

- A. ARCs must establish a program with guidelines to control claim adjustment expenses.
- B. ARCs must establish guidelines to control legal defense costs:
  - 1. Evaluation, case strategy, and legal action plan shall be documented.
  - 2. Legal bills shall be reviewed for accuracy and reasonableness.
  - 3. ARCs shall have an Alternative Dispute Resolution Program.
- C. ARCs must establish a program to review vendor bills for accuracy, and deduct for unauthorized services.
- D. ARCs must report allocated expenses properly as defined in the Statistical Plan and Assigned Risk Company Procedures Manual Chapter XI, Compliance Audit. Extra contractual expenses and unallocated expenses shall not be reported as allocated expenses. Supporting documentation must be submitted that allows for the validation of each reported paid loss and expense amount transaction.