

Smith
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3-18-10

Memorandum

TO: M. R. Greenberg
FROM: C. R. Schader
CC: E. G. Greenberg, K. P. Moor, S. M. Rivera, H. I. Smith, K. L. Duckett
DATE: December 20, 1999
RE: Auto Warranty - Update

**PLAINTIFF'S
EXHIBIT
36**

1. **Reinsurance Arrangements:** I am attaching Susan Rivera's December 20, 1999 memo as a report on our efforts to reinsure the Dimension, Universal, ISI and Canadian 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, continues to be on target. Forty-eight candidates have accepted employment. On December 2, 1999 we began receiving and handling claims for both the NAWS and RPI programs. This past Saturday, December 18, 1999 we began receiving and handling claims for the Warrantech program.
3. **Warrantech:** Warrantech continues to be uncooperative. First, it was necessary for us to file an Order to Show Cause to obtain access to their data. Then Warrantech applied for a Temporary Restraining Order to stop us from taking over claims handling. After much jockeying in court this past week:
 - a) We have taken over direct control in Maitland of all new Warrantech claims as of Saturday, December 18, 1999.
 - b) Today, our four-person claim team within Warrantech, is asserting direct supervision in Dallas over all pending Warrantech claims.
 - c) Our data transfer team is in Dallas setting up copying operations. And pursuant to court order, we are to receive a complete copy of Warrantech's electronic data files by Friday, December 24.
 - d) Also today, with the assistance of LAD staff, we are taking control of all AIG imprest and zero balance accounts.
4. **ISI:** The information transfer described in my November 18, 1999 update is proceeding as planned. Overall, ISI has been cooperative and accommodating. I anticipate that we will assume direct claims handling in early January.

Schader