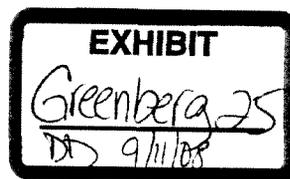


PLAINTIFF'S  
EXHIBIT  
33



# 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 18, 1999  
**Re:** Auto Warranty - Update

1. **Reinsurance Arrangements:** I am attaching Susan Rivera's November 18, 1999 memo as a report on our efforts to reinsure the Dimension, Universal and ISI programs.
2. **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. Thirty-four candidates have accepted employment, 5 offers are outstanding, and an additional 10 are being extended this week. I am optimistic that we will be able to begin receiving claim files by December 1, 1999 and am still targeting NAWS and ISI as the first TPA's whose claim files will be transferred prior to December 31, 1999.
3. **Universal/Dimension:** During the week of November 29, 1999, I am placing one of our claims auditors in Universal and Dimension for two days each to supervise claims handling and to approve settlements. Both Universal and Dimension are being advised that this will be only the first of several periodic visits. Although negotiations with both companies to buy out our programs are proceeding, neither are moving with any urgency. Since neither wants our 'interference' with their ongoing claims practices, these visits - with the prospect of more to come -- should light a fire under them and accelerate negotiations. If buyouts are not ultimately achieved, these visits will serve as the necessary first steps in taking over their claims handling.
4. **ISI:** Using the leverage we gained under a three party transition agreement among ISI, Lyndon, and AIG, we have initiated action to secure from ISI comprehensive financial, coverage, and claims information - both electronic and hard copy. A team comprised of personnel from ISG, data center, legal, operations management, accounting, and AI Warranty were on-site at ISI's Denver headquarters this week planning the data transfer. If all goes perfectly, the data transfer could be complete by our December 3 target date. That date is ambitious and a December 10 completion date is more realistic.
5. **Warrentech:** Warrentech's counsel has committed to provide us with a comprehensive information transfer schedule by Monday, November 22. We have already advised Warrentech's counsel that failure to provide us with the requested information in a timely manner would be a breach of contract under our agreements. If we do not receive a schedule on Monday, or if the schedule we receive is not satisfactory, we will escalate the matter, most probably by filing an order to show cause.

A handwritten signature in black ink, appearing to be "C. R. Schader", written over a horizontal line.