

Case Study - Brit

Legal Bill Review- A detailed audit for the buyers of legal services. Delivering transparency and value.

LSG.COM

Brit Overview

Brit is domiciled in The Netherlands and is a market-leading global specialty insurer and reinsurer, focused on underwriting excellence in complex risks.

Brit has a major presence at Lloyd's Of London, the world's specialist insurance market provider.

Brit's business is diversified geographically with a major US and international presence and it underwrites across a broad class of commercial specialty insurance with a strong focus on property, casualty and energy business.

Brit's Critical Business Issue

In September 2012, Paul Sewell, the Group Chief Claims Technical Officer of Brit Global Specialty, asked LSG to help them review/audit nine legal invoices against Brit's billing guidelines. A claim was approaching conclusion and the external counsel was submitting its final invoices.

The claim adjuster responsible for the claim was concerned that the Submitted Total of Invoices was higher than expected.

Brit therefore required approximately US \$240,000 of the submitted invoices to be reviewed and validated against their billing guidelines within 4 business days.

The objective was to obtain a detailed Legal Bill Review Report from LSG so that Brit could have a constructive conversation with their external counsel to agree their final fees and expenses.

LSG's Solution – Legal Bill Review

billing guideline non-compliances (GNCs).

The guideline compliance monitoring process validates, amongst other things:-

- Duplicate line items, billing entries
- Mathematical errors, missing entries
- Approved disbursements – photocopying rate and travel expenses
- Appropriate level of professional performing task/activity
- Secretarial/Administrative and other non-billable tasks/activities
- Data completeness
- Correct level of entry description
- Use of UTBMS codes
- Vague descriptions
- Standard time charges (for letters, faxes, emails, etc.)
- Inappropriate working practice patterns
- Timekeepers in excess of hourly limits (e.g., 16 hrs/day)

What was the detailed process?

1. Clients can supply invoices in paper format or electronic format: if the former, LSG converts them to electronic format enabling us to process the invoices through Advocator System[®]. In this case, Brit supplied LSG invoices in 'pdf' format and so we converted them to Advocator System[®] electronic format.

2. LSG used our "Guideline Non-Compliance (GNC)" Matrix which codes 'industry standard' billing rules and/or the client's own billing guidelines. Clients have the option to apply their own billing guidelines and/or the 'industry standard' to compare results. In this case, we applied Brit's own billing guidelines.

3. LSG submitted the electronic invoices on Advocator System[®]. The Advocator System[®] automatically validates the invoices meaning errors including discrepancies, mathematical

erroneously-billed travel costs, expert fees and other disbursement expenses are corrected. Date completeness and correctness are also measured and corrected during the submission process.

4. Following the system-driven electronic validation, LSG's in-house Bill Review team performed a more granular review of the invoices to identify any further billing errors measured against the remaining (in this case) 42 GNC rules contained within the Brit GNC Matrix. These billing errors are called Guideline Non-Compliances or "GNC's". Each GNC category is defined and when applied, they attract a monetary value of potential reductions.

5. LSG also analysed the invoices using Uniform Task Based Management System codes (<http://www.utbms.com/>) to provide detailed analysis of the fee earner tasks, activities and GNCs.

6. LSG provided a "reasonableness review" to take account of the fact that the external counsel could have challenged the GNC's if these invoices had been reviewed in a "live" program.

7. LSG prepared a detailed report including an executive summary, full summary and conclusion with supporting data in both table and graph formats. It was delivered within 4 business days.

8. The process is summarised below.

Result:

LSG's Legal Bill Review showed that 30.84 % of the Submitted Total was in breach of Brit's Billing Guidelines.

LSG clarified that the external counsel had not been given the opportunity to challenge the GNC reductions and so had this occurred, the % GNC reductions might be less. In a 'live' program of Advocator System®, this opportunity is provided.

Nevertheless, the LBR Report enabled Brit to raise concerns with their external counsel, which achieved a proactive dialogue and significant GNC savings.

Outsourcing this effort to LSG provided Brit with a certain level of "relief" and allowed them to concentrate on the resolution of the case and other higher value work.

Paul Sewell,
Group Chief Claims Technical Officer of Brit Global Specialty, says

"We wanted to replicate the billing guideline compliance process we use for our 'live' program of Advocator System® on this historic claim. This required providing the invoices to LSG and then they conducted the review using Advocator System® and their expert Bill Review team. I was very pleased with the detail and granularity of the report which enabled us to have a productive discussion with our external counsel. A successful outcome was achieved."

