



Bruce Goldberg
Director of Legal Operations
Department of Law & Regulation
Legal Operations

CONFIDENTIAL

[Date]

[FIRM CONTACT ATTORNEY NAME]
[LAW FIRM NAME]
[STREET ADDRESS]
[CITY/STATE/ZIP]

Dear _____:

It is a pleasure to retain [law firm name] (“Firm”) on behalf of Allstate Insurance Company and its affiliates (“Allstate”). This letter, including the attached Schedules and Exhibit, sets forth the arrangements under which we will retain your Firm, effective as of [insert date] and will govern our relationship until modified by mutual written agreement of the parties.

The basic elements of Allstate’s relationship with your Firm are described in the Business Requirements attached as Schedule A and Billing Guidelines attached as Exhibit 1. Additionally, the fee structure to which we have agreed is attached as Schedule B, while additional terms and malpractice insurance requirements are contained in Schedules C and D respectively, which also are attached. Both Allstate and your Firm hereby agree to comply with the terms of this letter, including all attachments.

Please let me know if you have any questions regarding this matter.

Very truly yours,

ALLSTATE INSURANCE COMPANY

ACCEPTED AND AGREED:

[LAW FIRM NAME]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Email: _____

Email: _____

CONFIDENTIAL: This letter and any attachments contain confidential information of Allstate Insurance Company and must be maintained in strict confidence. The letter and any attachments must not be copied, nor should the contents be discussed, disclosed or restated to others, orally or in writing, except for employees of your Firm who need the information to perform their work.

SCHEDULE A

ALLSTATE INSURANCE COMPANY AND AFFILIATES DEPARTMENT OF LAW & REGULATION OUTSIDE LAW FIRM BUSINESS REQUIREMENTS ("BUSINESS REQUIREMENTS")

INTRODUCTION

These Business Requirements state the manner in which we will work together and our operational and billing practices. We recognize that instances may arise in which exceptions to these Business Requirements may be necessary, and we are prepared to consider such exceptions on a case-by-case basis. Activities and actions, however, that are inconsistent with these Business Requirements and that are performed without our prior written approval are unacceptable.

We look forward to working with your Firm to accomplish the very best results for Allstate in a mutually beneficial relationship. Either party may, however, elect at any time to terminate its business relationship with the other party upon written notice to such party.

I. ACCOUNT AND MATTER MANAGEMENT

a. Account Management

- i. The Allstate Director of Legal Operations and the "Firm Relationship Manager," who shall be designated by the Firm, shall have primary responsibility for management of the account, including supervision and maintenance of the relationship between Allstate and your Firm.
- ii. The "Allstate Matter Attorneys," who are the Allstate in-house attorneys assigned to supervise the individual matters, shall be responsible for keeping Allstate informed on all matters pertinent to the relationship with your Firm; and the "Firm Matter Attorneys," who are the Firm attorneys assigned to handle the individual matters, shall be responsible for keeping the Firm informed on all matters pertinent to your Firm's relationship with Allstate.
- iii. The Firm Relationship Manager may be requested to attend and actively participate in periodic performance review meetings that may be conducted by telephone or in person when requested by Allstate. The primary purpose of these meetings is to discuss performance, areas in need of improvement, and other efficiency or effectiveness recommendations. Allstate will not be billed for time or expenses associated with these meetings.

b. Matter Management

- i. The Allstate Matter Attorney and the Firm Matter Attorney shall collaboratively complete a matter assessment and a budget in the format to be provided by the Allstate Matter Attorney for each matter, unless they agree that completion of one or both of these items is unnecessary. The matter assessment and budget should be updated as necessary to reflect the current state of the matter.
- ii. All strategies must be discussed with and approved by the Allstate Matter Attorney before they are pursued. Similarly, the Allstate Matter Attorney must approve (and review, if requested) all documents such as pleadings, filings, contracts and written communications with other parties' counsel prior to filing or transmission.
- iii. When local counsel is required on a case or matter, the Allstate Matter Attorney will ordinarily

retain local counsel. If, however, the Firm Matter Attorney is directed by the Allstate Matter Attorney to obtain local counsel, the Firm Matter Attorney should seek approval of the Allstate Matter Attorney before such local counsel is engaged. The local counsel selected also must be made aware of and comply with the Business Requirements and the Billing Guidelines.

- iv. All communications between Allstate personnel and the Firm on individual matters should be directed to and/or through the Allstate Matter Attorney. Any contact with other Allstate employees must be coordinated and pre-approved by the Allstate Matter Attorney.
- v. The research that you do in connection with our cases is valuable to both of us. Therefore, the Allstate Matter Attorney may request that you provide electronic copies of all internal research memoranda done on our cases. These memoranda shall be provided to Allstate once they are in a form satisfactory for your Firm's internal use; we do not want to pay for putting such memoranda into "client form."
- vi. When appropriate, electronic mail and/or shared sites (*e.g.*, extranets, matter management systems) should be used as the method of written communication between the Firm and Allstate.

II. STAFFING AND BILLING

a. Staffing

- i. The Allstate Matter Attorney and the Firm Matter Attorney will confer to agree on staffing for the matter, and appropriate consideration must be given to Allstate's diversity policy (see Section III.a.).
- ii. Your Firm is in the best position to assess the most effective and cost-efficient use of your Firm's human resources for a matter, and your Firm is therefore ultimately responsible for those decisions in collaboration with the Allstate Matter Attorney; these decisions include such matters as whether a specific piece of work is best performed by a professional with the lowest hourly rate who is capable of doing the work, or whether an attorney with a higher hourly rate should perform that work. However, while the net cost to Allstate may be lower when work is performed by a more costly partner/attorney due to the efficiencies created by that person's greater experience, in general, Allstate requires that work be delegated to associates and legal assistants rather than partners whenever appropriate.
- iii. Continuity of personnel assigned to matters should be maintained when appropriate to promote efficiency and quality.
- iv. Allstate expects your Firm to work with Allstate to utilize alternative resources, such as off-shore resources for discovery-related document review and on-shore contract attorneys. Furthermore, the Firm shall consider outsourcing legal work when Allstate's quality standards can be met on a more cost-conscious basis. Any recommendation to outsource any work requires prior approval of the Allstate Matter Attorney or the Allstate Director of Legal Operations.

b. Billing Requirements

- i. Allstate assumes that all billings submitted by your Firm to Allstate comply fully with the ABA Standing Committee on Ethics and Professional Responsibility Formal Opinion 93-379 (the "ABA Opinion"), as it may be amended or superseded from time to time. The Allstate Director of Legal Operations must be advised in advance of any billing processes or practices of your Firm that depart from the ABA Opinion, and such departures are unacceptable absent specific

written approval from the Allstate Director of Legal Operations.

- ii. All statements for services (billings) will be accomplished through the Mitratesh TeamConnect / Collaborati e-invoicing system or such other e-invoicing system as Allstate shall use, absent contrary instruction from the Allstate Matter Attorney. All statements for services shall be in U.S. dollars and, except for alternative fee arrangements (“AFA”), employ the Uniform Task Based Management System (UTBMS) coding fully and accurately, in addition to a meaningful description of the service provided for each time entry. Block-billed entries will be rejected and must be resubmitted with separate entries for each task performed. All coding required by the e-invoicing system and/or by Allstate shall be complete and accurate.
- iii. Allstate has agreed that Mitratesh or such other e-invoicing vendor as Allstate shall use (collectively referred to as the “e-invoicing vendor”) will be paid two percent (2%) of the legal fees portion (*i.e.*, excluding disbursements) of a particular firm’s invoices to compensate the e-invoicing vendor for its services. This amount will be deducted from your Firm’s invoices at the time of invoice payment and will be paid directly to the e-invoicing vendor. Your Firm will have no independent monetary obligation to the e-invoicing vendor. We believe that the increased speed of payment and resultant improved cash flow for your Firm will be a meaningful offset to the 2% of the fees that will be paid to the e-invoicing vendor.
- iv. If Allstate determines that a particular matter should not be billed through the e-invoicing system, the Firm Matter Attorney will be so informed at the time the matter is assigned. Paper statements should then be submitted to the Allstate Matter Attorney. Such statements must, however, conform to the e-invoicing billing requirements to the extent possible, and must use UTBMS codes and a meaningful description of the service provided for each time entry unless the matter is billed pursuant to an AFA.
- v. Unless we have agreed in writing upon an alternative compensation arrangement, compensation will be determined as set forth in Schedule B.
- vi. A separate statement for services rendered must be provided for each matter that your Firm is handling on our behalf; statements for services combining billings for multiple matters are unacceptable.
- vii. All statements for services must satisfy the requirements set forth in these Business Requirements, including, but not limited to, the Billing Guidelines set forth in Exhibit 1, and be properly submitted **within ninety (90) days** of the date that the work was performed (*e.g.*, statements covering work performed over a 30-day period must be submitted within ninety (90) days of the *earliest date reflected in the statement*), unless other arrangements are agreed to in advance with the Allstate Matter Attorney. Any statement for services submitted after the 90-day period will not be paid by Allstate absent specific approval by the Allstate Director of Legal Operations for good cause.
- viii. Any proposed increases in the hourly rates of the legal professionals performing work on behalf of Allstate, or any other change in the compensation arrangement between us, must be provided to the Allstate Director of Legal Operations in writing no less than sixty (60) days prior to the proposed effective date of such increase or change. The Allstate Director of Legal Operations will work with the Firm Relationship Manager to achieve a mutually-acceptable compensation arrangement. Increases in hourly rates and other changes in our compensation arrangement must be approved by Allstate in writing before they can become effective.
- ix. Subject to other arrangements that may be made for ancillary services such as court reporters,

document reproduction services, transcription services, and document storage, your Firm will pay these expenses directly and include those expenses, with no markup, as disbursements in the next statement for services rendered submitted through the e-invoicing system. Itemized bills for such expenses are to be maintained by your Firm and provided to the Allstate Matter Attorney upon request. We encourage your Firm to retain the services of various “preferred vendors” with which Allstate may from time to time contract for purposes of obtaining these ancillary services. In general, your Firm should expect that, when Allstate has contracted with a preferred provider for these services, we will pay your Firm only the amount contracted with the Allstate preferred vendor.

- x. In addition to those fees and charges inconsistent with the ABA Opinion, Allstate will not pay for the costs listed in Exhibit 1, unless otherwise agreed upon in advance.

III. GENERAL

a. Diversity

Allstate is committed to furthering diversity with all outside counsel, and we seek to provide diverse lawyers full and equal opportunities to access into the mainstream of the legal profession. Allstate defines “diverse” as taking into account, but not limited to, race, ethnicity, gender, openly gay/lesbian/bi-sexual/transgender and disability. To that end, Allstate requires that your Firm strive to assign a diverse workforce to Allstate work, including at the partner level. In addition, your Firm may be asked to complete the Allstate Diversity Scorecard, which seeks to identify the Firm’s strengths and opportunities with regard to diversity, including: firm profile; Allstate matter profile; recruitment and retention; promotion; development and mentoring; and community initiatives. Your Firm will be expected to show measurable progress in the areas identified for improvement.

b. Conflicts and Ethics

- i. Any existing conflicts of interest must be addressed before this retention letter is executed by the parties. On an ongoing basis, however, we require prompt and complete disclosure of any new potential conflict of interest, including, but not limited to, representation of an adverse party in any matter, however unrelated it might seem. Such representation includes, but is not limited to, taking a position, either directly or indirectly or through a third party, that is adverse to Allstate in any matter.
- ii. Except to the extent necessary in connection with your representation of Allstate, do not disclose the existence or nature of your Firm’s representation to third parties without the prior approval of the Allstate Matter Attorney. Your Firm’s obligation to comply with this policy in no way limits your responsibility to adhere to ethical standards and rules of professional conduct and responsibility, including, without limitation, those relating to avoidance and disclosure of conflicts of interest.

c. Confidential Information/Customer Information: Use, Ownership and Retention

- i. Your Firm may not distribute to anyone in your Firm who does not have a definite need to know: confidential and/or material non-public information; Allstate customer information; Allstate employee or agent information; Allstate internal manuals; and Allstate policies and procedures. Your Firm may not share such information with anyone outside of your Firm or outside of Allstate without prior approval from the Allstate Matter Attorney.
- ii. Documents protected by the attorney/client privilege, the work-product doctrine or other legal privilege should be clearly labeled with the words Confidential: Privileged Attorney/Client Communication, Privileged Work-Product Communication, or other appropriate and sufficient wording. Documents subject to the attorney/client privilege, work-product doctrine or other

legal privilege should not be disseminated to any person(s) other than the addressee, or those to whom copies are indicated, without prior approval from the Allstate Matter Attorney.

- iii. Particular attention should be given to privacy and data protection laws and regulations established for the collection, storage, use, dissemination, destruction and/or return of Allstate's personally-identifiable consumer and employee information.
- iv. Your Firm represents and warrants that it has implemented and maintains reasonable security measures to protect against the loss, misuse and alteration of consumer information under its control and will, as an "Allstate Service Provider," comply with the Information Security Standards for Allstate Suppliers ("ISSAS") (as amended from time to time) provided by Allstate and incorporated by reference into this agreement. Allstate reserves the right to audit your Firm's security measures upon reasonable notice. In the event of a Security Incident (as defined in the ISSAS), your Firm shall reimburse Allstate, within seven (7) calendar days of receipt of a valid invoice, the costs and expenses related to Allstate's notifications to impacted employees, customers, agents or other third parties.
- v. After the termination of the Allstate Matter and/or the business relationship between Allstate and your Firm, Allstate and your Firm shall: (a) determine whether your Firm is in custody of unique information (including whether your Firm is in custody of original Allstate documents) of which Allstate is the owner; and (b) whether such information shall be retained by your Firm or turned over to Allstate.

d. Compliance with Laws and Regulations

- i. Your Firm covenants and agrees that, when providing services to Allstate, your Firm will comply with all applicable laws, regulations, court or government orders and rules, and shall take all necessary measures to ensure that your Firm's actions (or lack of action) do not result in non-compliance by Allstate with such laws, regulations, orders or rules.
- ii. Your Firm acknowledges that Allstate must comply with the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. Chapter 136, as may be amended) ("VCCA") and U.S. Treasury Department, Office of Foreign Assets Control requirements regarding Specially Designated Nationals and Blocked Persons and Countries ("OFAC SDN Requirements," as may be amended). Your Firm further acknowledges that, in order for Allstate to comply with the VCCA and OFAC SDN Requirements, your Firm will perform with respect to its employees all background checks and any other applicable testing required by the VCCA and OFAC SDN, including but not limited to current and periodic reviews of the OFAC lists of Specially Designated Nationals and Blocked Persons and Countries ("OFAC SDN Lists," as may be amended). Your Firm shall not bring upon Allstate premises or assign Allstate work to any personnel of your Firm whose background check revealed: (1) the appearance of an individual's name and/or an individual's association with individuals, companies, other entities or countries on the OFAC SDN List; (2) a felony conviction involving dishonesty or breach of trust; or (3) any other pertinent information indicating that the individual poses a significant risk to the health or safety of others.
- iii. Your Firm acknowledges that, in certain circumstances, your Firm may have access to Allstate's customer information, and therefore, certain privacy laws may apply. If applicable, your Firm agrees to comply with the Electronic Communications Privacy Act, the Federal Wiretap Act, the Children's Online Privacy Protection Act, the Computer Fraud and Abuse Act, and any other similar laws.

e. Public Relations/Use Of Allstate Name

Your Firm may never comment publicly on any Allstate matter without Allstate's prior consent; or, without the prior written consent of Allstate:

- (a) use the name, logos, service marks or trademarks of Allstate, or
- (b) reveal the existence or terms and conditions of this agreement, or
- (c) reveal that your Firm is providing services to Allstate.

The provisions of this section apply to any disclosure to a third party, including, but not limited to, advertising, publicity releases, sales presentations, marketing materials, publications, correspondence, media inquiries and announcements. Requests for Allstate consent must be submitted to the Allstate Director of Legal Operations. Allstate maintains an enterprise-wide process to evaluate requests by third parties to use the name, logos, service marks or trademarks of Allstate. The process is quite rigorous and requests are approved only in limited circumstances, and your Firm is encouraged to judiciously submit requests for Allstate consent. Allstate may revoke any consent given under this section at any time, upon notice to your Firm. Always refer all inquiries from the news media or other third-party inquiries to the Allstate Matter Attorney or to an Allstate public relations liaison identified by the Allstate Matter Attorney.

f. Gifts to Allstate Employees

It is express Allstate policy that an employee should not accept any money, gift, benefit, unusual hospitality or other item of monetary value from any person with whom Allstate does business, with whom Allstate seeks to do business, or from any person seeking to do business with Allstate. The term "person" includes, but is not limited to, policyholders, claimants, financial institutions, and any business or professional firm or corporation.

g. Malpractice Insurance

Allstate requires that your Firm maintain in full force and effect, at all times, legal malpractice insurance with limits of liability commensurate with the type of legal matters that the Firm is handling for Allstate. If applicable, verification that such legal malpractice insurance is in place as of the effective date of these Business Requirements is set forth in the attached Schedule D. At Allstate's request, your Firm will be required to provide annual verification that such legal malpractice insurance is maintained; however, if the limits of liability of such insurance are reduced or coverage is reduced in any material fashion, your Firm must provide the Allstate Director of Legal Operations with prompt written notice of any such changes. If your Firm is self-insured, your Firm must maintain, at all times, sufficient financial ability to sustain a professional liability claim, should one be brought against it, commensurate with the type of legal matters that the Firm is handling for Allstate. If applicable, verification that such financial ability exists as of the effective date of these Business Requirements is set forth in the attached Schedule D. At Allstate's request, your Firm will be required to provide annual verification that such financial ability exists; however, if such financial ability is reduced at any time, your Firm must provide the Allstate Director of Legal Operations with prompt written notice of any such reduction.

h. Benefited Parties

Allstate is entering into this relationship not only for its own benefit but also and equally for the direct benefit of its subsidiaries and affiliates, present and future. All promises, covenants and warranties of your Firm shall extend to and benefit Allstate's subsidiaries and affiliates. All rights accruing to Allstate shall likewise accrue to Allstate's subsidiaries and affiliates, including without limitation, indemnities, the right to receive services, and the right to enforce this agreement; provided, however, nothing herein shall be construed as making any Allstate subsidiary or affiliate liable for any obligation of Allstate under this agreement, including without limitation, payment obligations.

BILLING GUIDELINES

Allstate's policy is to compensate law firms on a reasonable basis. Allstate will pay for actual legal services rendered at approved hourly rates or pursuant to AFAs. Hourly rates cover all fixed overhead costs, including secretaries, clerks, librarians, computer operators and other support personnel.

Allstate will not pay for the following costs, items or expenses unless agreed upon in advance:

1. The costs for the following services, and other ancillary services, that exceed the prices that Allstate receives from its preferred vendors (if any):
 - (a) photocopies, except routine photocopying for which the Firm will not charge Allstate;
 - (b) temporary legal and non-legal staffing needs; and
 - (c) court reporters.
2. Air travel expense in excess of coach rates (such as upgrades), which should be financed solely by the person(s) traveling; hotel expense in excess of standard room rate; and related personal charges (e.g., in-room movies, alcoholic beverages, mini-bar expenses, miscellaneous sundries, and laundry or dry cleaning). When using a hotel telephone, the use of calling cards or toll-free telephone numbers is required in order to avoid excessive hotel telephone charges. If charged for hotel computer access, Allstate will only pay a *pro rata* percentage of such charge for time actually spent on the Allstate matter(s).
3. Meals or drinks purchased for any person other than the handling attorney and/or accompanying attorney(s), paralegal(s) or clerk(s) working on the Allstate matter; local meals; or any food or meals not connected with business travel.
4. Staff overtime or meals, or local travel expenses (e.g., car/taxi charges).
5. Secretarial/clerical services, word processing and information technology administrative services including scanning, electronic data processing, and loading data files into electronic systems or databases.
6. Local and long distance telephone and facsimile charges, and local postage or messenger charges including charges to deliver documents to facilitate your Firm attorney's working from a remote location, and charges for express/overnight delivery.
7. Expenses or disbursements listed as "miscellaneous" or otherwise without sufficient explanation or description.
8. Time spent on services or tasks not requested by an Allstate attorney or reasonably required.
9. Attendance by more than one attorney at a deposition or hearing.
10. Professional development time, such as a junior attorney's attendance at a court hearing or other event for the primary purpose of that attorney's professional development.
11. Time spent by an attorney familiarizing himself/herself with a matter's status when such attorney is not a regular member of the substantive team handling the matter.
12. Fees for more than one attorney attending a meeting or conference call pertaining to the Allstate

matter.

13. Charges that the Firm incurs for computerized legal and other research, including, but not limited to, Westlaw and Lexis.
14. Additional file review or “getting up to speed” time resulting from reassignment of work from one lawyer to another in your Firm.
15. Time spent preparing invoices or responding to billing inquiries.
16. Time spent preparing budgets.
17. Time spent on review or clearing of potential conflicts.
18. Time spent making travel arrangements.
19. Charges for case management systems, conference rooms, computer equipment, document filing or storage, or other charges reasonably considered overhead.
20. Entertainment of Allstate employees (*see* Section III.f.).

Your Firm is required to make travel arrangements in a manner consistent with the Allstate Travel Guidelines, including making travel arrangements at least fourteen (14) days in advance whenever possible.

SCHEDULE B

FEE STRUCTURE

Allstate agrees to pay to the Firm for legal services rendered by the Firm on and after [insert date], on matters for which the Firm has been and is in the future retained by Allstate, fees in accordance with the terms set forth below. This fee structure will apply to all such matters absent separate written agreement by or on behalf of Allstate’s Director of Legal Operations (currently, Bruce Goldberg). Notwithstanding the fee structure set forth below, either party may, at any time, elect to terminate its business relationship with the other party.

1. For matters where Allstate agrees to pay hourly rates for legal services provided by the Firm, the Firm will charge the following hourly rates:

Timekeeper Level / Name	Hourly Rate

2. The above rates shall remain in effect until [insert date—at least 2 years from this agreement] unless and until agreement is reached between Allstate, through the Allstate Director of Legal Operations, and your Firm to alter them. In the event that your Firm proposes to increase the hourly rates referenced above at any time after [insert date reference above], your Firm will provide the Allstate Director of Legal Operations with written notice of the proposed increase no less than sixty (60) days prior to the proposed effective date of such increase. Any such increase must be approved by the Allstate Director of Legal Operations in writing before it can become effective.

3. The Firm agrees to treat Allstate as its “most-favored customer.” That is, the Firm represents that the hourly rates set forth above are equivalent to or better than the hourly rates being offered by the Firm to any and all other of its other clients.

4. For matters where legal services are provided pursuant to an alternative fee arrangement (an “AFA”), the terms of such AFA will be documented in an addendum to this Schedule B (each, an “Addendum”). Each Addendum will set forth the services to be performed, pricing, the process for material changes, and other details specific to the AFA. Each Addendum is subject to the terms of this Agreement and must be signed by both parties. In the event of a conflict between the terms of this Agreement and any Addendum, the terms of this Agreement control unless an Addendum expressly amends this Agreement.

5. The Firm agrees to set a goal that, with respect to attorney hours spent working on Allstate matters during each calendar year, []% or more will be performed by diverse attorneys. Diverse, in the context of this paragraph, shall mean diversity of race, ethnicity, gender, openly gay/lesbian/bi-sexual/transgender, and disability. If your Firm fails to meet this goal at the end of a given year, your Firm will pay Allstate an amount equal to 5% of the total fees paid by Allstate during that year. Such amount will be paid to Allstate as a lump sum to no later than March 1 of the following year. The Firm will submit a report to Allstate on or before February 1 of any given year reflecting the Firm’s performance of this goal for the prior year.

SCHEDULE C

ADDITIONAL TERMS

The Firm agrees to provide the following to Allstate at no charge, as may be requested by Allstate:

- (i) two (2) classes of certified CLE courses annually;
- (ii) five (5) hours of other training/education to Allstate personnel annually;
- (iii) general advice, “top-of-the-head” opinions, “brainstorming,” and other similar guidance/counseling unassociated with any pending or to-be-opened matter; and
- (iv) feedback through mutually agreed upon surveys.

SCHEDULE D

MALPRACTICE INSURANCE

The Firm provides the following proof of malpractice insurance or self insurance:

See attached