Nationwide Mutual Insurance Company

Engagement, Staffing & Billing Requirements
Nationwide values the contributions of outside counsel partners. We use outside
counsel for a number of reasons, including staff augmentation, claims handling and
other specific legal expertise needed by the company. These relationships are pro-
actively managed by Nationwide to ensure we are receiving the highest quality legal
services at an efficient cost.

Over the past year, Nationwide has thoroughly reviewed its expectations of outside
counsel and consolidated its billing guidelines and policies currently in effect across the
organization. The outcome of this review was the creation of new Engagement,
**Staffing & Billing Requirements (ES&BR)**; a single set of consistent foundational
requirements that applies when working with outside counsel.

The ES&BR contains a General Requirements section that applies to all Outside
Counsel retained by Nationwide, regardless of the type of engagement, and also
includes Division Specific Billing Guidelines that contain detailed invoicing, billing and
other expectations that apply to work for Claims, Contingent Liability or matters handled
by the Office of the Chief Legal and Governance Officer (OCLO).

The General Requirements include:

- Initiating a Matter with the law firm
- Alternative Fee and Value Based Billing Arrangements
- Staffing of Matters
- Confidentiality and Privacy
- Termination
- Diversity
- Retention of Experts and Records
- Conflicts of Interest and Ethics/Business Conduct

Division Specific Billing Guidelines for OCLO, Claims and Contingent Liability identify:

- Minimum Invoice Requirements
- Electronic Billing System
- Acceptable and Unacceptable Fees and Charges
- Other requirements applicable only to the named Division

**ES&BR Structure:**

- General Requirements
- Part I – Claims Division Specific Billing Guidelines
- Part II – Contingent Liability Division Specific Billing Guidelines
- Part III – OCLO Division Specific Billing Guidelines

If you have any questions, please see the attached FAQ for contact information.
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Introduction to Engagement, Staffing & Billing Requirements

Nationwide Mutual Insurance Company and its affiliates and subsidiaries (“the Company”) value the contributions of Outside Counsel and strive to promote a collaborative, productive and effective relationship. The Company engages Outside Counsel for a number of reasons, including specific expertise, staff augmentation, advice, counsel, and litigation related activities. Relationships with Outside Counsel are proactively managed to ensure that legal services are of the highest quality and at an efficient cost. With these goals in mind, the Company has created the following Engagement, Staffing and Billing Requirements (ES&BR).

Scope & Applicability

The ES&BR are a consistent, single set of foundational requisites applicable to all representation undertaken by Outside Counsel, whether on behalf of the Company, its insureds, or others on whose behalf the Company has retained counsel. They are organized as follows:

General Requirements

The General Requirements below are applicable to all Outside Counsel engagement regardless of the type of undertaking and the Company Division retaining Outside Counsel. This document is marked with a Gray Cover Page.

The Company recognizes that different divisions within the Company may have requirements and expectations of Outside Counsel that are exclusively applicable to the specialized needs of that division or practice area. For this reason, Division Specific Billing Guidelines have been created and are outlined in Parts I – III of this document.

Part I: Claims Division Specific Billing Guidelines

In addition to the General Requirements outlined below, the Claims Division Specific Billing Guidelines outlined in Part I apply only to Outside Counsel engagement by the Company’s Claims Organization. The Claims Division Specific Billing Guidelines typically involve referrals for defense of insureds pursuant to the terms of property and casualty (“P&C”) insurance policies, referrals to represent the Company in Matters involving claims to recover first party benefits under P&C policies, etc. These Claims Division Specific Billing Guidelines are contained in Part I of this document marked with an Orange Cover Page.

Part II: Contingent Liability Division Specific Billing Guidelines

In addition to the General Requirements outlined below, the Contingent Liability Division Specific Billing Guidelines outlined in Part II apply only to Outside Counsel engagement by the Company’s P&C Litigation Group for Contingent Liability Matters. These Matters typically include bad faith claims and other claims for extra-
contractual remedies associated with the handling of P&C claims. In addition, to the extent an Outside Counsel referral involves both a claim for coverage under a P&C policy and a claim for extra-contractual remedies, the Contingent Liability Division Specific Billing Guidelines contained in Part II will take precedence over the General Requirements. Part II of this document is marked with a Green Cover Page.

**Part III: OCLO Division Specific Billing Guidelines**

In addition to the General Requirements outlined below, the OCLO Division Specific Billing Guidelines outlined in Part III of this document apply to any other Outside Counsel engagement by the Company’s OCLO and not specifically addressed in Parts I or II of this document. Part III is marked with a Burgundy Cover Page.

**Interpretation**

For any Matter handled by Outside Counsel, the General Requirements, applicable Division Specific Billing Guidelines, Engagement Letter, provisions of Alternative Fee Arrangements (AFAs), and Best Practices, if applicable, are the Engagement Terms between Outside Counsel and the applicable Company for that Matter. The provisions of a Matter-specific Fee-Sharing Agreement or Value Based Billing (VBB) Arrangements executed by the Company will take precedence over the provisions of these Engagement Terms, but only to the extent the provisions of the Fee-Sharing Agreement or Value Based Billing (VBB) Arrangements conflict with the General Requirements or the applicable Division Specific Billing Guideline.

Questions regarding the Engagement Terms for a Matter shall be directed to the Company Representative.

**General Requirements**

When Outside Counsel accepts a Matter, it accepts the ES&BR. Engagement on a Matter is only between Outside Counsel and the individual Nationwide Mutual Insurance Company entity(ies) identified.

*The Engagement Terms are subject to applicable law (including ethical and state laws governing law firm representation of a client) and such law will control in the event of a conflict.*

Outside Counsel is responsible for ensuring that all attorneys, paralegals, vendors, administrative, clerical or other assistants, or any third party assisting on that Matter, are aware of and follow the Engagement Terms.

The Company recognizes the ethical obligations of Outside Counsel to exercise independent professional judgment on behalf of its client and nothing in the Engagement Terms shall be construed as suggesting in any way that Outside Counsel compromise that duty. Any potential conflict is to be immediately brought to the attention of the Company Representative for clarification and resolution.
The General Requirements and the Division Specific Billing Guidelines in Parts I through III are effective beginning April 2, 2012. The terms replace all previous Nationwide Billing Guidelines, Billing and Staffing Policies, and Engagement or Retention Agreements, except for provisions that are contained in 1) Value Based Billing Agreements executed by Outside Counsel after January 1, 2010; and 2) currently effective Flat Fee Agreements. The General Requirements and the Division Specific Billing Guidelines may be updated periodically. The version in effect on the date a Matter is initiated applies to that Matter.

The ES&BR should be accepted as is. Should Outside Counsel wish to deviate from the ES&BR on any Matter, it must obtain the prior express written approval of the appropriate Company Representative.

**Matter Initiation**

Each Matter will be confirmed by a written Engagement Request, which may be an e-mail or referral letter (an “Engagement Letter”), from the Company. This request will contain important information detailing the Matter and its scope. Separate Matters, regardless of size, will be separately requested, although a single Matter may include many different tasks, items, and deliverables.

Outside Counsel is responsible for the work product of the file and for reporting. Only one attorney in the firm shall have primary responsibility for each Matter, unless otherwise permitted. The primary attorney shall not transfer the file to a different attorney without prior approval of the Company Representative.

Outside Counsel shall submit a written billing estimate or project budget unless the Company Representative agrees otherwise.

**Additional Value-added Services**

In addition to representation on a Matter, we recognize that there are other means by which you can, and do, add value to our relationship including providing educational content through continuing legal education (or other professional development) programs, occasional use of meeting space, or similar accommodations.

**Roles and Responsibilities**

A Company Representative(s) will be assigned to each Matter. Outside Counsel is responsible for advising the Company Representative of the status of each Matter so that he or she can make informed decisions. Correspondence from Outside Counsel to the Company shall be directed to the assigned Company Representative.

Throughout the representation, Outside Counsel is to keep the Company Representative informed in order to ensure the Company Representative’s active participation in the Matter’s handling. Any issues regarding the Company's policies or
issues of the Company liability must be promptly communicated. The Company Representative must be given adequate advance notice of significant events such as meetings with internal personnel, trials, settlement conferences, etc. The responsible Outside Counsel shall provide the Company Representative with timely status reports of significant developments in the Matter. Status reports shall be in writing unless otherwise agreed by the Company Representative.

The Company Representative and Outside Counsel shall agree as early as possible on a division of work and reassess that decision as the Matter unfolds. Company resources should be used where available.

The Company Representative will participate in and approve all material decisions and all projects that will require a significant expenditure of time, money, and resources.

**Communication with the Company**

Outside Counsel and the Company Representative are expected to regularly and fully communicate with one another. Outside Counsel shall be responsive to the Company’s requests, shall keep the Company Representative posted on developments on a current basis, and shall ask the Company Representative to clarify any confusing requests.

Outside Counsel is required to send communications to the Company electronically rather than by paper copies whenever possible. In certain instances, Outside Counsel may be directed to provide documents in hard copy. Where draft documents are sent to the Company for review and comment, they must be sent in an editable format capable of tracking changes to the document. If a research memo is created for the file, the Company Representative must receive a copy for future consultation.

**Staffing**

Each Matter will be staffed in a competent manner and as efficiently as possible under the circumstances. Outside Counsel is expected to avoid duplication of effort in handling Matters on behalf of the Company. Absent prior approval by the Company Representative, activities (i.e., trials, depositions, hearings) are to be attended by only one attorney from the firm.

Once Outside Counsel has been assigned a Matter, Outside Counsel and the Company Representative shall agree on which lawyer within Outside Counsel’s firm will have primary responsibility for the Matter. When the Company retains Outside Counsel for a Matter, it expects the assigned lawyer(s) to be personally involved and, where delegation is appropriate, to select and supervise appropriate personnel in the firm to work on the Matters. The Company expects that assigned attorneys will not delegate significant parts of the handling of a Matter without prior consultation with and, if appropriate, written approval by, the Company Representative. The assigned attorney maintains responsibility for tasks delegated to other personnel within the law firm.
Outside Counsel is to monitor the hours, fees and expenses charged to the Company by the firm to ensure that they fairly reflect the value of the services received. Before the statement is submitted for payment, it is expected that Outside Counsel will have reviewed the statement to ensure charges are reasonable, necessary, appropriate and in compliance with the Engagement Terms.

Outside Counsel shall discuss staffing plans for specific Matters with the Company Representative. Staffing is a critical component of both the quality and cost of the representation and it is essential that Outside Counsel have the concurrence of the Company Representative as to the personnel assigned to any Matter. The Company Representative shall be consulted before changes are made to any staffing plan.

On a continuing basis, Outside Counsel shall provide, for the Company Representative's prior approval, a current list of attorneys and paralegals who will handle Matters. No contract or temporary attorneys or paralegals may be assigned to work on Company Matters without consent of the Company Representative and full disclosure of their identities and proposed rates.

### Insurance

Appropriate insurance, including legal malpractice coverage, with limits sufficient to cover risks associated with the Matters assigned to outside counsel by the Company, must be maintained in force by Outside Counsel and evidence of such insurance provided upon Company request. At minimum, Errors and Omissions insurance with limits not less than $1 million per occurrence and $2 million aggregate must be maintained. Additional coverage may be required by Company as specified in a Schedule to the applicable Billing Guideline or as set forth in an Engagement Letter. Any material change in the status of all such insurance must be promptly communicated to the Company Representative.

### Review of Legal Work and Copies of Work Product

Subject to applicable privilege constraints and requirements and unless the Company Representative advises otherwise, copies of any significant brief, memoranda of law, research, correspondence, or other documents prepared, sent, or received by Outside Counsel in connection with the assigned Matter shall be provided to the Company Representative on a timely basis as the Matter progresses.

In addition, notice of the availability of all work product/records shall be provided to the Company Representative. The Company may request a copy of all work product/records for which the Company is billed and may review the entire file upon request, except where legal privilege requirements prevent the same.

The Company Representative shall be given reasonable advance opportunity and time to review and consult with Outside Counsel on any documents that will be filed or provided to third parties, including but not limited to pleadings, motions, briefs, memoranda and significant correspondence. Absent the Company Representative’s
prior approval or instruction, or an exceptional circumstance, no pleading, motion, memorandum, brief or other legal document should be filed unless it has been reviewed and approved in advance by the Company Representative or, in his or her absence, another member of the Company’s legal department.

**Retention of Third Party Services**

Outside Counsel is not authorized to retain the services of any third party (outside experts, court reporters, consultants, or local counsel or other litigation support personnel) without prior approval of the Company Representative as to the scope and terms of such engagement. A proposed budget for such services shall be submitted to the Company Representative along with any request to retain such third party.

Outside Counsel shall include along with its invoice the amount invoiced by any third party service provider as a separate line item expense, unless otherwise set forth in the applicable Division-Specific Billing Guidelines. Such third party shall not submit separate invoices to the Company, except as otherwise approved by the Company Representative. Outside Counsel must also review the charges to ensure they are fair, reasonable, necessary, and in accordance with these Requirements, and include a statement to that effect at the time of submission of the invoice to the Company.

**Confidentiality/Privacy**

During the course of representation, Outside Counsel will be privy to confidential and proprietary information. Outside Counsel shall take all reasonable steps to assure that all confidential material and non-public information obtained in the course of its legal representation will be used solely for the purpose for which such material or information was provided. Any documents or other materials entrusted to Outside Counsel must be maintained in confidence and returned to the Company, if requested, at the conclusion of the Matter. The Company documents may be destroyed by Outside Counsel only with advance written authorization by the Company Representative. Protective orders must be sought prior to producing any of the Company’s confidential or proprietary information and may not be produced absent authorization by the Company except as otherwise required by law. Outside Counsel will comply with all applicable state and federal privacy laws and regulations, including the provisions of the Gramm-Leach-Bliley Act.

Outside Counsel acknowledges its responsibility for safeguarding confidential information provided to it, and will implement reasonably designed security controls that are no less than industry standard to ensure confidential information is protected from unauthorized use, loss, corruption or disclosure to a party other than the intended recipient. Outside Counsel also agrees, when requested, to complete the security questionnaire provided by the Company and to reasonably cooperate with the Company to correct or address to Company’s satisfaction any non-conformity identified. Outside Counsel shall respond to the Company’s requests for information concerning Outside Counsel’s Information Security Program and, upon request, will provide a copy of its applicable policies and procedures to the Company, and reasonably cooperate with the
Company requests in order to ensure protection of confidential information provided to Outside Counsel.

**Research**

Outside Counsel is selected by the Company for a particular Matter because of its expertise. Legal research shall be billed in the most cost-effective manner to the Company and unless it is more cost-effective to the Company for Outside Counsel to proceed otherwise, legal research shall be performed by the attorney or paralegal with the lowest billing rate that is appropriate to undertake the research task most efficiently.

If research is performed in excess of the number of hours authorized, the invoice billing entry shall identify the approving person.

Only the updated portion of previously researched topics may be billed. Charges for routine or elementary legal research will not be paid. Exceptions require the Company’s advance approval and the billing entry must identify the Company Approver.

The Company shall not be billed for overhead expenses associated with legal research such as library expenses or computer expenses (Westlaw and/or Lexis) unless written preapproval is given by the Company Representative. The Company will pay only for the personnel time expended for online research.

If the Company has legal research handled through an outsourced group that provides legal research from experts in a given specialty, Outside Counsel shall cooperate and work with such firms and their personnel.

**Termination of Representation**

At any time, the Company may terminate Outside Counsel’s representation of the Company in a Matter by notice to Outside Counsel. In the event of such termination, or should Outside Counsel voluntarily withdraw from representation for any reason, in addition to any obligations imposed by law, regulation, or by the code of professional responsibility, Outside Counsel will take all steps reasonably requested to transition such representation to an in-house or other Outside Counsel designated by the Company Representative, including without limitation, the delivery of all pertinent files, research, memoranda, pleadings, communications, records, drafts, and other related materials.

**Records Retention Requirements**

The Company expects any Outside Counsel to retain client Matter files (including client files, case files, litigation files, daily time slips, pre-bills, client expense reports and original receipts) for a minimum period of ten years after the files are no longer active, unless a shorter period is approved by Company Representative. Outside Counsel shall also maintain, in accordance with Generally Accepted Accounting Principles (GAAP), any records necessary to adequately reflect the accuracy of the charges and
invoices for reimbursement. The Company shall also have the right from time to time to inspect and verify all of the above described files at their regular place of business. However, once the retention periods have expired, upon notice to and consent from the Company, Outside Counsel will securely destroy the files and provide the Company with certificates of destruction. The Company may request the Company records or documents be returned to it at the conclusion of a Matter.

Publicity/Public Comment

In the absence of prior authorization from the Company Representative, the Company does not authorize Outside Counsel to (a) offer media or other public comment concerning the Company or any Matters or (b) respond to requests for comment. Any inquiries or proposed public comment concerning the Company or any Matter must be referred to the Company Representative or if appropriate, to the Company’s Communications Department.

Conflict of Interest

Outside Counsel is expected to be free of any conflicts of interest upon acceptance of any Matter. Any conflicts of interest that might exist or arise in connection with representation must be identified and promptly reported, in writing. Outside Counsel must identify and disclose any existing or prospective engagement with another client that could create an actual or potential conflict of interest. Acceptance of a Matter from the Company will be taken as confirmation that no such conflict exists or that the appropriate parties have waived in writing any such conflict.

Ethics and Business Conduct

Outside Counsel are expected at all times to maintain the highest ethical standards.

The Company’s Code of Conduct and Business Practices requires all employees and third party representatives of the Company, including Outside Counsel, to conduct their activities on behalf of the Company with honesty and integrity, and in accordance with high moral and ethical standards. In addition, the Company’s policy on gifts shall apply to Outside Counsel. For the convenience of Outside Counsel, the Company's Code of Conduct is located on the Company’s website at http://www.nationwide.com/about-us/code-of-conduct.jsp

Coercive, dilatory, or obstructive tactics are not authorized and are not to be used in any representation.

Commitment to Diversity

The Company is committed to the principle of diversity and inclusion and the Company seeks to hire and retain Outside Counsel sharing this commitment. The Company believes that diversity in people, interests, expertise, and points of view enhances the legal department's ability to provide high quality legal and other professional services to
its clients, enriches the workplace, and connects the Company to the communities in which the Company employees live and work. The Company’s Chief Legal and Governance Officer is a signatory to the ACC “Call to Action”. As a signatory, the Company pledges to make diversity a significant legal department priority and encourages Outside Counsel firms to do the same in regard to their internal practices and to the selection and retention of third party service providers during the course of representation on Company Matters.

In making decisions concerning selection and retention of Outside Counsel, the Company will consider the firm’s commitment and progress towards this goal. To assist the Company with selection and retention decisions, the Company may, in its discretion, require Outside Counsel to participate in the Vault/MCCA Annual Law Firm Diversity Survey or other similar survey, to report diversity related information. For the convenience of Outside Counsel, the Company’s Commitment to Diversity is located at http://www.nationwide.com/about-us/who-we-are.jsp

Outside Counsel should work with the Company Representative to identify qualified diverse and minority-owned third party service providers for use wherever feasible and in the best interests of the party represented by Outside Counsel.

**Settlement and Alternative Dispute Resolution**

Generally, the Company’s goal is prompt, cost-effective resolution of litigation where possible and consistent with good legal judgment. As such, the Company expects Outside Counsel to work aggressively with the Company Representative to consider, explore and assess reasonable settlement opportunities as appropriate, including alternative dispute resolution (“ADR”). Outside Counsel may not reject an inquiry regarding ADR or settlement without consulting the Company Representative. All settlement offers or overtures shall be reported immediately to the Company Representative along with recommendation and, if requested, supporting analysis. Outside Counsel shall not undertake settlement negotiations without prior approval from the Company Representative.

**General Billing and Payment Matters/Audits**

The Company will process properly submitted invoices in a timely manner, and in accordance with the Invoicing Requirements set out in Parts I – III of this document. However, the Company’s ability to pay is conditioned upon adherence to the Engagement Terms. If the Company is charged for items that are identified as non-billable, the Company will decline to pay for them. These charges will be deducted from the invoice by the Company prior to payment. Any request for override or appeal of bill reductions must be submitted within 30 days of receipt of the bill reductions recap or notification of reduction in payment. Upon request, the Company Representative will advise Outside Counsel on the process for submitting override requests.

Outside Counsel will make all Matter billing records and information available in the event an additional review or a billing inquiry is requested.
The Company reserves the right to conduct reviews of its files at Outside Counsel's premises. The information may be either hard copy or in appropriate electronic format. This information must be made available to the Company or a third party acting on the Company's behalf.

**Fees and Billing Practices**

Outside Counsel shall submit to the Company a list of timekeepers and rates for the Company’s approval, and the Company shall not be charged in excess of those rates. Any proposed rate increase shall be submitted for consideration not less than 30 days prior to its proposed effective date and is not effective until agreed to by the Company. Any charge in excess of an agreed upon rate, or any proposed rate increase, requires Company Representative preapproval in writing. Unless otherwise stated in such approval, the rate change will only be effective from that time forward. Outside Counsel shall bring to the attention of the Company Representative any rate discounts or other preferential billing arrangements that it has in place with any Company Representative on any Matter.

The Company expects its Outside Counsel to use good judgment to appropriately manage the number of hours charged to the Company Matters by each attorney or paralegal. The Company expects the time charges in its invoices will not exceed what is reasonable, necessary and appropriate for the Matter, consistent with the Company's objectives and the size and complexity of the Matter. Attorneys performing paralegal functions shall bill at the paralegal rate.

All fees and expenses included in invoices must be properly attributed to an authorized Matter number. Invoices that do not list the authorized Matter number will be subject to rejection.

**Alternate Fee Arrangements**

The Company encourages and expects Outside Counsel to consider Alternate Fee Arrangements, including VBB. The Company Representative and Outside Counsel should discuss possible alternative billing arrangements at each stage of the Matter. Any VBB or Alternative Fee Arrangement agreed upon by the parties is incorporated into the Engagement Terms with the Company.

**Litigation Task Based Billing Codes**

For litigation Matters, all invoices shall be formatted using the Uniform Task-Based Management System (UTBMS) code. Task codes are to be used in addition to and not as a substitute for accurate and complete billing entries and descriptions.
Defined Terms

Alternate Fee Arrangements refer to Value Based Billing Agreements or VBB as well as other alternative fee and billing arrangements negotiated between the Company and Outside Counsel.

Company Representative refers to the Company’s in-house Counsel or representative responsible for a Matter as may be identified in an Engagement Letter.

Outside Counsel refers to the law firm engaged on a Matter.

Matter is defined as a matter, case, issue, question, request or task, and may include representation of a third party such as a policyholder.

The Company or Nationwide includes Nationwide Mutual Insurance Company and its existing or future affiliates and subsidiaries, including but not limited to Scottsdale Insurance, National Casualty Insurance, Nationwide Agribusiness (Farmland Insurance), Nationwide Indemnity, Specialty Products (Nationwide, Titan, Victoria), Freedom Specialty, and Western Heritage, and including subsidiaries of affiliated companies. Contact your Company Representative for a complete listing of Company affiliates and subsidiaries.