

# NOTICE OF INTENT TO LITIGATE LETTER

**David and Susan Mitchell**

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**April 5, 2024**

**SENT VIA CERTIFIED MAIL - SIGNATURE REQUIRED**

Return Receipt Requested

Tracking #: 7019-2280-0000-4567-8901

**AND VIA FEDERAL EXPRESS**

Tracking #: 7745-8901-2345

**Liberty Mutual Insurance**

Legal Department

175 Berkeley Street

Boston, MA 02116

**Attention: General Counsel**

**Copy to: Claims Vice President**

**Copy to: CEO/President**

**Re: FORMAL NOTICE OF INTENT TO LITIGATE - INSURANCE BAD FAITH**

Policy Number: HO-CO-987654321

Claim Number: 2023-FL-456789

Date of Loss: November 15, 2023

Amount in Dispute: \$285,000

Policy Limits: \$500,000 Dwelling / \$250,000 Contents / \$100,000 ALE

Days Since Loss: 141

Days Since First Denial: 89

**RESPONSE REQUIRED WITHIN 30 DAYS**

Dear Liberty Mutual Legal Department:

This letter serves as formal notice of my intent to pursue litigation against Liberty Mutual for breach of insurance contract, breach of the implied covenant of good faith and fair dealing, violations of Colorado

Unfair Claims Settlement Practices Act, C.R.S. §§ 10-3-1115 and 10-3-1116, and Colorado Consumer Protection Act violations. This notice is provided pursuant to Colorado's pre-suit notice requirements.

## **I. FACTUAL BACKGROUND AND CHRONOLOGY**

### **The Insurance Relationship:**

- Policy inception date: March 1, 2018
- Years as policyholder: 6 years
- Total premiums paid: \$18,450
- Claims history: One prior claim in 2020 handled appropriately
- Policy type: HO-5 Comprehensive
- Coverage limits: \$500,000 dwelling, \$250,000 contents, \$100,000 ALE

### **The Loss Event:**

On November 15, 2023, my property located at 3456 Pine Valley Road sustained catastrophic water damage from a sudden pipe burst in the upstairs guest bathroom. The copper supply line failed while we were at work, flooding the entire second floor and causing extensive damage to both floors. The cause of loss is unquestionably a covered peril under the express terms of the policy, specifically Section II.A.1 - "sudden and accidental discharge of water from plumbing."

### **Pattern of Misconduct Timeline:**

- Nov 15, 2023: Loss occurred at approximately 1:30 PM
- Nov 15, 2023: Claim reported at 4:45 PM - Claim #2023-FL-456789 assigned
- Nov 17, 2023: Initial adjuster Bob Stevens assigned
- Nov 20, 2023: First inspection - adjuster spent only 35 minutes onsite
- Nov 28, 2023: Adjuster's estimate received - \$42,000 (clearly inadequate)
- Dec 5, 2023: Submitted contractor estimate for \$285,000
- Dec 12, 2023: Second adjuster Jennifer White assigned without explanation
- Dec 20, 2023: Adjuster stated "reviewing coverage" - no specific concerns identified
- Jan 8, 2024: Formal denial letter citing "long-term leak" exclusion
- Jan 15, 2024: Submitted plumber's report confirming sudden failure
- Jan 22, 2024: Liberty Mutual refused to reconsider
- Feb 1, 2024: Hired engineer - report confirms sudden failure
- Feb 15, 2024: Engineer report submitted to Liberty Mutual

- Feb 28, 2024: Liberty Mutual maintains denial position
- Mar 10, 2024: "Take it or leave it" offer of \$42,000
- Mar 20, 2024: Request for claim file denied

## **II. SPECIFIC VIOLATIONS OF LAW**

### **A. Breach of Insurance Contract**

Liberty Mutual has breached the insurance contract by:

#### **1. Failure to Pay Covered Losses:**

- Contractual obligation: Policy Section II.A.1, Page 12
- Covered loss amount: \$285,000
- Amount paid: \$0
- Breach amount: \$285,000

#### **2. Improper Application of Policy Terms:**

- Misrepresented "long-term leak" exclusion
- Exclusion clearly inapplicable - engineer confirmed sudden failure
- Industry standard interpretation supports coverage

### **B. Breach of Implied Covenant of Good Faith and Fair Dealing**

Liberty Mutual has violated its duty of good faith by:

#### **1. Unreasonable Claim Investigation:**

- Spent only 35 minutes inspecting catastrophic loss
- Ignored photographic evidence of sudden failure
- Failed to investigate plumbing history
- Refused to re-inspect when expert evidence provided

#### **2. Economic Coercion:**

- Delayed payment to force lower settlement
- Made "take it or leave it" offer
- Exploited our need for immediate repairs
- Threatened to close claim if offer not accepted

## **C. Statutory Violations - Unfair Claims Settlement Practices**

Violations of Colorado Insurance Code C.R.S. § 10-3-1115:

### **1. § 10-3-1115(1)(a) - Misrepresenting Facts:**

- Claimed "evidence of long-term leak" without basis
- Misrepresented policy provisions
- False statements about coverage

### **2. § 10-3-1115(1)(e) - Failure to Affirm or Deny:**

- No coverage decision for 54 days
- Changed coverage position multiple times
- Partial denials without explanation

### **3. § 10-3-1115(1)(g) - Compelling Litigation:**

- Forcing suit for obvious coverage
- Unreasonable coverage positions
- Pattern of forcing insureds to litigate

## **III. DAMAGES SUFFERED**

### **A. Economic/Compensatory Damages**

#### **Direct Contract Damages:**

- Building damage: \$185,000
- Contents losses: \$65,000
- Additional living expenses: \$35,000
- **Subtotal Direct: \$285,000**

#### **Consequential Damages:**

- Additional damage from delays: \$32,000
- Increased repair costs (inflation): \$18,500
- Storage costs: \$4,200
- Credit card interest on repairs: \$8,400
- **Subtotal Consequential: \$63,100**

**Professional Fees Necessitated:**

- Public adjuster fees: \$28,500
- Engineer fees: \$4,500
- Attorney consultation: \$3,500
- **Subtotal Professional: \$36,500**

**TOTAL ECONOMIC DAMAGES: \$384,600**

**B. Non-Economic Damages****Emotional Distress Damages:**

- Anxiety and stress from losing home
- Medical treatment for stress-related conditions
- Family relationship strain
- Children's education disrupted

**C. Statutory Damages****Unfair Practices Act Penalties:**

- Statutory penalties under C.R.S. § 10-3-1116
- Double damages for unreasonable delay
- Attorney's fees recoverable

**IV. FINAL SETTLEMENT DEMAND****Pre-Litigation Settlement Offer**

To avoid the costs, publicity, and uncertainty of litigation, I am willing to resolve this matter for the following:

**1. Compensatory Damages:**

- Full contract benefits owed: \$285,000
- Consequential damages: \$63,100
- Professional fees incurred: \$36,500
- Interest at legal rate from Nov 15, 2023: \$18,500

**2. Statutory Components:**

- Penalty for unreasonable delay: \$50,000
- Attorney's fees to date: \$15,000

### **3. Non-Economic Resolution:**

- Emotional distress compensation: \$35,000

**TOTAL SETTLEMENT DEMAND: \$503,100**

### **Settlement Terms and Conditions:**

- Payment within 15 days of acceptance
- Mutual confidentiality agreement
- No admission of liability required
- This offer expires in 30 days and will not be renewed

## **V. CONSEQUENCES OF FAILING TO SETTLE**

### **Litigation to Be Filed**

If this matter is not resolved within 30 days, I will file suit seeking:

1. **Compensatory Damages:** All contract benefits and consequential damages
2. **Extra-Contractual Damages:** Emotional distress, mental anguish
3. **Statutory Remedies:** Double damages, attorney's fees
4. **Punitive Damages:** Based on pattern of conduct
5. **Declaratory Relief:** Coverage declarations

### **Discovery to Be Pursued**

The litigation will include extensive discovery:

- Complete claim file production
- All internal communications
- Prior similar claims handling
- Corporate policies and procedures
- Financial statements for punitive damages
- Depositions of all personnel involved

## **Public Nature of Litigation**

Filing suit will create public records of:

- Specific claim handling failures
- Pattern of bad faith conduct
- Financial information
- Media coverage likely

## **VI. EVIDENCE PRESERVATION NOTICE**

### **Litigation Hold Required**

You are hereby notified to preserve ALL:

- Claim file documents
- Electronic communications (emails, texts, chats)
- Phone recordings
- Adjuster notes and logs
- Internal memoranda
- Prior claims with similar issues
- Training materials
- Corporate policies

## **VII. REGULATORY ACTIONS**

### **Department of Insurance Complaint**

DOI Complaint to be filed if not resolved

Colorado Division of Insurance Case #: [To be filed]

Market conduct examination may be requested

## **VIII. LEGAL REPRESENTATION**

### **Current Status:**

I am in consultation with Johnson & Associates, LLC

### **Counsel Information (if retained):**

- Attorney: Michael Johnson, Bar #45678

- Firm: Johnson & Associates, LLC
- Experience: 20 years insurance litigation
- Previous cases against Liberty Mutual: 12 (10 successful)

## **IX. RESPONSE REQUIREMENTS**

### **Required Within 30 Days:**

Your response must include:

1. Acceptance of settlement demand, OR
2. Specific counter-offer with justification, OR
3. Detailed written explanation disputing claims

### **Contact for Response:**

Direct all responses to:

David and Susan Mitchell

3456 Pine Valley Road

Denver, CO 80202

Email: [dmitchell.legal@email.com](mailto:dmitchell.legal@email.com)

**Response deadline: May 5, 2024**

## **X. CONCLUSION**

Liberty Mutual's handling of this claim exemplifies the bad faith claim practices that insurance regulations are designed to prevent. The pattern of delay, denial, and defend tactics has caused significant harm beyond the original loss. While I prefer to resolve this matter without litigation, I am fully prepared to pursue all legal remedies to obtain the benefits owed under the policy and compensation for Liberty Mutual's bad faith conduct.

This situation is entirely of Liberty Mutual's making and can still be resolved fairly. However, time is of the essence. Each day that passes increases damages and strengthens the bad faith claim. I urge you to carefully consider this notice and respond appropriately.

The insurance industry depends on trust. When insurers breach that trust, the civil justice system provides the remedy. I hope litigation will not be necessary, but I am prepared to pursue it vigorously if required.

Govern yourself accordingly.

**David Mitchell**

**Susan Mitchell**



April 5, 2024

**Enclosures:**

1. Complete chronological claim timeline (8 pages)
2. All correspondence with Liberty Mutual (47 pages)
3. Contractor estimate - \$285,000 (12 pages)
4. Engineer report confirming sudden failure (18 pages)
5. Plumber's report (6 pages)
6. Photographic evidence (62 photos)
7. Medical documentation of stress treatment (8 pages)
8. Financial impact documentation (15 pages)
9. Colorado statutory provisions (5 pages)
10. Relevant case law summaries (12 pages)

**cc:**

- Colorado Division of Insurance
- Evan Greenberg, CEO Liberty Mutual
- Colorado Attorney General
- Johnson & Associates, LLC
- ABC News Denver (held pending response)
- File