

PLAINTIFF'S

EXHIBIT

30

Smith

116-D

3.18.10

# Memorandum

To: M. R. Greenberg  
From: C. R. Schader  
CC: E. G. Greenberg, R. A. Hernandez, K. P. Moor, S. M. Rivera, H. I. Smith, K. L. Duckett  
Date: November 9, 1999  
Re: Auto Warranty - Update

1. **Reinsurance Arrangements:** I am attaching Susan Rivera's November 9, 1999 memo as a report on our efforts to reinsure the Dimension, ISI and Dimension programs.
2. **Dealer Obligor Policies:** In analyzing ISI's register of dealer obligor policies, we found that only 400 of 1800 were written for annual terms. The remainder were written for terms extending from 2 to 6 years. We are in the process of determining a) which ones expire within the next twelve months, b) which, if any, may be non-renewed on the annual anniversary date, and c) which ones we must cancel mid-term under the more stringent cancellation requirements.
3. **Claims Handling Facility:** The action plan for the implementation of a new claims handling office, as included in my September 27, 1999 update, is on target. New applications continue to flow into the office and all qualified applicants are being interviewed. Sixteen candidates have accepted employment and offers were extended to an additional twelve this week. I am optimistic that we will be able to begin receiving claim files by December 1, 1999 and am targeting NAWS and ISI as the first TPA's whose claim files will be transferred.
4. **Litigation:** We, along with Warrentech, were named by Service Guard Insurance Agency, Inc. (an agency which "private labeled" the Warrentech program under a separate administrator obligor policy) alleging damages arising out of revised claims practices — namely, a) slower response times, as adjusters verified parts prices and labor rates, and b) lower repair prices paid to dealers. It is possible that this is a collusive suit which Warrentech hopes will delay any AIG offensive against them while we are both co-defendants. For the time being, we are planning to exploit this relationship as a means of securing a copy of Warrentech's electronic, historical claim files. Ed Krugman is prepared to meet in Dallas with Warrentech's counsel to coordinate the defense. Accompanying him will be Perry Rotella of Mark Popolano's shop, who will be equipped to copy Warrentech's claim files on the spot — all in the interest of preparing for the defense of the case.
5. **Swat Teams:** Beginning next week, we are assembling and training two swat teams which will go on-site at Warrentech and ISI during a) the mandatory notice period for the termination of claim handling, and b) the transition to our own claims handling office in Orlando. Each team will consist of a leader from AI Warranty's audit staff, plus three auto technicians drawn from the AIGTS property reinspection department or the AIGTS auto residual value claims office, and one forensic accountant from the Div. 85 runoff department.

