Philip C. Pyle, Esq.
Middletown, NJ

Education:

Ohio State University, Columbus, OH, Arts & Sciences, Combined major, English and History, graduated June 1975, B.A.
Northern Kentucky University, Highland Heights, KY, Law school, graduated December 1984, J.D.

Employment:

Litigation Adjusters, Inc., Middletown, NJ, February 2009 – Present, attend mediations, settlement conferences, monitor trials.
USF&G Insurance, Cleveland, OH, July 1977 to November 1978, property and casualty, multi-line claims adjuster.
INA / CIGNA Insurance, Cincinnati, OH, November 1978 to May 1984, property and casualty, multi-line claims representative.
AIG Insurance, New York, NY, September 1985 to March 2008, home office professional liability and excess claims analyst.

Claims Background:

My years of claims experience have centered on the full adjustment of first and third party claims. This consists of coverage and factual investigation, evaluation, negotiation, reserving, recovery recognition, reinsurance notification, internal reporting, payment, and closing of claims.

First party Property claims:

About 40-50% of my caseload in Cleveland and Cincinnati were first party homeowners, condominium, and small business claims. These consisted mostly of fire, wind, snow, water, hail, frozen pipes, and theft claims. Most if not all were under $100,000, mostly in fact probably under $30,000. Proper adjuster appraisals were required on all claims, and independent contractors' estimates or agreed repair contracts were obtained where necessary. In March 1979, I was sent for 3 weeks to Chicago for storm duty, also known as catastrophe duty, helping to adjust the great number of claims which had arisen from

the 8 foot accumulation of ice and snow in the Great Lakes snow belt over that past winter of 1978-1979.

Third party Casualty claims:

About 50-60% of my caseload in Cleveland and Cincinnati were third party property damage and bodily injury claims. Many of the claims in Cincinnati were through INAESIS, a self-insured account, in which we essentially were a claims handling service for self-insureds. Grocery store insureds involved slip and fall injury and foreign particle food adulteration claims. ESIS had two self-insured hospitals, for which my claims handling involved monitoring various incident reports, ranging from potential wrongful death and brain damage claims to simple lost denture claims of patients. Another industrial self-insured had two or three oversprays of a plastic from its plant along the Ohio River. I was the adjuster assigned to handle the clean up for the automobiles, houses and boats of multiple employee and neighboring residents. My most severe case in this period was handling the liability portion of a fire at a freeway motel of a major hotel chain insured, an arson by a disgruntled bar patron, with 8 people killed, and about 80 injured, and a nationally recognized Cincinnati plaintiff attorney with expertise in mass fire tort litigation. This became a matter of doing the best that we could to settle as many of the smaller claims as possible and to tender the balance of our $1 million coverage and the defense to the excess carrier in as proper and expedient a manner as possible.

Professional Liability insurance:

In my 22 years with AIG in New York, I mostly handled lawyers and accountants malpractice claims. From 1985 to 1990, I was in the Lawyers professional liability claims department, handling lawyers, accountants and judges policies exclusively. In 1990, I transferred to the Excess claims department, where I remained until 1995. My caseload in Excess mostly involved the handling of aggregate loss run bordereaux, about half Fortune 500 insured bordereaux, and the other half the international accountancy firms and large law firms insured bordereaux on the London excess line slip account. In 1995, I transferred back to the Lawyers professional liability claims department, bringing the London line slip lawyers and accountants cases back to the Lawyers department with me. In 1998-2000, the underwriting department stopped writing new lawyers policies, putting the Lawyers claims department into run-off. In late 2003, the Lawyers

department was dissolved and merged into the Miscellaneous professional liability claims department. I was merged into the Miscellaneous professional department in the process, bringing my lawyers and accountants cases with me, where I remained, until I took my early retirement from AIG effective April 2008.

London line slip claims:

The London line slip claims mostly were extremely complex litigation against the then Big-8 accountancy firms, arising out of the 1985 Savings & Loan crisis, with defense costs regularly into the tens of millions of dollars. The line slips were an old Lloyds of London coffee house tradition of various insurers signing on for small percentages of various layers of coverage, so as to spread their risk high up into many layers of excess coverage. The higher layers supposedly might never be reached in the event of loss, and the indemnity and expense at the lower levels hopefully would be only a small percentage of those lower layers per insurer per loss. Most if not all of the then first tier Big-8 and second tier accountancy firms which I handled were layered to excess of $100 million per policy year, with separate baskets of policy limits by grouping of countries, U.S. and exU.S, per policy year.

The London line slip claims first began to come into my caseload in about 1988, when I was in the Lawyers department. I received more when I went to the Excess department in 1990. These claims were very active, with a fully staffed Lawyers Specialty claims department built around them from about 1990 to 1998. In 2001 to 2003, the payment frequency was going into run off, and the remaining London line slip claims were given to me to complete the run off of about $100 million remaining in reserves on the program. My completion of the run-off included reporting to management for permission to take down what significant reserves safely could be taken down, and recommending for transfer to the Complex claims department those cases with significant reserves that needed to remain active for handling, while handling other of the active claims to a conclusion myself.

The coverage and claim payment rules for the big accountant firms on the London line slip were very challenging mathematically, e.g. reallocating earlier paid but later made claims to higher layers of coverage based on policy rules requiring such reallocation of later paid but earlier made claims based on the chronological date that the claims were first made. This required intensive bordereau review by me, picking out the exposures to

my files and spreadsheeting them to my layers, for my reserve purposes. There were thousands of claims, in excess of 10,000 claims on these bordereaux, requiring a knowledge of those which were open on unexhausted policy years, excess of SIR, and with a potential exposure to be calculated for my layers. It required working closely with the brokers, J.H.Minet, Aon, and Marsh, who prepared the bordereaux with the insureds, and had the additional information needed as to other carriers, and other layers, and balancing the policy SIR tranches set up across several years of extending and run off coverages with different SIR's for each year to obtain a 100% level of coverage, and no more, if possible, for an insured's policy for each policy year. The London line slip claims were about 30-50% of my caseload at any given time.

Excess Coverages:

During my time in the Excess claims department, 1990 to 1995, in addition to my London line slip claims, which were heavy excess professional liability aggregate accounts in themselves, I handled various other products liability excess aggregate accounts. This included a sundry of large products and pharmaceutical manufacturers, monitoring their claims bordereaux for erosion of underlying coverages, and transacting when the erosion came into our layers. Any policy year bordereaux with more than 10 or 20 claims typically was handled as one claim file, with separate files for each claim on a policy year with 10 or less claims, or with some unique or catastrophic value such as to warrant establishing a separate file.

Lawyers and Miscellaneous E&O Coverages:

My lawyers E&O claims ranged from sole practitioners, to small and medium sized law firms, to large law firms. Before the lawyers underwriting went into run off, my lawyers claims were mostly small and medium sized firms. These were mostly real estate, plaintiff injury, divorce, and securities type cases. I had large law firms on the London line slip, although the London account was mostly accountancy firm claims. In 19971998, while the Lawyers department was still fully staffed, I handled the patent attorneys claims, which by their nature were generally high exposure, frequently policy limits exposure claims, when alleged malpractice occurred on an insured patent law firm's large industrial account. From about 2003 to 2008, the only new lawyers policies being written were mostly for certain panel counsel defense firms, and an actively underwritten corporate counsel employed lawyers line of coverage, on which I received claims, along with occasional new claims on expired policies under extended reporting period tail endorsements.

In the Miscellaneous professional liability claims department, 2003 to 2008, the lawyers cases eventually became less of my caseload, including the London line slip, perhaps 3040% at the time of my retirement in April 2008. My main line of cases in Miscellaneous was public officials, TPA's, associations, appraisers and home inspectors. The appraisers and home inspectors, while mostly not big dollar claims, had a high and accelerating claims frequency as the current housing crisis developed, and were very fact intensive to handle, and with a very knowledgeable, hands-on association to deal with as the named insured, and occasional claims well into 6-figures. The TPA claims for the most part involved self-funded employer-employee medical plans, with stop-loss excess carrier issues, and exposures frequently into 6 figures. The public officials claims were probably 60% employment practices, and 40% miscellaneous matters, including high exposure inverse condemnation taking claims arising out of zoning issues.

Writing and Reporting:

From about 1977 to 1990, all typing was done by a secretarial pool, with all letters dictated through a hand held or telephonic device. In 1990, when I went to Excess, I was allowed to have a computer at my desk to assist with my bordereau work. By 1994 to 1996, most letter typing was being done on desktop computers by the professional staff and claims management themselves.

My writing responsibilities have always included mailing timely first notice and coverage acknowledgment letters. Significant reserve increases required a labor intensive reporting format, as a strict departmental policy, via back and forth draft reviews through successive layers of management through the claims V.P. with authority to perform the reserve increase. In the Excess claims department, from 1990 to 1995, the policies which I handled were heavily, sometimes 90% or more, reinsured. It was the duty of the claims handlers to notify and report to reinsurers as required. In the Lawyers and Miscellaneous departments, from 1995 to 2008, the reinsurance was handled by a separate department.

As the desktop computer entered the workforce, circa 1990-1995, and became a dominant feature thereof, my responsibilities as a claims handler over time came to include various data input projects for litigation management, annual policy year reserve reviews by line of business, and other programs.

Settlement Authority:

My settlement authority at USF&G in 1977 was impressed upon me as unlimited authority, that is, policy limits authority. Authority was limited at INA in Cincinnati, especially with the ESIS self-insured accounts. One grocery chain allowed us $10,000 per claim authority. The self-insured hospitals allowed us no authority. At AIG in New York, we had different kinds of authority: negotiation authority, reserve authority, payment authority, autonomy (aggregate payments) authority, all which may be different in the system. My authority was $100,000 for most practical purposes, although in Excess I had $200,000 payment authority on the system. Everyone's payment authority became less via increased computer security features post 2001. Most importantly, everyone's authority also was subject to the consent of the insured, under most of the professional liability policies, which conditioned settlement upon the consent of the insured.

Mediation Experience:

Prior to about 1985, as a property and casualty field adjuster, my negotiations took the form of my direct negotiations with unrepresented claimants, or with the claimant attorney if the claimant was represented by counsel. On litigated claims, negotiations with plaintiff attorney usually were conducted by defense counsel, but sometimes directly by me, and by my attendance before the judge as the claims adjuster on court ordered pre-trials.

Since 1985, as a professional liability home office adjuster, mediations have been the dominant form of pre-trial negotiation. In my 22 years at AIG, I attended perhaps 10 or 20 mediations in person, perhaps more, and I was available by phone for many more, probably 10 to 20 per year.

Since taking my early retirement from AIG in 2008, I have associated with Litigation Adjusters, Inc, a niche company in Los Angeles which focuses on mediations. My relationship is as an independent contractor, and I have handled one bodily injury mediation in Philadelphia for them in this capacity.

Case Witness Experience:

In my experience as a company adjuster, I have been a witness in 6 cases. First was with INA / CIGNA, an automobile accident case in Cincinnati. I appeared at trial to play a recorded statement that I had taken from a witness, who had given me a very favorable no liability statement as to the insured, but who was a witness for plaintiff at trial.

Second was an attorney malpractice claim at AIG, in the 1985-1990 time frame. I was deposed in an action against the carrier, seeking to stack the limits of a series of $100,000 occurrence policies that the insured attorney had in professional liability coverage over the period of his alleged mishandling of the malpractice plaintiff ex-client's case. Plaintiff had been catastrophically injured, leaning against his rear bumper, when he asked his girlfriend to reach in and turn on the radio, and the manual transmission was in gear, and the car kicked back and broke his spine. There were 7 occurrence policies, as I recall, from the mid-to-late 1970's, before claims-made policies had become prevalent on the lawyers professional liability policies.

Third and fourth, I was deposed by an industrial insured, and by a pharmaceutical insured, concerning coverage issues arising out of claims which I had handled under their Excess policies in the 1990 to 1995 time frame. The industrial insured, as I recall, was contesting a coverage limitation or denial which I had issued. The pharmaceutical insured, as I recall, was contesting a coverage limitation or denial which the Toxic tort claims department had issued but in which I had a related loss run in the Excess aggregate claims department.

Fifth, I was deposed by an attorney insured in the 1996-2000 time frame, concerning coverage issues on the company's pursuit of his deductible, a $10,000 deductible, as I recall.

Sixth, in the 2000-2004 time frame, I was a witness at a binding inter-company arbitration, in which Lloyds of London, through its New York counsel, was claiming that we should have pushed back the date of claim to the prior policy on a claim which was first reported in a policy year in which Lloyds reinsured the patent program at about a 90% level. The claim was first reported by the insured when the court ruled unfavorably against the insured's client, the patent litigation plaintiff, finding the subject patent valid and infringed but unenforceable due to the inequitable conduct of the insured patent attorneys in prosecuting the patent. Brutal though the words sound to the ear, these are the words which are used for this common defense in patent litigation. It was a renewal

of coverage, and could have been reported by the insured in the prior year, when Lloyds did not have this significant reinsurance exposure, when the defense was raised against the client. The patent was on a veterinarian pharmaceutical product with a potential 9 or 10 figure market share per year, and the case went through our 8 figure, $10 million policy. I testified that the claim was set up per standard procedure and assigned to me for handling under the claims made and reported policy with the date of loss being the date that the claim was first reported.

Professional Licenses:

I am currently licensed as an independent adjuster in New York, Connecticut, Delaware, Texas, Louisiana, and Mississippi.

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