defendants for whom separate counsel is deemed appropriate.

Defense Counsel is expected, consistent with the Rules of Professional Conduct, to facilitate cooperation with separate counsel for individual defendants wherever possible, so as to maximize success for all defendants and avoid unnecessary duplication of work.

If at any time during the litigation a conflict of interest develops between or among any of the Member Entity's jointly represented defendants, the conflict must be immediately disclosed to the person responsible for oversight of defense counsel at the Member Entity.

Defense Counsel is required to develop a plan to obtain dismissal of individually named Member Entity's employees. Such strategy should be discussed with the Member Entity. It is not appropriate to secure dismissal of an individual defendant through an agreement to substitute the Member Entity as a named defendant. If a dismissal of an individually named defendant is obtained, Defense Counsel must obtain in writing the individual's agreement to continue to cooperate with the defense of the case after his or her dismissal. A copy of the written agreement must be provided to Member Entity.

D. Miscellaneous

Defense Counsel may not accept service on behalf of the Member Entity or its employees, absent prior express approval.

#### **IV. DEFENSE REPORTING REQUIREMENTS**

Reporting by Defense Counsel is an extremely important part of the litigation management process. Defense Counsel needs to report on all significant developments as they occur, including newly discovered information. When reporting, correspondence (either letters or emails) should be directed to the person at the Member Entity who is designated to receive such reports with copies to the entity's excess insurer, PRISM.

Reports should be concise and analyze the relevant facts and law. Each report in which factual development is being summarized should also contain an updated analysis of the case explaining how the newly learned information impacts the legal assessment. If the report contains a summary of information pertaining to damages, then the report should contain an updated assessment of the damages exposure in the case. The updates should also briefly summarize the strengths and weaknesses of the plaintiff's case.

A. Specific Reports

Defense Counsel is required to provide the following reports either via correspondence or email. All such reports should be marked "Attorney-Client Privileged Communication."

- Immediately upon receipt of defense assignment, a written acknowledgment of receipt of the assignment of the case for defense handling.
- A written initial case evaluation and litigation budget within sixty (60) days of receipt of the assignment.
- A written status report every ninety (90) days during the litigation or as warranted by new case developments.
- A written Defense Evaluation summarizing the facts, the liability aspects of the case, the claimed damages, and Defense Counsel's thoughts regarding the settlement value of the case at least thirty (30) days before a mediation, settlement conference, or any other event during which potential settlement of the case will be discussed.
- A written Defense Evaluation at least forty-five (45) days prior to the first day of trial.

B. Topics to Include in Initial Case Evaluation

The following topics should be included, under separate headings, in the initial case evaluation:

- Pleadings – Identify the court and filing date, all parties and their attorneys, provide a brief evaluation of the opposing attorney, and

list the causes of action alleged against each Member Entity defendant.

- Factual Background – Briefly summarize all file materials reviewed, relevant history, and any other pertinent documents used by Defense Counsel to develop the factual background of the case. This should include, but is not limited to, the following:
  - Information about actual or potential co-defendants and their counsel
  - Age, education, employment status, and marital/family status of the plaintiff(s)
  - Age, education, employment status, and marital/family status of all individual defendants
  - A summary of all witness interviews conducted
  - A summary of all relevant documents reviewed
- Liability Analysis – Provide an opinion on potential liability including a review of any statute of limitations issues, an analysis of the likelihood of success as to each of the causes of action alleged, and a description of applicable affirmative defenses.
- Strength and Weakness Analysis – Summarize the strengths and weaknesses of the plaintiff's case.
- Discovery Plan – Provide a summary of the discovery Defense Counsel anticipates conducting in the case and the reason for it.
- Motion Practice – Describe any motion practice Defense Counsel anticipates.
- Damages – Provide any known information on potential general and special damages.
- Settlement History and Potential for Early Resolution – Provide a summary of any prior settlement discussions and/or discuss any thoughts regarding early settlement including the use of statutory offers to compromise.
- Likelihood of Success – Provide a low, medium, and high range of expected verdicts if the plaintiff(s) were to prevail and the percentage likelihood that the verdict ends up in each range.
- Attorneys' Fees – If the plaintiff(s) can recover fees, provide an estimate of the fees Defense Counsel expects the plaintiff(s) has incurred to date, as well as what is expected to be incurred through trial. Also provide an estimate of future defense attorneys' fees and costs.
- Litigation Timeline – Describe the anticipated litigation timeline for the matter.
- Experts and Consultants – Identify the types of experts and/or consultants needed and the name and expertise of any experts and/or consultants Defense Counsel suggests retaining.

C. Budget Report

A Budget Report is required for each case on which Defense Counsel is retained. Although budgets are intended to be estimates of the scope, cost, and duration of a matter, the Member Entity will rely on these reports in setting adequate reserves. An initial budget report must be submitted to the Member Entity's person responsible for oversight of defense counsel within sixty (60) days of assignment of the case. If Defense Counsel becomes aware of any changes to the budget estimate, an Updated Budget Report should be provided immediately.

The Budget Report should include attorneys' fees and cost estimates for the following areas: 1) Initial Pleadings; 2) Factual Investigation (including discovery, review of subpoenaed records, witness interviews, and depositions); 3) Law and Motion; 4) Alternative Dispute Resolution; 5) Experts (includes expert fees for record review, deposition, and trial, and fees and costs incurred by Defense Counsel in taking and defending expert depositions); 6) Pre-Trial Preparation; and 7) Trial.

D. Defense Evaluation Report

The Defense Evaluation Report is designed to provide the reader the best and most current information on a litigated matter prior to any mediation, settlement conference, arbitration, or trial. The report must be provided to Member Entity and PRISM at least thirty (30) days before the mediation, settlement conference, arbitration, or start of trial or, in any event, promptly upon request by PRISM.

The following headings should be used in the Defense Evaluation Report. A brief description of what is expected under each heading is set forth after the name of the heading below.

- Plaintiff(s) and Defendant(s) – Identify each plaintiff and defendant by name. Describe the age, education, relevant employment history, and the role in the case of each individual. Also, describe the witness potential of each Plaintiff and each individual Defendant, including Defense Counsel's opinion as to how each will be viewed by a jury.
- Claims – Provide a summary of all claims asserted by each Plaintiff against each Defendant.
- Actual or Potential Co-Defendants and Cross-Defendants – Identify each co-defendant/cross-defendant and the causes of action asserted against each of them. Also identify any other potential parties and the causes of action that could be asserted and explain why contribution has not been pursued.

- Factual Background – Provide a summary of facts pertinent to the case.
- Percipient Witnesses – Identify each percipient witness to be called by each party, their affiliation (if any) with the Member Entity, and Defense Counsel’s opinion regarding how they will be viewed by a jury.
- Expert Witnesses – Describe the expected testimony and opinions of the experts for all parties. If Plaintiff(s) have not yet disclosed experts, describe their anticipated testimony and opinions.
- Liability – Provide a thorough discussion of the critical liability issues, including the Plaintiff’s theories and the Member Entity’s defenses, whether the Plaintiff was comparatively negligent and the liability of all actual and potential Defendants. If applicable, this section should include discussion about the likelihood of success of affirmative defenses, statutes of limitations issues, mitigation, and immunities to be raised through summary judgment or trial. Also, include a reasonable prediction of which party(ies) are likely to prevail on which claims at trial and a probability of an overall defense verdict.
- Special Damages – Provide a summary of the critical damages issues including an analysis of the amount and type of special damages the Plaintiff(s) will claim and an analysis of whether these damages are appropriate. This analysis should reflect what you expect the Plaintiff(s) will attempt to “blackboard” and provide a likelihood of success on each item of special damages you expect to be claimed. If there is a claim for past or future lost earnings, please include dates of birth, life and work life expectancies, mitigation and off-set issues, and analysis regarding lost retirement benefits.
- General Damages – Discuss the Plaintiff’s general damages claim including an analysis of what facts support or detract from a general damages award. Provide Defense Counsel’s estimate of a likely general damages award.
- Punitive Damages – Identify who a punitive damages claim is alleged against, analyze the Plaintiff’s likelihood of success in obtaining such an award, and provide an estimate of what you expect such an award might be. The Member Entity is immune from punitive damages under California Government Code Section 818.8, but individually named Defendants are not immune. Discuss Defense Counsel’s plan for handling the punitive damages aspect of the case.
- Injunctive/Equitable Relief and Non-Monetary Damages – If the Plaintiff is seeking such relief, provide Defense Counsel’s analysis regarding their likelihood of success on such a claim.
- Attorneys’ Fees and Costs – In cases involving claims based upon statutes authorizing fees, such as employment and civil rights cases, provide an estimated calculation of the Plaintiff(s)’ attorneys’ fees and costs to date, as well as Defense Counsel’s anticipated amount through trial.

- Settlement Discussions/Demand – Report on any settlement discussions with opposing parties including any CCP Section 998 or Rule 68 Offers to Compromise.
- Trial/Settlement Conference/Mediation Information – Provide the dates, times, and locations for any scheduled trial, settlement conference and/or mediation. Please also provide the estimated length of trial and a brief outline of expected defense fees and costs through the conclusion of trial.
- Case Evaluation – Summarize the overall position of the case (strengths and weaknesses of the Plaintiff’s case) and make recommendations regarding a resolution or continued defense of the case. Provide a low, medium, and high range of expected verdicts if the Plaintiff(s) were to prevail and the percentage likelihood that the verdict ends up in each range. Provide Defense Counsel’s recommendations regarding an appropriate settlement range.
- Conclusion – Provide any additional thoughts not expressed above and identify additional work that needs to be completed.

## V. PLEADINGS

### A. Responsive Pleadings

Defense Counsel should review the Complaint for possible Demurrer/Motion to Dismiss or Motion to Strike based on governmental or other statutory immunities and make recommendations to the Member Entity. Defense Counsel must obtain authority from the Member Entity before filing any motion including, but not limited to a Demurrer, Motion to Dismiss, Motion for Judgment on the Pleadings, or Motion to Strike. Defense Counsel must provide to the Member Entity a final copy of the points and authorities in support of, in opposition to, or in reply to any motion filed in the case.

### B. Cross-Complaints

Consider in every case whether a Cross-Complaint is necessary or appropriate. Defense Counsel must obtain approval from the Member Entity prior to filing a Cross-Complaint and a copy of the Cross-Complaint must be provided to Member Entity after filing.

### C. Law and Motion/Research

Appropriate pre-trial motions are encouraged when they can result in the early conclusion of the case or reduce triable issues. Defense Counsel is selected for their expertise in their particular areas of practice; therefore, the Member Entity does not expect to be billed for basic research in the practice area. All attorney or paralegal research time in excess of five (5) hours per case must be preapproved by the Member Entity.

## VI. DISCOVERY

Defense Counsel should refrain from conducting discovery that amounts to abuse. It is critical that Defense Counsel be aware of the facts concerning relevant documents and their availability, including electronically stored information, and to properly preserve and assert appropriate privileges.

In addition, Defense Counsel shall conduct a thorough investigation, working with Member Entity's Defense Counsel Liaison to ensure that all persons with relevant information are identified and contacted, and shall conduct a thorough search for all relevant documents, ensuring that all reasonable leads are followed. Defense Counsel shall also determine what electronically stored information has been preserved, if any, where it is located, whether the information is securely stored, and confirm the chain of custody. Defense Counsel needs to understand the basics of the information systems where relevant electronically stored information resides. It is important to resolve any issues regarding production of electronically stored information early in discovery, including forms of production and what is not reasonably accessible.

When providing discovery responses, Defense Counsel should consider potential evidentiary issues at trial, including the possibility of limiting instructions based upon the failure to produce requested documents. Potential discovery problems should be raised with Member Entity immediately. Counsel must notify the Member Entity of any motion to compel and/or request for sanctions against the Member Entity and/or Defense Counsel, and provide a copy of any such motion, request, or order.

### A. Interrogatories and Requests for Admission and Documents

At the beginning of each case, Defense Counsel should send form discovery requests and, if appropriate, special interrogatories and requests for admission to the Plaintiff. Upon receiving responses, Defense Counsel should provide a written summary of the relevant responses.

Upon receiving discovery requests in a case, Defense Counsel should immediately provide the requests to the Member Entity. Defense Counsel should then: 1) identify appropriate objections; 2) review all documents requested to determine if any privileges are applicable; 3) prepare draft responses with the information available to Defense Counsel at that time; 4) identify requests that require additional information from Member Entity employees; 5) meet with Member Entity employees, as needed, to assist in formulating responses or gathering and reviewing documents; and 6) prepare the responses in final form and forward to the Member Entity for approval and verification. It is important to finalize discovery responses sufficiently in advance of the due date to allow time to obtain the necessary verifications.

B. Depositions

The Member Entity must be given advance notice of all depositions that occur in a case. Generally, the approved trial attorney is encouraged to take or defend the depositions of the Plaintiff, any individually named Member Entity Defendants, critical witnesses, and experts.

It is expected that Defense Counsel will thoroughly prepare Member Entity's Defendants and witnesses. This includes providing them with general background relating to the deposition process, information regarding the significance of their testimony and demeanor, and prepare them for questions regarding the facts of the case. It is not appropriate to wait until the day of the deposition to prepare the witness to testify.

If Defense Counsel believes that a deposition should be video-taped, Counsel must obtain authorization from the Member Entity before scheduling a video-taped deposition.

C. Damages Defense

Defense Counsel should use any forms of discovery to fully develop and verify all claimed economic damages, including a review of all available collateral sources such as: 1) private health insurance; 2) workers' compensation; 3) Medicare/Medi-Cal (even if inadmissible); 4) income replacement sources; 5) Social Security and Supplemental Social Security; and 6) other available jobs the Plaintiff could have pursued (for mitigation).

In litigated cases involving complex economic damages, assistance of economic experts may be appropriate. Prior to trial, a decision to not present a damage defense must be discussed with and approved by Member Entity.

## **VII. EXPERT REVIEWS AND WITNESSES**

At the outset of each case, Defense Counsel should evaluate what areas of expert testimony may be needed to assist in the defense of the case and should, at the earliest possible time, determine whether expert witnesses need to be retained and advise Member Entity regarding same. Evaluations conducted by defense experts should be completed early enough in the case where they can assist Defense Counsel in evaluating the liability and damages issues in the case.

Requests to consult with or retain expert witnesses and/or conduct Independent Medical/Psychological Examinations should be discussed with the Member Entity and authorization obtained before retention.

If at all possible, if there is more than one defendant in a case, the sharing of experts should be explored wherever practical and in the best interests of the Member Entity. A

decision to share experts should be made in writing to ensure the availability of such experts in the event a Co-Defendant is dismissed or settles.

Once it has been decided to use an outside expert, Defense Counsel is expected to:

- Contact the proposed expert to determine the expert's willingness to conduct the review or examination.
- Obtain an estimate regarding the amount of time that will be required for the review or examination. If time is subsequently expected to exceed the initial estimate, then Defense Counsel must obtain an updated estimate.
- Obtain the hourly rate and obtain approval from the Member Entity regarding the rate requested.
- Confirm the agreement on fees and costs with the expert in writing.
- Provide all relevant records to the expert.
- Instruct the expert not to prepare a written report before discussion with Defense Counsel. At that time, counsel should determine if a written report is necessary.

After receiving billing from an expert, Defense Counsel shall review the bill. Any inconsistencies should be discussed with the expert. Defense Counsel is not authorized to advance expert fees unless prior approval has been obtained from the Member Entity.

When formal disclosure of expert witnesses is required, Defense Counsel should provide the Member Entity with a copy of the disclosure, as well as any disclosures provided by other parties in the case. Any retention and disclosure of supplemental witnesses must be discussed with the Member Entity before the supplemental disclosure occurs.

## **VIII. TRIAL PREPARATION**

As soon as a trial date is assigned, Defense Counsel should notify in writing all witnesses, the Member Entity, and PRISM of the date, time, and location of the trial. Defense Counsel should advise the witnesses whether their attendance is necessary on the first day of trial and coordinate the scheduling of testimony with the witnesses.

Defense Counsel should timely provide information on the judge assigned for trial. The decision to challenge a judge can only be made by the Member Entity and will require an analysis of other potential judges that could be assigned. Any request to waive a jury must also be discussed with and approved by the Member Entity.

In advance of trial, Member Entity witnesses should be well prepared by Defense Counsel to testify, including familiarity with any prior statements of testimony made by them or others pertaining to them. Witnesses should also be prepared regarding likely cross-examination, personal demeanor, how to "connect" with the jury, and appropriate dress. If witnesses are being asked about documents, they should be instructed on the foundation for the admissibility of documents, so they can understand why they are being asked certain questions.

Questions about important objections or issues to be raised in motions *in limine*, trial briefs, or other pleadings, should be discussed with the Member Entity before trial.

## **IX. TRIALS**

Unless previously approved by the Member Entity, only one attorney may try a case on behalf of the PRISM.

Attendance at trial by the proper representative from Member Entity is critical to the successful defense of cases. It is important to identify and propose to the Member Entity well in advance of trial an appropriate trial representative.

During trial, Defense Counsel is expected to provide brief daily email updates, including an assessment of the jury, the Court, and the testimony of witnesses and experts. As significant developments occur, more detailed updates should be provided. Any settlement offers must be conveyed immediately.

If requested, Defense Counsel shall provide a post-trial report. After the trial has concluded, Defense Counsel is expected to make recommendations to the Member Entity on appropriate post-trial motions or appeals. Any agreement to waive costs in exchange for an agreement not to appeal must be authorized by the Member Entity. The Member Entity's policy is to pursue costs and attorneys' fees when awarded. Defense Counsel shall report on the amount of costs and fees awarded and provide an assessment of the financial resources and ability of the Plaintiff to pay the award.

## **X. WRITS AND APPEALS**

Following trial, Defense Counsel shall consult with the Member Entity regarding appropriate post-trial motions and appeals. All petitions for writs of mandate must be authorized by Member Entity.

## **XI. SETTLEMENTS**

Defense Counsel is encouraged to explore the settlement of cases informally with opposing counsel early in the litigation after obtaining the appropriate authorization. Member Entity also encourages mediations and participation in voluntary settlement. Approval to mediate a case must be given by the Member Entity. A representative from the Member Entity will attend mediations and mandatory settlement conferences on behalf of the Member Entity.

Defense Counsel may not enter into negotiation, agreement, or binding settlement without first obtaining the appropriate authorization from the Member Entity. Settlements over a certain amount are contingent upon approval by the Member Entity's board, PRISM, and potentially reinsurers. In cases in which the potential settlement will exceed the entity's self-insured retention, the entity will need to obtain authority from PRISM in advance of any settlement discussions. The need to obtain approvals from an entity's Board and/or PRISM should be communicated to the Plaintiff's counsel during any settlement

negotiations. In cases involving claims for statutory attorneys' fees, all settlement offers, including statutory offers to compromise, should be structured to resolve all claims including attorneys' fees. All potential causes of action should be included in the settlement and release.

All settlements must consider the existence of any potential liens or right of recovery by Medicare, ERISA plans, Medi-Cal, workers' compensation insurers, etc. Defense Counsel is expected to determine who paid for any medical treatment provided to the Plaintiff in the case and how much was actually paid.

Upon reaching an oral settlement, Defense Counsel should immediately prepare a written settlement agreement. Defense Counsel is responsible for assuring that the settlement agreement is accurate and legally enforceable. If a case is resolved at mediation, it is important to have the parties and their attorneys sign, at the least, a written document that contains the material terms and conditions. Plaintiff's counsel should be advised that it usually takes approximately thirty (30) days for the Member Entity to issue a settlement check after the final agreement has been signed by all parties and their attorneys.

After a dismissal is obtained, Defense Counsel must forward a copy of the filed dismissal to the Member Entity and PRISM as well each named Defendant.

## **XII. BILLING PROCEDURES**

All invoices are to be submitted on a monthly basis and directed to the Member Entity's Defense Counsel Liaison. Billings that do not comply with the billing guidelines will not be paid. Payment of any bill by the Member Entity does not constitute a waiver of the Member Entity's right to question, dispute, obtain reimbursement, compromise, or request repayment or future credit, for any bill or invoice previously paid.

Invoices for counsel fees and expenses should be submitted monthly, within thirty (30) days of the end of the billing period. Final invoices should be submitted within thirty (30) days from receipt of a filed Dismissal. Defense Counsel is responsible for obtaining all outstanding invoices from outside vendors, including experts, before submitting the final bill. Receipts must be submitted for all travel and other expenses.

Firm staffing on all cases should be as limited as possible. Absent prior approval, the Member Entity will not pay for more than one (1) attorney performing the same task. For example, the Member Entity will not pay for two (2) or more attorneys to attend the same deposition. Work should be assigned to those individuals who are most appropriate for the task in terms of their competency and experience.

There should be no more than two (2) attorneys and one (1) paralegal performing work on a case at any given time. Other firm personnel may occasionally have to work on a case due to job departures, vacations, illnesses, schedule conflicts, etc., but this is the exception, not the rule. Member Entity will not pay for "training" time for new attorneys or "learning" time or "orientation" time as new billers become involved in a matter and are

learning the facts and issues. If a firm has summer associates, their time should not be billed to a case without first being approved by the Member Entity.

A. Invoices

Invoices should accurately itemize, in detail, all work performed on a matter. Each invoice must include the following:

- Law firm name and address
- Date of the bill
- Law firm tax identification number
- The Member Entity and/or TPA and/or their respective claim number
- Plaintiff(s) name(s)
- Each billing entry must state the name or initials of the timekeeper who performed the work, the date the work was performed, the hours billed, a detailed description of the services performed, and the total amount billed for that entry
- Attorneys and paralegals should bill actual time spent in increments, no greater than 1/10<sup>th</sup> of an hour for each entry
- Summarize at the end of the bill, the number of hours for each specific biller
- Summarize at the end of the bill the totals for fees, costs, and experts
- Narrative or block/bundled billing is not permitted
- Final bills should be clearly marked
- Invoices must reflect activity for only one (1) case
- Billing entries should be listed chronologically in order of occurrence and not sub-divided by individual or task
- If a number of different tasks are undertaken in one day, each task must be separately identified with a specified time for performing that task, e.g., “telephone conference with John Doe (.30); Attend conference with Jane Doe (1.20), etc.”
- Entries regarding telephone conferences must specify the participants and the subject matter discussed

Vague descriptions such as “work on file,” “telephone call,” “conference,” and “research,” without further explanation, are not acceptable and will not be paid.

Vendor invoices (e.g. experts, mediators, photocopy services, court reporters, and others) in an amount up to two thousand dollars (\$2,000) per case should be paid by the law firm and included with the monthly attorney billing. Defense Counsel must review and approve all vendor invoices.

B. Maximum Allowable Charges and Travel

The following guidelines are provided regarding maximum allowable charges:

- The Member Entity will only pay the actual cost incurred for reasonable expenses without any markups.
- A firm may conduct necessary and appropriate research up to five (5) hours per case without prior approval by the Member Entity.
- Photocopy costs should not exceed ten cents (\$0.10) per page. Firms are expected to limit the making of photocopies and, wherever cost effective, to use the resources of designated copy services. Billing entries for photocopies must provide the number of copies made, the per page rate, and the total amount billed.
- Mileage should be billed at the applicable Federal rate at the time of travel. The invoice should state the number of miles actually driven.
- Telephone and Fax: Actual long distance charges only. No charges for an incoming fax and no per-page fax charge.
- Virtual Court Appearances: Member Entity will pay for reasonable charges charged by a court for Defense Counsel to appear virtually at appearances.
- Air travel is limited to coach or economy rate. Receipts for airfare should allow a reviewer to identify the fare as economy/coach class.
- Rental cars are acceptable only if such vehicles are the most economical means of accomplishing necessary business. Reimbursement is limited to the mid-size class.
- Incidentals, such as movies, alcohol, and entertainment are not allowed.
- Travel time shall be pro-rated if the travel includes time spent on non-Member Entity business.

C. Disallowed Charges

In addition to items listed above in sections A and B, the Member Entity will not reimburse for the following:

- Local telephone calls and all cellular phone charges.
- Routine postage, such as the U.S. Postal Service rates for letters. Any necessary extraordinary postage charges (such as certified mail, overnight service, or oversized packages) must be delineated on the bill with an explanation of the nature and purpose of the charge. Any postage charges that are not explained will not be reimbursed.
- File opening, file organization, or other administrative charges.
- Interoffice conferences between members of the firm, including assigning files or tasks to members of the firm.
- Case administration (e.g. reviewing status of assignments given to associates and paralegals; directing associates, paralegals, or secretaries; preparing or reviewing bills).
- Clerical tasks (e.g. transcription, pulling files, photocopying documents, arranging for copying, labeling documents for production,

communication with court clerks, updating master case caption, preparing proofs of service, indexing pleadings, faxing).

- Meals, except in conjunction with out-of-town travel (alcohol will not be reimbursed in conjunction with any travel).
- Routine legal research, including issues considered to be common knowledge among reasonably experienced counsel in the local jurisdiction.
- All work customarily performed by secretaries and other administrative personnel including but not limited to, photocopying/bates stamping documents, scanning documents, transcription, retrieving files, indexing pleadings, updating case captions, making travel arrangements, calendaring, and preparing bills/invoices.
- Subscription services (e.g. Westlaw, Lexis-Nexis, or other legal database charge).
- Charges for the use of virtual conference rooms or other virtual meeting services.
- Responding to requests from Member Entity and/or their auditors relating to case file management and/or billing issues.