

BUSINESS DEVELOPMENT PROPOSAL



Title: An Alternative Method for Multi-Policy Claim Resolution
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SEE Consulting

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I. OBJECTIVE

A business development proposal for a plan concerning a proprietary process and method of claim resolution on certain types of claims that will afford an alternative means to the methodology of fault assessments and allocations of liability currently employed.

II. PURPOSES

- 1) Provide a standardized alternative, or secondary, methodology for claim resolution on certain types of claims without the need for litigation,
- 2) Provide a standardized alternative, or secondary, methodology for the resolution of certain types of claims where there has not been any fault assessments or allocations of liability,
- 3) Provide an alternative means for resolving and terminating litigation cases that have been commenced against multiple alleged joint tortfeasor insureds,
- 4) Potentially eliminate or reduce certain court filing and trial related expenses,
- 5) Align co-defendant and carrier interests for greater leverage in the process of potential global settlements,
- 6) Avoid or minimize potential inequities of piecemeal partial settlements,

- 7) Avoid or minimize potential undue defense-related expenses necessarily allocated to defendants who are unable to settle and forced to go to trial on claims with damages that are within policy limits,
- 8) Potentially utilize the proposed proprietary methodology as a risk-sharing mechanism for cases tried to an adverse result in those jurisdictions that employ statutory fee shifting provisions, and
- 9) Achieve potential collateral benefits concerning the optimized use of court time through reduced court filings, hearings, and required trial time.

III. DEVELOPMENT PROPOSAL

This "value added" proprietary process Business Development Concept ("BDC") (see BDC description on our "Services" webpage) and related proposal is for a plan that provides an alternative method for claim resolution. This BDC and plan is particular to circumstances involving multiple alleged tortfeasor insureds (for example, multi-car auto accidents), commercial-related losses where the policies of multiple insureds cover an incident or occurrence, and possible other situations involving both multiple parties and policies of coverage. As such, the seemingly affected lines of coverage are automobile, property, commercial general liability, and various commercial business specific lines.

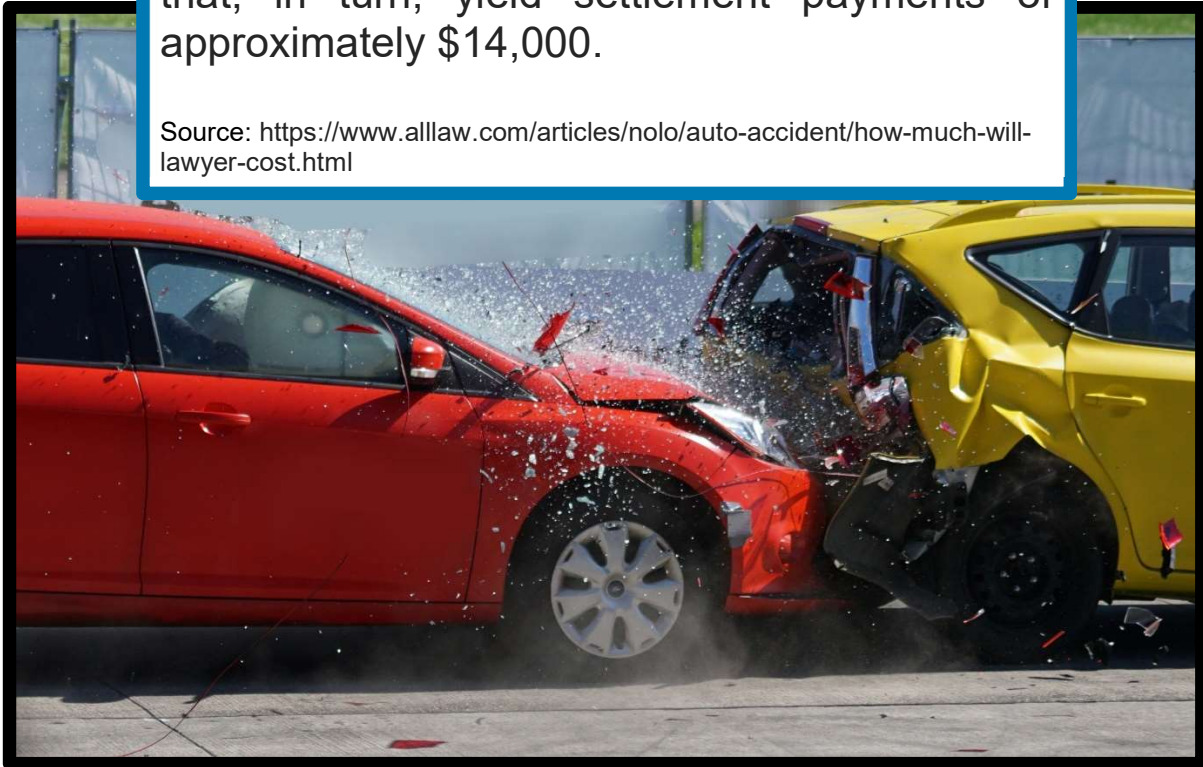
In addition to the foregoing, this proprietary process and plan might have usefulness in early stage litigation cases and to litigation cross-claims that are asserted between multi-party defendants. While such will require additional evaluation in conjunction with the further preparation of any engaged development plan, its primary purpose is avoidance of litigation or early termination of litigation for the sake of limiting legal fee expenses, potential trial costs, and avoiding risks associated with adverse liability determinations. This proprietary process and development plan would require cross-carrier cooperation and agreements for its implementation. Thus, its greatest utility might be found where the methodology is universally applied by all carriers to all possible subject claims.

Just as important as attempting to describe the possible benefits of this proprietary process and proposed development plan for evaluation, it is equally important to describe what it is not. To that end, this proprietary process and proposed alternative or secondary multi-party claim resolution process does not appear to have utility to claims involving excessive losses affecting one particular insured where multi-layered stacked policies of coverage may be available. This appears to be true despite the fact that multiple carriers and policies may be in play and insuring against a possible particular loss. For added clarification, this proprietary process is not a proposal or suggestion of self-insurance where each insured simply covers their own risk of loss associated with a particular covered incident. As cross-carrier cooperation is required, an absence of cross-carrier cooperative agreements would be a considerable limitation upon its utility, though it might nonetheless have use as a business model as further discussed below.

COSTS OF LITIGATION

Attorney litigated auto accident cases yield settlement payments of approximately \$45,000 as compared to claims not involving attorneys that, in turn, yield settlement payments of approximately \$14,000.

Source: <https://www.alllaw.com/articles/nolo/auto-accident/how-much-will-lawyer-cost.html>



Litigation can be a costly expense regardless of whether there is any finding of liability. Turning to the issue of insured claims involving multiple alleged joint tortfeasors or multiple policies for potential recovery on a given loss, it stands to reason that there is a greater likelihood of litigation due to disagreements on proportional liability amongst alleged tortfeasors or overinflated demands by claimants due to the existence of multiple policies for potential recovery. Of course, it goes without saying that, where large value

commercial losses are involved, the retention of skilled or specialty counsel will lead to even greater litigation related expenses.

Both statistically and logically, the benefits of early claim resolution without litigation cannot be overstated. This BDC and development plan has the intended purpose of facilitating cooperation amongst all similarly situated adverse party respondents/carriers, expediting claim resolution on subject claims, potentially avoid attorney-led litigation and related legal expenses (or possibly resolving newly commenced suits), and provide the potential collateral benefit of reducing court filings and trials. If developed and implemented, this BDC and development plan has the potential to accomplish this through a proprietary process that determines the monetary contributions of payments from the multiple available and exposed policies that are subject to covering a given loss. One of the most significant problems in claims resolution that does not involve property damage is determining how to arrive at a reasonable settlement offer amount with respect to claims involving bodily injury. While not part of the proprietary process, a method for handling those types of matters will be suggested. To that end, this BDC and development plan is partially intended to assist with multi-party global settlements where there has not been any finding of fault. This proprietary claim resolution process deliberately uses an alternative method without the use of fault criteria to potentially facilitate pre-litigation and pre-trial settlements on claims against alleged multi-party joint tortfeasor insureds.

In addition to the foregoing, this proprietary process and proposed plan may have additional utility in those jurisdictions utilizing statutory fee shifting provisions. That is, through the cooperative carrier-based agreements necessary for implementation of the proprietary process, proposed global settlement offers might be more easily crafted by similarly situated insured defendants. Anyone that has handled litigation involving multi-party defendants can attest to the difficulties inherent in the piecemeal partial settlement process. The use of this proprietary process to assist with global settlement offers might also accomplish two additional objectives. First, it might eliminate potential inequities inherent in the piecemeal settlement of claims as between partial satisfaction of claims by settling defendants, on the one hand, and the remaining unsatisfied portion of a claim by the non-settling defendants, on the other hand. Second, the potential coordination of global settlement offers with the use of the proprietary process could result in the shared risks of any cost-shifting that resulted from a tendered global settlement offer that was not accepted and resulted in an adverse judgment.

Finally, even where there may be less than complete agreement by all carriers for implementation, the proprietary process and development plan may nonetheless still have utility amongst those carriers that have opted to adopt the proprietary process as an alternate or secondary method for multi-party claim resolution. Such utility might be found in a stand-alone business acting as a third-party administrator handling claims for the carriers. Alternatively, it might be useful in arbitration forums and litigation settings where all insured defendants' carriers have opted to utilize the methodology as one possible basis for claim resolution.

As cooperative carrier-based agreements are necessary for implementation, there could be anti-trust and unfair competition issues that arise depending upon how the proprietary process is implemented. Without providing any anti-trust analysis that would be outside the scope of this Business Development Proposal and any development plan, anti-trust matters will be tangentially discussed with parallel references to real-life anti-trust scenarios. Notwithstanding, anti-trust issues are unlikely to be of significant concern as cross-carrier agreements to implement the proprietary process portion of the BDC 1) do not have any intended restraint on trade, 2) are aimed at good-faith collaboration in settlement, 3) seek to leverage the availability of multiple policies as a benefit to potential global settlement rather than permitting them to be a hinderance, and 4) the claimant/plaintiff would nonetheless have the option of rejecting the offers and proceed with a trial.

IV. FEE REQUEST FOR DEVELOPMENT

The factors involved in the pricing of this BDC and the development plan include:

- The proprietary nature of the BDC and the development plan,
- The novelty of the BDC and the development plan,
- The BDC and the proposal's "value added" classification attending the potential for limitless savings from claim settlements and avoidance or reduction of litigation expenses,

- The collateral non-monetary benefits identified within this proposal,
- The annual premiums underwritten within the domestic insurance industry,
- The potential adaptability and scalability of the proprietary process or related matters for use in foreign jurisdictions, and

- The potential usefulness of the BDC and the proprietary claims resolution methodology for implementation and use within a newly created claim resolution business enterprise.



Insurance underwriting is a multi-billion dollar global industry with 2020 domestic revenues in the United States exceeding \$725 Billion.

Source: Insurance Business Magazine citing Nat'l. Assn. Ins. Comm'r.
<https://www.insurancebusinessmag.com/us/guides/these-are-the-top-25-property-casualty-insurance-companies-in-the-us-32630.aspx>

Based upon the foregoing factors, the requested fee for the development of this BDC, with examples and explanations of the mechanics of its application, is \$7.25 million or a mere 1/1000th of one percent of the approximate annual domestic underwritten premiums. Notwithstanding the foregoing, if any one particular carrier or general counsel for a carrier desired to lead a coordinated effort to fund the development of this BDC or,

alternatively, simply wanted to buy-out this BDC and development plan, the requested fee for this BDC is \$6.25 million, which allows a discount to the carrier, or allocates a fee to carrier's counsel, in the amount of \$1 million in the event that one may want to enter into a contract to act as the "coordinator point of contact" and undertake the funding coordination function.

While the requested fee is not insignificant, given the above identified factors, the costs for the development of this BDC with example explanations is insignificant and trivial in relation to its potential to implement long-term expense savings. To place this fee request in context, if one received a salary of \$100,000, this fee request would be the equivalent to that of \$1. Due to the required cross-carrier collaboration needed for implementation of this BDC and proposal, it is suggested that the costs for the development of the proposal be shared by multiple carriers and, ideally, in relation to their respective market share of revenues generated from insurance premiums.

From a cost-benefit analysis, the potential benefits in long term expense savings make this immediate expense, from the perspective of a business decision, one that cannot be disregarded or overlooked. Such is true even if only a handful of carriers decided to contribute to the development cost. As the fee request is based upon domestic direct premiums, these proportional costs would be considerably diminished if any part of the fee were partially funded by insurance carriers within the international markets. With carrier shared expenses for the cost of development, like insurance itself, there is both a

shared cost for potential benefits and a shared risk concerning any obstacles of implementation.

V. THE DEVELOPMENT PLAN

If engaged, this business development proposal will be further revised and worked up into a development plan that will include:

- Identification and explanation of the proprietary process,
- One or more examples with explanations concerning its mechanics of use and operation,
- Explanations and/or diagrams concerning implementation,
- Possible options for data analysis to potentially assist with pre-implementation profitability assessments of the alternative claims resolution model prior to adoption as a business practice,
- Possible options concerning limited implementation for additional statistical study and review prior to full adoption and implementation, and
- Additional information that, in our discretion, is believed to be beneficial for an understanding of the development plan.¹

¹ Because the nature of this business development proposal is industry based and insurance is a state regulated trade, the portion of the development plan dedicated to

VI. DISCLAIMERS & DISCLOSURES

In deciding to engage the formal work-up of a Business Development Concept as a development plan, no assurances or guarantees are provided that the proprietary processes or development plan to be provided have not been previously conceived, contemplated, considered, or even rejected by knowledgeable specialists within the particular industry to which the Business Development Concept relates. While effort has been made to provide accurate information for evaluation, in deciding to engage the formal work-up of a Business Development Concept into a development plan, you understand and agree that there is the possibility, even if remote, of unforeseen or unanticipated circumstances that may render a development plan incapable of being implemented or possibly useless. **Please refer to the Terms of Service on our website for additional important information.**

Thank you for considering SEE Consulting to potentially assist you with further developing or improving your company or business operations.

Sincerely,

Mr. Cameron Mostaghim

implementation will not include any possible model legal documents that might be required for the implementation of the development plan.