

**U.S. RETENTION AND BILLING TERMS AND CONDITIONS FOR OUTSIDE COUNSEL**

**Effective AUGUST 1, 2023**

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**1. RETENTION**

These Retention and Billing Terms and Conditions for Outside Counsel ("Retention Terms") are applicable to all engagements by authorized representatives (collectively, "Travelers Representatives" or individually, the "Travelers Representative") of The Travelers Companies, Inc. and its subsidiaries ("Travelers") of any attorneys and firms as outside counsel ("Outside

Counsel”) representing Travelers or an insured or customer of Travelers within the U.S. These Retention Terms are intended to promote optimal matter outcomes and strengthen Outside Counsel’s relationships with Travelers and its insureds and customers.

Note that the business area that retains Outside Counsel may have additional requirements beyond those set forth herein.

Upon Travelers’ request, Outside Counsel will execute an engagement letter with Travelers, which may identify the lead attorney(s) within Travelers and Outside Counsel’s firm, specific attorneys authorized to work on the matter, applicable hourly rates or other fee structures and other information that may be required. At all times, these Retention Terms and Travelers’ engagement letter (if any) will supersede any engagement letters provided to Travelers by Outside Counsel.

Unilateral modification to these Retention Terms by Outside Counsel is not permissible.

By agreeing to represent Travelers or an insured or customer of Travelers, Outside Counsel agrees to conduct the representation consistent with these Retention Terms and all applicable laws, ethical obligations, regulatory requirements and Rules of Professional Conduct. A copy of these Retention Terms should be provided to all attorneys, paralegals and billing staff involved in the engagement before any work begins. It is Outside Counsel’s responsibility to ensure that its attorneys and staff are operating under the most recent version of these Retention Terms and its CounselLink® profile is current. Outside Counsel must also immediately notify Travelers by emailing [LRMCOMMS@travelers.com](mailto:LRMCOMMS@travelers.com) regarding any firm changes, including but not limited to firm name, TIN and physical location(s). Any waiver of these Retention Terms must be in writing and signed by a Travelers Representative authorized to grant such waivers.

In selecting and evaluating Outside Counsel, Travelers strives to obtain high quality legal representation that produces the best possible results and use legal resources in the most efficient and cost-effective manner. Managing costs is a high priority and Travelers expects Outside Counsel to use best efforts in assisting Travelers to appropriately achieve this objective.

Additionally, one of Outside Counsel’s highest priorities should be understanding Travelers’ strategic position and objectives in handling of matters. Therefore, Outside Counsel is expected to:

- Staff the matter with lawyers and paralegals who possess appropriate expertise based on the matter’s complexity, amount in dispute and/or coverage issue(s), and knowledge of the jurisdictional laws, judges and lawyers involved. See Section 8 below for related guidance.
- Unless the Travelers Representative instructs Outside Counsel that a budget is not needed, provide an appropriate initial budget forecast based on information available at the time and timely update the budget based on new or unforeseeable factual or legal developments. See Section 10 below for related guidance.
- Offer strategic, proactive and cost-effective ways to resolve legal and factual issues to achieve the intended outcome including, as appropriate, skilled handling and optimal

results through alternative dispute resolution. See Section 9 below for related guidance.

- For litigated matters, if requested, develop a case valuation and update it if a material change prompts re-evaluation.
- Identify key issues and provide accurate advice and recommendations focused on strategic goals.
- Produce quality written work product.
- If applicable, demonstrate quality oral advocacy skills.
- For litigated matters, use discovery strategically.
- If applicable, demonstrate quality trial skills.
- Achieve an outcome consistent with agreed strategic goals and resolution plan.
- Maintain a plaintiff's mindset on matters where Travelers is a plaintiff or claimant in litigated matters.

## **2. ELECTRONIC BILLING**

Unless otherwise directed, Outside Counsel must participate in Travelers' electronic billing (eBilling) program (including submitting invoices, invoice appeals, and/or accepting payments electronically or in such manner or format required by Travelers), at no additional cost to Travelers.

## **3. TRAVELERS' INSUREDS AND CUSTOMERS**

For all purposes hereof, the terms "insured" and/or "customer" refers to an entity or person for whom Travelers is providing a legal defense whether under a reservation of rights or not. These Retention Terms shall not apply to any retention of Outside Counsel to represent an insured or customer when the Retention Terms conflict with: i) the law of the controlling jurisdiction with respect to the retention by an insurance company of counsel to represent its insureds or customers; ii) any agreement (in the insurance policy or any other applicable agreement) between the insured or customer and Travelers; or iii) any agreement between Travelers and other insurers of the insured or customer. Moreover, nothing in these Retention Terms are intended to interfere with the exercise of Outside Counsel's independent professional judgment or to restrict Outside Counsel from properly representing Travelers or, where applicable, Travelers' insureds or customers.

If Outside Counsel is engaged to represent a Travelers' insured or customer, nothing contained herein shall diminish Outside Counsel's obligation to that Travelers' insured or customer. Although Travelers believes that the terms contained herein are consistent with that obligation, individual circumstances may arise in which a requirement of these Retention Terms arguably conflicts with Outside Counsel's obligation to a Travelers' insured or customer. Outside Counsel shall disregard any requirement that is in conflict with Outside Counsel's obligation to such insured or customer. Outside Counsel shall provide prompt written notice of any conflict believed to exist between these Retention Terms and its obligation to Travelers and/or a Travelers' insured or customer and such notice, where possible, shall occur prior to any deviation from the provision in question.

The quality of the service provided by Travelers is what sets us apart from our competitors and is what gives Travelers' existing and potential customers reason to want to do business with us. Representation of a Travelers' insured or customer is both a reflection on Outside Counsel and on Travelers itself, and thus Outside Counsel shall represent a Travelers insured or customer with the highest levels of integrity, professionalism, courtesy, and respect.

#### **4. DIVERSITY**

Travelers is dedicated to supporting and advancing its commitment to diversity. We believe that diversity represents a competitive advantage in today's business and legal environment. By appreciating differences and encouraging the active and full participation of people of every culture, ethnicity, national origin, race, color, religion, gender, age, disability and sexual orientation in our business processes, we will make better decisions, build more positive relationships and strengthen our opportunities for success by bringing together the best of the best, regardless of background. In connection with the foregoing, we encourage our Outside Counsel to provide maximum opportunities for qualified diverse personnel and third-party vendors to participate in work on behalf of Travelers. Travelers may also require Outside Counsel to provide and update diversity-related information regarding attorneys and other timekeepers working on Travelers matters through Travelers' eBilling program or other means.

#### **5. CONFLICTS OF INTEREST**

Outside Counsel shall undertake a thorough search for actual and/or potential conflicts of interest immediately after being contacted to represent Travelers or a Traveler' insured or customer and should not bill Travelers for the conflict check. For purposes of evaluating conflicts of interest, Outside Counsel should treat all companies falling within the definition of "Travelers" above as the client and as constituting one entity. The conflicts check should encompass all lawyers and offices of Outside Counsel.

Any and all conflicts must be disclosed in writing to the Travelers Representative handling the matter at the time of the engagement or as soon as each conflict becomes known. The firm shall not undertake or continue any representation of Travelers or a Travelers' insured or customer until the conflict has been addressed with the Travelers Representative and the insured or customer, if applicable, and either resolved or expressly waived, in writing, by an authorized Travelers Representative or the insured or customer. Having undertaken representation of Travelers, Outside Counsel should avoid any subsequent conflicts, except to the extent any such conflict has been addressed in accordance with these Retention Terms. Travelers does not grant prospective conflict of interest waivers.

#### **6. ATTORNEY CONDUCT STANDARDS, SEC AND SARBANES-OXLEY REPORTING**

During the course of Outside Counsel's representation of Travelers, Outside Counsel may have access to information regarding Travelers and its operations. If Outside Counsel should discover evidence of material violations of the law by Travelers or its officers, directors, employees or other individuals or entities acting on Travelers' behalf, Outside Counsel agrees to promptly notify Travelers' Chief Legal Officer and otherwise comply with Outside Counsel's

obligations under Section 307 of the Sarbanes-Oxley Act of 2002 and the related rules of the Securities and Exchange Commission.

Outside Counsel should also adhere to all applicable professional standards and immediately notify the handling Travelers Representative if disciplinary action is taken against any attorneys within their firm who have worked or are working on any active Travelers matter.

## **7. INSURANCE COVERAGE**

Throughout the term of each engagement and the applicable statute of limitations, Outside Counsel shall maintain, at its sole cost and expense, Professional Liability coverage. The required minimum per loss and aggregate limits are five million U.S. dollars (\$5,000,000 USD) covering Errors and Omissions of Outside Counsel and its subcontractors in providing or failing to provide the services, effective at all locations where Outside Counsel may perform any services for Travelers or its insureds or customers.

Outside Counsel must also obtain upon being retained to represent Travelers and/or its insured or customers, cyber risk coverage, including breach response, extortion, cybercrime, and business interruption, with a minimum per loss and aggregate limit of two million U.S. dollars (\$2,000,000 USD), and which includes both third-party liability and first-party coverage. Travelers reserves the right to require a higher coverage amount based on factors including a law firm's size and/or the volume of Travelers matters that it handles.

## **8. STAFFING**

At the outset of each engagement, Outside Counsel and the Travelers Representative will discuss how the matter will be staffed and agree on the applicable billing rates and/or fee structures.

The level of attorney and paralegal staffing must be both reasonable and necessary based on the complexity of the matter. The Travelers Representative will evaluate the degree to which internal Travelers resources, including in-house lawyers, support staff and/or other available resources, may be used to meet the project's requirements (e.g., legal research, organization of files, depositions, witness interviews and/or investigators).

Only one (1) partner, one (1) associate and one (1) paralegal should work on a matter, unless otherwise authorized in advance by the Travelers Representative.

The Travelers Representative and Outside Counsel should collaborate and agree on initial staffing of a matter to ensure that the staffing is optimal and reevaluate staffing and make appropriate changes as warranted. The Travelers Representative and Outside Counsel should work together to ensure continuity in staffing. Outside Counsel should also assign the appropriate level of legal talent to a matter. If it becomes necessary to replace an attorney or paralegal working on a matter, any time spent to bring the replacement "up to speed" should not be included in the billing.

Further, firms that choose not to employ paralegals must bill all paralegal activity at the approved paralegal rate; paralegal tasks should not be billed at partner or associate rates.

To avoid unnecessary travel expenses, Outside Counsel should use best efforts to staff matters with timekeepers from the nearest firm office when travel is anticipated and/or use remote, video or other technology wherever appropriate and available.

## **9. COMMUNICATION, STRATEGY AND REPORTING**

Outside Counsel's highest priorities include implementing legal strategies consistent with Travelers' objectives and appropriately communicating and reporting as part of the handling of a matter. Specifically, Outside Counsel is expected to:

- Treat the insured/client and Travelers Representative with respect and professionalism.
- Confer and schedule an initial conference with the Travelers Representative upon receipt of a matter assignment to discuss strategy, budget, appropriate law firm staffing, and, for litigated matters, oral and written discovery, expert retention, etc.
- Timely evaluate the matter and develop a resolution-based plan aligned with strategic goals.
- Timely communicate regarding important developments and scheduled events (e.g. motion deadlines, trials or settlement conferences), and
- Timely share appropriate communications, legal documents and other information. Timely communication is important to allow Travelers enough notice to arrange for a Travelers Representative to attend events and/or for planning, public disclosure or other purposes.

## **10. BUDGET**

Unless instructed otherwise by a Travelers representative, Outside Counsel must promptly submit a budget, estimating fees and costs and including any such additional information as Travelers may require and timely update it based on new or unforeseeable factual or legal developments. At a minimum, the budget will include principal assumptions, identify specific phases and their cost, and specify applicable billing rates. Budget preparation is non-compensable. Note that the business area that retains Outside Counsel may have additional requirements with respect to the budget form and how to submit a budget (e.g., through the eBilling program).

## **11. RETENTION OF OTHER PROFESSIONAL SERVICES**

Travelers must pre-approve retention of any third-party service providers, including associate or local counsel, contract counsel for discovery purposes, (e.g., any non-firm person/organization that participates in the discovery process), printers, accountants, consultants, experts and providers of forensic, e-discovery or other services, including document handling services. All local counsel retained by Outside Counsel should receive a copy of these Retention Terms and comply with them. Outside Counsel should consult with the Travelers Representative regarding the availability of preferred or contractual rates prior to retention of these lawyers or vendors.

Travelers reserves the right to directly retain any third-party providers and/or direct Outside

Counsel to retain such service providers as Travelers may designate from time to time. If consistent with an approved budget, Outside Counsel will pay all applicable third-party provider fees. In all other cases, Outside Counsel must bill Travelers for all third-party provider services, with no mark-up, by submitting invoices to Travelers for approval and payment consistent with these Retention Terms.

## **12. CONFIDENTIAL INFORMATION**

Outside Counsel acknowledges that, in performing services hereunder, it may have access to non-public, competitively sensitive, privileged or proprietary information disclosed by or on behalf of Travelers, its insureds, customers, agents, brokers and/or claimants, including, without limitation, any information that is or could be personally identifiable to an individual (collectively, “Confidential Information”).

Confidential Information includes both Personal Information and Special Personal Information. “Personal Information” means (i) information identifying or personally identifiable to Travelers’ or its affiliates’ former, present and prospective employees, insureds, agents, suppliers, and financial and insurance services customers and/or claimants, (ii) and information relating to individuals that is considered sensitive and may be subject to more stringent legal protections (“Special Personal Information”).

Special Personal Information is a type of Personal Information and shall include, without limitation: (a) Taxpayer Identification Number, social security number, social insurance number, military identification number, or tribal identification card number; (b) passport, visa, alien registration, or other identification number assigned for immigration purposes; (c) driver’s license number, national identification card number, state or provincial identification card number, or other government-issued identification number; (d) an individual’s name (including first initial and last name) in combination with an individual’s card number, routing number, passcode, or personal identification number (PIN) for a checking or savings account, investment account, personal or company-sponsored credit or debit card, or any other financial account; (e) a user name or email address, in combination with any password or security question and answer that would permit access to an online account; (f) an individual’s name (including first initial and last name) or a unique identification number in combination with race, religion, ethnicity, medical or health information, background check information or sexual orientation; or (g) information that is capable of being associated with a particular individual through one or more of the following identifiers: (i) access code or password for an information system, including without limitation information response(s) to any system security challenge; (ii) mother’s maiden name; (iii) date of birth; (iv) digital or electronic signature; (v) biometric data, including without limitation fingerprint, retina or iris image, or DNA profile; (vi) health insurance information (health insurance policy number or subscriber identification number, any unique identifier used by a health insurer to identify the individual, or any information in an individual’s application and claims history, including any appeals records); or (vii) medical information (any information regarding an individual’s medical history, mental, or physical condition, or medical treatment or medical treatment or diagnosis by a health care professional).

Outside Counsel will (i) hold all Confidential Information in confidence and not disclose Confidential Information to anyone (other than to its employees and third-party service providers, as necessary to perform services); (ii) protect Confidential Information against unauthorized access, use, disclosure, loss or alteration; (iii) comply with applicable privacy and confidentiality laws, rules and regulations; and (iv) maintain technological competence to ensure that Travelers' Confidential Information is protected. If Outside Counsel becomes aware of any unauthorized access, use, disclosure, loss or alteration of any Confidential Information, Outside Counsel will promptly notify Travelers as described in Section 23.C. below and take such actions as may be necessary or reasonably requested by Travelers to minimize the adverse effects and/or damages to Travelers and/or its insureds, customers and claimants. Outside Counsel will not use Confidential Information for any purpose other than as necessary for performance of the services. If Outside Counsel wishes to use Confidential Information for any purpose not expressly permitted hereunder, Outside Counsel must first seek Travelers' express prior written consent, which may be withheld in Travelers' sole discretion.

To the extent Outside Counsel receives, accesses, processes, uses, or discloses (collectively, "Process" or "Processes") Personal Information pertaining to California residents that is subject to the California Consumer Privacy Act on behalf of Travelers or on behalf of an insured or customer of Travelers, Outside Counsel agrees with respect to such Personal Information:

- Outside Counsel shall not sell or share the Personal Information (the terms "sell" and "share" have the meanings ascribed to them in the California Consumer Privacy Act);
- Outside Counsel is permitted to Process the Personal Information solely for the purpose of providing legal services to Travelers, its insureds, and its customers;
- Outside Counsel shall not retain, use or disclose the Personal Information: (1) for any purposes other than those specified in the Retention Terms; (2) for any commercial purposes other than those specified in Retention Terms, including in the servicing of a different business, unless expressly permitted by the California Consumer Privacy Act or these regulations; (3) for any purpose outside the direct business relationship between Outside Counsel and Travelers or an insured or customer of Travelers; or (4) except as otherwise permitted by the California Consumer Privacy Act and the regulations promulgated thereunder;
- Outside Counsel shall comply with all applicable sections of the California Consumer Privacy Act and the regulations promulgated thereunder;
- Travelers has the right to take reasonable and appropriate steps: (1) to ensure that Outside Counsel uses the Personal Information in a manner consistent with the California Consumer Privacy Act and the regulations promulgated thereunder; and (2) upon notice, to stop and remediate Outside Counsel's unauthorized use of the Personal Information; and
- Outside Counsel shall notify Travelers within five (5) business days after it makes a determination that Outside Counsel can no longer meet its obligations under the California Consumer Privacy Act and the regulations promulgated thereunder.



Travelers shall inform Outside Counsel of any consumer request made pursuant to the California Consumer Protection Act that Outside Counsel must comply with and shall provide Outside Counsel the information necessary for Outside Counsel to comply with the request.

### **13. MEDIA CONTACT**

Outside Counsel must refer all media inquiries to Travelers relating to matters involving Travelers and/or its insureds or customers, unless otherwise specifically approved in advance by an authorized Travelers Representative. Outside counsel may not use Travelers' name or describe Travelers' matters in any identifiable way in marketing materials, social media, websites, or public statements without Travelers' prior written consent.

### **14. WORK PRODUCT**

Where appropriate, Outside Counsel should forward all pleadings and any other substantive work product to Travelers early enough to enable consideration, comment and approval. Outside Counsel will provide all communications and documentation in connection with each engagement in electronic format unless the Travelers Representative requests a different format. Specifically, Outside Counsel will provide the Travelers Representative with an electronic copy of all final and complete memoranda, pleadings and other substantive work product. Outside Counsel is responsible for ensuring that its electronic communications with Travelers are transmitted in a secure manner at all times.

### **15. SETTLEMENTS AND ALTERNATIVE DISPUTE RESOLUTION**

Outside Counsel should identify settlement possibilities before extensive discovery or other costly activity and report all settlement offers and demands immediately to the Travelers Representative and the insured(s)/client(s), where applicable. Outside Counsel may not, however, enter into any settlement discussions or any final settlement agreement without Travelers' approval. Outside Counsel should consider and consult with the Travelers Representative regarding alternative dispute resolution options to resolve a matter.

### **16. JUDICIAL APPEALS**

Without the pre-approval of the Travelers Representative, Outside Counsel may not appeal an adverse judgment, file an interlocutory appeal or file a response to an appeal taken by another party. In all circumstances, however, Outside Counsel should protect Travelers' right of appeal pending a decision by Travelers.

### **17. WAIVER OF ATTORNEYS' LIEN**

Retention of Outside Counsel by Travelers will constitute a waiver by Outside Counsel of any lien on files and documents relating to the matter, whether any such document was provided by Travelers or a third party or provided by or created by Outside Counsel and on any amounts of money and property Outside Counsel may receive for Travelers in connection with the matter. Upon request, Outside Counsel will provide immediately to Travelers the file, documents, funds or property relating to the matter notwithstanding any unpaid invoices or other amounts owed to or claimed by Outside Counsel. Providing these items upon request will not constitute a waiver

of any claim Outside Counsel might have for amounts owed to Outside Counsel in accordance with these Retention Terms.

## **18. RATE STRUCTURE AND FEES**

Travelers must agree in advance and in writing to the rate or amount it will pay for services. The rates charged Travelers shall be no higher than those which Outside Counsel charges its most favored client in comparable circumstances. Outside Counsel must promptly make all adjustments to hourly rates and/or other rate agreements to comply with this requirement.

Travelers will not pay unreasonable fees for any work performed and will not pay any fees for:

eBilling system set up, invoice preparation, billing inquiries and/or review and migration of paper invoices to LEDES format
Preparing auditor responses
Preparing line adjustment appeals on an invoice or other billing adjustment-related activities
Preparing budgets
Unless necessary for effective case management, routine detailed summarizing of depositions and documents, including summarizing and digesting of depositions before trial is imminent
Any administrative or clerical work (e.g., scheduling, travel arrangements, opening/closing a file, copying, scanning, faxing of documents, filing, file indexing, document stamping, legal assistant or librarian work performed by any staff member of the firm, including clerical staff, legal assistants, librarians or paralegals)
Secretarial work performed by paralegals
Excessive review, proofing, editing of memoranda, motions, etc.
Review or organization of the file
Research (including computerized research and social media searches), unless approved in advance by the Travelers Representative, with the research results provided to Travelers
Reviewing/analyzing conflicts
Law firm staff onboarding, training time, review or monitoring of work by law firm staff
More than one (1) attendee at any deposition, meeting or hearing in all matters involving litigation, or more attendees than necessary at any meeting involving all other matters, unless discussed and agreed upon in advance in writing by a Travelers Representative

Late billing, which includes tasks performed or expenses incurred more than 60 days prior to the date the invoice was submitted to Travelers, unless otherwise pre-approved by the Travelers Representative (as explained in more detail in Section 20 below)
Block billing or pattern billing
Staff overtime, meals, local transportation, etc.
Duplication caused by staffing decisions
Staffing inefficiencies caused by the unavailability of personnel
Summer associate, intern, law clerk or legal assistant time
Brief routine assistance (including requests for information about judges, general local procedures and obtaining work previously prepared by the firm)
Research previously performed for other matters (only the initial matter may be billed for the research)
Travel Time (If, however, a timekeeper performs work on a Travelers matter while in transit, they should bill that time like any other activity.) Exceptions allowing timekeepers to charge for travel time will be rare and require documented pre-approval by the Travelers Representative.

## 19. EXPENSES

Unless otherwise agreed, Travelers will reimburse Outside Counsel for reasonable and necessary expenses and disbursements incurred on its behalf at actual cost (e.g., without markup over actual out-of-pocket cost). Outside Counsel will submit receipts for expenses as required by Travelers. All bills must contain a summary of charges for each expense totaled by category.

Travelers will reimburse Outside Counsel for reasonable and necessary travel expenses, including coach airfare, hotel, car rental and meals, as may be reasonable under the circumstances and approved in advance by the Travelers Representative handling the matter. Where pre-approval of travel-related expenses is granted by the Travelers Representative handling the matter, the travel-related expense receipts must be provided as part of Outside Counsel's invoice documentation.

Outside Counsel will be reimbursed for approved auto mileage related to a Travelers retention that is incurred beyond a 25-mile one-way or 50-mile round-trip radius of Outside Counsel's local office, at 2.5 cents below the IRS business mileage rate.

When calculating mileage owed, calculate the distance from the firm office to the destination. Once a trip has exceeded the threshold of 50-mile round-trip radius, mileage is paid for the entire trip. For example, if a round trip is 100 miles, Travelers would pay the full 100 miles versus deducting the first 50 miles.

Example:

Date	Timekeeper	Description	Rate	Paid Amount
10/1/2023	Jordan Doe	Mileage for travel to and from expert witness deposition in Miami, Florida - 100 miles round trip. 100 miles is reimbursable.	\$0.60 per mile for 2023	\$60.00

Travelers will not pay for:

- Unreasonable use of air freight/courier/messengers.
- Processing of third-party invoices.
- Overhead, including but not limited to: rent, equipment rental, utilities, computer equipment, software, reporters, books/periodicals, seminars, office supplies, postage, word processing or other computer charges (including computerized legal research vendor charges), faxes, non-attorney/non-paralegal staff (such as library staff), law clerks, summer associates, clerical services, routine photocopying or printing (except in unusual circumstances, such as a formal document production, patent file histories, large quantities of documents needed for litigation and if pre-approved in writing by the Travelers Representative), telephone calls (cellular, local and long distance), local meals, taxi, ride share or car service, continuing legal education or any disbursement associated with client development.

## 20. INVOICE SUBMISSION AND APPEALS

A statement for services rendered and disbursements incurred shall be electronically submitted monthly unless Outside Counsel is directed otherwise. All invoices are subject to review and approval by Travelers prior to final payment, which will be made either on a monthly or a quarterly basis or otherwise based on agreement with Travelers. Outside Counsel should apply all amounts received from Travelers to the referenced invoices only.

One of Travelers' priorities is to ensure that Outside Counsel invoices provide an accurate reflection of actual tasks performed on each particular matter, which are to be billed on a monthly basis. To achieve this objective, each invoice submitted must only include tasks and disbursements incurred in a specific month. If Outside Counsel does not timely submit monthly bills, it can distort Travelers' budgeting and accounting processes on both an individual and organizational level.

Therefore, barring unusual circumstances or pre-authorization, both of which must be documented by the Travelers Representative, Travelers will not accept any invoice that spans multiple months or any invoice (or individual charge line) for tasks performed more than 60 days prior to the date the invoice was submitted to Travelers. This includes Outside Counsel's final bill on a matter. Travelers reserves the right to reject any invoice that fails to conform to these instructions or these Retention Terms.

Moreover, Travelers will not pay under any circumstances any invoice (or individual charge line) with tasks performed more than 180 days prior to the date the invoice was submitted to Travelers.

Unless otherwise directed in connection with Travelers' eBilling program, every billing statement shall set forth the:

Travelers contact, case or matter name and (if applicable) claim or file number
Billing period involved
Firm's address and FEIN
Detailed description of each task performed in single-activity time entries, including the most precise UTBMS code, the date it was performed and who performed it, the rate, the time expended and charged for each task
Billing in 0.1 hour increments (activities taking less than 0.1 hours should not be billed)
Fees or expenses requiring pre-approval, the name of the authorizer, and for expenses, a detailed itemization of each expense and supporting documentation/receipt
Summary showing the name, rate, total hours/charges, timekeeper level (e.g., partner, associate) of each individual whose tasks are being billed and total savings from discounts during (a) that period and (b) the life of the matter
Budget for the matter and the amount remaining in the budget after payment of all bills

When submitting the final bill on a matter, Outside Counsel is required to label or otherwise mark the bill as the final bill to enable Travelers to timely close the matter.

Generic descriptions such as the following are not acceptable for billing purposes: attention to matter, motion work, review case and issues, work on project or case conference, pleadings review, correspondence, work on file arrangements, prepare for meeting, telephone call, work on discovery, discovery, receive/review documents, trial preparation, meeting, research analysis, update strategy.

If requested by the Travelers Representative, Outside Counsel is required to submit, by matter, an estimate of all services and disbursements to be billed for a given month, which will include the total amount of services and disbursements to be invoiced and such other additional information as the Travelers Representative may specify.

Duplicate payments or any overpayments are to be refunded immediately to Travelers and Travelers reserves the right to seek recovery from Outside Counsel for any overpayment it may have made regarding fees or expenses.

The submission of an invoice by Outside Counsel is considered an acknowledgement that it has been reviewed by appropriate supervisory personnel and that it fairly and accurately reflects the actual time worked and expenses incurred.

For all appeals of adjustments to invoices submitted through Travelers' eBilling program, Outside Counsel must also submit the appeal electronically via Travelers' eBilling application. All appeals of invoice adjustments, whether through the eBilling program or otherwise, must be submitted within 30 days of the date when Travelers approved the original invoice for payment, except appeals involving Bond & Specialty Insurance invoices, which must be submitted within 90 days of the invoice approval date. This includes Outside Counsel's final bill on a matter.

Appeals for expenses must be accompanied by supporting documentation.

Travelers will not accept any invoice appeal that spans multiple months or any invoice appeal that is submitted more than 60 days (90 days for Bond & Specialty Insurance) after the original invoice approval date. Further, in no event will Travelers consider more than two appeals of the same adjusted invoice or charge(s).

Travelers reserves the right to reject any invoice that fails to conform to these instructions or these Retention Terms.

## **21. AUDIT RIGHTS**

Travelers may review and audit back-up documentation for any matter for which Outside Counsel is retained, including audit of litigation files and/or bill-related documents, with the exception of any attorney-client privileged information or documents in a third-party matter where Travelers is not Outside Counsel's client. Travelers may share the results of any audit with Travelers' insureds and/or customers.

## **22. RECORD RETENTION**

Outside Counsel should retain all records pertaining to its engagements by Travelers for the time period required by law within the firm's practice jurisdiction(s) or three (3) years from date of Outside Counsel's final bill on a matter, whichever is longer. Travelers must also pre-approve any destruction of such records. If Travelers approves such destruction, Outside Counsel shall securely destroy or render unreadable all records pertaining to its engagements by Travelers.

## **23. SECURITY STANDARDS FOR OUTSIDE COUNSEL**

In connection with providing legal services to Travelers, Outside Counsel agrees to comply with the following Travelers Security Standards ("Security Standards") as part of these Retention Terms:

A. **Definitions.** As used in these Security Standards, the following definitions apply:

- (i) "Access and Use Rights" means the rights and limitations for accessing Outside Counsel Facilities, Outside Counsel Systems, or Confidential Information, including such rights and limitations with respect to Outside Counsel Personnel.
- (ii) "Data Protection Laws" means any federal, country, state, and local laws, regulations, directives, rules, governmental requirements and standards, which are now or may become effective for so long thereafter as Outside Counsel has access to or possession of Confidential Information, relating in any way to the privacy, confidentiality, or security of Confidential Information.
- (iii) "Outside Counsel Facilities" means the facilities owned, operated or controlled by Outside Counsel or a third party retained by Outside Counsel, including facilities at which: (a) Outside Counsel Systems are located; or (b) Confidential Information is stored, processed or transmitted by Outside Counsel.
- (iv) "Outside Counsel Personnel" means Outside Counsel's employees and subcontractors.
- (v) "Outside Counsel Systems" means the computer network and computing systems, equipment and devices owned, operated or controlled by Outside Counsel or a third

party retained by Outside Counsel used to access, process, maintain or store Confidential Information.

- (vi) “Security Incident” means any unauthorized acquisition, destruction, modification, use, disclosure of or access to Confidential Information.

## **B. Security Assessments and Audits.**

- (i) **Travelers Security Assessment.** Outside Counsel agrees that Travelers shall have the right to conduct a security assessment at least once every year upon reasonable notice. Outside Counsel will review vulnerabilities identified by each security assessment and will certify in writing its implementation of the appropriate corrective action to address the same.
- (ii) **Security Incident Investigations, Travelers Audit of Compliance with the Security Standards.** Upon becoming aware of any Security Incident, Outside Counsel shall provide Travelers with detailed information regarding the Security Incident and shall cooperate fully with Travelers in investigating and mitigating the adverse effects of such Security Incident. Outside Counsel shall permit Travelers, its auditors and regulators, to audit no more often than once per year (unless requested by Travelers in connection with any Security Incident or as otherwise required by Travelers’ regulators) Outside Counsel’s security practices, facilities, resources, plans, and procedures.

## **C. Information Security Controls.**

### **(i) General Security Responsibilities.**

- a. Outside Counsel shall maintain and monitor a written information security program that includes appropriate administrative, technical, physical, organizational and operational safeguards and other security measures to protect against reasonably anticipated threats to the confidentiality, integrity and/or security of Confidential Information and that satisfies Data Protection Laws at each location from which Outside Counsel provides services (“Program”).
- b. Outside Counsel shall review and, as appropriate, revise the Program (a) at least annually or whenever there is a material change in Outside Counsel’s business practices that may reasonably affect the security or integrity of Confidential Information and (b) in accordance with prevailing industry practices.
- c. If Outside Counsel (i) becomes aware of a breach of these Security Standards or any Outside Counsel Personnel exceeding their Access and Use Rights, (ii) is unable to comply with any part of the Security Standards, or (iii) reasonably believes that there has been a Security Incident, then Outside Counsel shall immediately notify Travelers within twenty-four hours by contacting Travelers’ Global Security Operations Center at US+866-385-0549. Travelers shall then be entitled (at its option) to suspend the transfer of Confidential Information and require Outside Counsel to cease using Confidential Information.

### **(ii) Authentication.**

- a. Outside Counsel shall ensure that its technology platforms that access Confidential Information authenticate (verify) the identity of users (or remote systems) prior to initiating a session or transaction. Outside Counsel shall require at a minimum

password authentication and shall enforce the use of strong passwords and password management practices that meet prevailing information security industry best practices. All Outside Counsel Personnel must be held accountable for all activity associated with the use of their User ID and password.

- b. All remote access to environment(s) containing Confidential Information must utilize a form of multi-factor authentication to authenticate users prior to initiating a session or otherwise providing access to the environment(s).

**(iii) Access Controls.**

- a. Outside Counsel shall use appropriate (based on the nature of the Confidential Information), fully documented and auditable access controls to access, store or otherwise process Confidential Information that comply with these Security Standards and Data Protection Laws, at a minimum:
  - 1) a formal user registration, identification and authentication process, including functionality that tracks users' access to Confidential Information and includes strong passwords;
  - 2) limiting access to Confidential Information to the minimum number of Outside Counsel Personnel who require such access to provide services to Travelers;
  - 3) requiring managerial authorization for changing Access and Use Rights and access or use policies, procedures and controls;
  - 4) requiring Outside Counsel Personnel who will be provided access to, or otherwise come into contact with, Confidential Information to protect such information in accordance with the requirements of these Security Standards;
  - 5) employing physical barriers and controls that prevent or mitigate against unauthorized physical access;
  - 6) prohibiting persons from sharing access authentications or establishing or using generic identifications; and
  - 7) employing automatic device locking mechanisms.
- b. All Outside Counsel Systems shall be located behind an information security industry standard backend firewall in a "secure zone" on a separate network from Outside Counsel's Internet-facing web servers, and the network(s) containing Confidential Information will be protected from unauthorized access at all entry points.
- c. Outside Counsel shall isolate all Confidential Information stored, maintained or processed in Outside Counsel Systems and/or Outside Counsel Facilities from data of any other parties stored, maintained or processed in Outside Counsel Systems and/or Outside Counsel Facilities, whether by use of separate and isolated database instances, separate secure folders or other equivalent technology.
- d. Outside Counsel must implement a documented process to verify access privileges at least semi-annually.
- e. Outside Counsel must document and implement a process to ensure its Access and Use Rights reflect changes in a user's access status within twenty-four hours of the



change. Outside Counsel will immediately terminate access rights for Outside Counsel Personnel: 1) who have left Outside Counsel's organization, changed jobs, are no longer under contract, or are suspected of fraud, theft or any other violation of law; or 2) who have violated or exceeded Access and Use Rights.

**(iv) Encryption of Confidential Information.**

- a. Outside Counsel shall encrypt Confidential Information held at rest (both in storage and, where approved by Travelers, portable and backup media).
- b. If Travelers approves Outside Counsel's use of any portable media to process, maintain, access, or store any Confidential Information, Outside Counsel shall encrypt all Confidential Information in such portable media.
- c. Outside Counsel must use information security industry standard encryption products and algorithms at all times, which must be updated by Outside Counsel as necessary to remain current. Outside Counsel shall safeguard the security and confidentiality of all encryption keys associated with encrypted Confidential Information.

**(v) Network Information Security.**

- a. All networks containing Confidential Information must be protected from unauthorized access at all entry points, including through network controls and safeguards necessary to monitor for, and prevent, leakage of Confidential Information from Outside Counsel Systems.
- b. Outside Counsel will prohibit the use of network data monitoring tools on Outside Counsel Systems, unless specifically approved by appropriate Outside Counsel management personnel. Any permitted use must be strictly monitored and controlled by Outside Counsel.
- c. Outside Counsel shall ensure that all external IP connections are protected by a physical or virtual firewall or public cloud provider access controls that provide similar stateful protections. Outside Counsel shall monitor firewall logs for suspicious activity.
- d. Outside Counsel Systems shall employ network intrusion prevention systems and/or network intrusion detection systems (as such terms are commonly understood in the information technology industry) to continually monitor and protect Outside Counsel Systems, and to detect, report, and ultimately terminate malicious network-based activity from both authorized and non-authorized sources. Outside Counsel shall implement applicable compensating controls if such system(s) fails for any reason.
- e. Outside Counsel shall install, update and maintain anti-virus products on all microcomputers/PCs, LAN servers, and mail servers that access, process, maintain or store Confidential Information. Outside Counsel shall regularly scan computer devices and LAN servers for viruses/malware, minimally at power on and specifically before every backup. Outside Counsel shall implement additional information security industry standard safeguards against contamination including, but not limited to, enforcing the use of only approved software, scanning with current software all email, CDs and other electronic media received from outside sources for malicious

code, and prohibiting the use of any unauthorized software on Outside Counsel Systems.

- f. Outside Counsel shall apply security patches to network devices, PCs and servers of all types that are relevant to any Outside Counsel Systems in a timeframe appropriate to their risk level.

(vi) **Outside Counsel Audit Trails.** Outside Counsel shall maintain a list of all Access and Use Rights and audit trails of their use, including logging and auditing of:

- a. Actions performed by information security administrators, systems operators, systems managers, system engineers and system administrators;
- b. Actions performed using highly privileged system and security functions;
- c. Emergency actions performed by support staff;
- d. The date and time of the last successful login; and
- e. The number of unsuccessful login attempts since the last successful login.

(vii) **Violation Logging Management.** Outside Counsel must ensure that all Outside Counsel Systems have the ability to log and report specific incidents and all attempted violations of system security and must have an active Security Incident response process in place.

**D. Additional Protections for Personal Information and Special Personal Information.**

- (i) **Additional Encryption of Special Personal Information.** In addition to the encryption requirements imposed by Section 23.C.(iv) above, Outside Counsel shall encrypt, using industry standard encryption tools, all records and files containing Special Personal Information that Outside Counsel: (a) transmits or sends wirelessly or across public networks; (b) stores on laptops or storage media; and (c) stores on any device that is transported outside of Outside Counsel's physical or logical controls. Outside Counsel will safeguard the security and confidentiality of encryption keys associated with Special Personal Information.
- (ii) **Safeguards for Personal Information.** Outside Counsel shall (a) implement and maintain, and cause Outside Counsel Personnel to implement and maintain, appropriate administrative, physical and technical safeguards and controls to protect the confidentiality, security and integrity of Personal Information in accordance with the requirements of this agreement and applicable Data Protection Laws, monitor the effectiveness of such safeguards and controls, and update such safeguards and controls as necessary to maintain and improve their effectiveness for limiting risk to Personal Information; and (b) prevent the disclosure or use of Personal Information to third parties except (i) as may be expressly authorized or required by the applicable Data Protection Laws or (ii) to Outside Counsel Personnel, solely to the extent necessary to perform the services for Travelers. Outside Counsel has the right to access, transmit, monitor, retrieve, store and use the Personal Information only to perform the services for Travelers.
- (iii) **Off-shore Resources.** Outside Counsel shall not allow Outside Counsel Personnel located outside of the United States ("Off-shore Resources") to access, directly or

indirectly, any Personal Information without the prior written consent of Travelers. If Travelers agrees to permit Off-shore Resources to access Personal Information, such access and use shall be solely to the extent necessary to facilitate Outside Counsel's performance of the applicable services, and Outside Counsel shall not permit such Off-shore Resources to have the capability to print, save, store or otherwise retain or transmit any Personal Information to which they have been granted access. Outside Counsel agrees that if Travelers consents to Outside Counsel's disclosure of Personal Information to a third party, Outside Counsel will enter into a written agreement with the third party that includes obligations that are at least as broad in scope and restrictive as those under this agreement and these Security Standards. Outside Counsel shall remain at all times accountable and responsible for all actions by such third parties with respect to the disclosed Personal Information.

- (iv) **Security Incidents Involving Special Personal Information.** In the event of any actual, suspected or attempted Security Incident involving Special Personal Information, Outside Counsel shall (a) fully cooperate with Travelers in investigating and mitigating the adverse effects of each such Security Incident (b) provide Travelers with detailed information regarding the Security Incident, such as how and when such Security Incident occurred and what actions Outside Counsel has taken or is taking to remedy such Security Incident; (c) permit Travelers to have control over the means and content of any written or verbal response or notice relating to the Security Incident to individuals and authorities, including without limitation communication(s) with the press or other media; (d) reimburse Travelers for remedial action associated with the Security Incident, including its costs of notifying any individuals and/or authorities of the Security Incident if Travelers, in its good faith judgment, considers notification necessary or, if requested by Travelers, provide such notice, at Outside Counsel's cost and expense; and (e) subject to sub-Section (c) above, comply promptly and fully with all notification requirements that apply to Outside Counsel. Unless required by law, Outside Counsel shall not notify any individual or any third party other than law enforcement of any potential Security Incident involving Special Personal Information without first consulting with, and obtaining the permission of, Travelers. Any unauthorized disclosure or use of Special Personal Information connected directly or indirectly with the performance of Outside Counsel's obligations under this agreement will constitute a material breach of this agreement by Outside Counsel, permitting Travelers to immediately terminate this agreement or the services without obligation, liability, or penalty of any kind.

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Matter-specific questions related to these Retention Terms should be directed to the Travelers Representative handling the matter. Any generic questions should be directed to [LRMCOMMS@travelers.com](mailto:LRMCOMMS@travelers.com). Technical questions related to Travelers Security Standards should be directed to [ContractSecurityAdvisors@travelers.com](mailto:ContractSecurityAdvisors@travelers.com).

Travelers reserves the right to amend these Retention Terms at any time.

Agreement: I have read and understand these Retention Terms and I, my firm and all staff who work on Travelers matters will adhere to these Retention Terms for Outside Counsel.

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Lead Outside Counsel Name, Title, Email and Phone Number

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Firm Name

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Signature

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Date