

NOTICE OF INTENT TO LITIGATE LETTER

Document Category: Escalation & Legal Positioning

Document Number: 08 of 33

[Your Name]

[Your Address]

[City, State ZIP]

[Phone Number]

[Email Address]

[Date]

SENT VIA CERTIFIED MAIL - SIGNATURE REQUIRED

Return Receipt Requested

Tracking #: [Number]

AND VIA FEDERAL EXPRESS

Tracking #: [Number]

[Insurance Carrier Name]

Legal Department

[Carrier Address]

[City, State ZIP]

Attention: General Counsel

Copy to: Claims Vice President

Copy to: CEO/President

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

Policy Number: [Policy #]

Claim Number: [Claim #]

Date of Loss: [Date of Loss]

Amount in Dispute: \$[Amount]

Policy Limits: \$[Dwelling] / \$[Contents] / \$[ALE]

Days Since Loss: [Number]

Days Since First Denial: [Number]

RESPONSE REQUIRED WITHIN 30 DAYS

Dear [Carrier Name] Legal Department:

This letter serves as formal notice of my intent to pursue litigation against [Carrier Name] for breach of insurance contract, breach of the implied covenant of good faith and fair dealing, violations of [State] Unfair Claims Settlement Practices Act, [State Statutes §XXX-XXX], and [State] Consumer Protection Act violations. This notice is provided pursuant to [any applicable state pre-suit notice requirements].

I. FACTUAL BACKGROUND AND CHRONOLOGY

The Insurance Relationship:

- Policy inception date: [Date]
- Years as policyholder: [Number]
- Total premiums paid: \$[Amount]
- Claims history: [None/Previous claims handled appropriately]
- Policy type: [HO-3/HO-5/DP-3/Commercial]
- Coverage limits: [List all applicable limits]

The Loss Event:

On [Date of Loss], my property located at [Address] sustained covered damages from [detailed description of loss event]. The cause of loss is unquestionably a covered peril under the express terms of the policy, specifically [cite policy section and page].

Initial Claim Handling:

- [Date]: Loss occurred at approximately [time]
- [Date]: Claim reported via [phone/online/agent] - Claim #[Number] assigned
- [Date]: Initial adjuster [Name] assigned
- [Date]: First inspection conducted (inadequate - only [duration] onsite)
- [Date]: Second adjuster [Name] assigned without explanation
- [Date]: Conflicting coverage positions provided

Pattern of Misconduct Timeline:

[Provide detailed chronology showing pattern of bad faith, for example:]

- [Date]: Adjuster stated coverage existed, then retracted
- [Date]: Requested unnecessary documentation already provided
- [Date]: Failed to respond to communications for [#] days
- [Date]: Provided estimate 60% below three contractor estimates

- [Date]: Denied coverage citing inapplicable exclusion
- [Date]: Ignored engineer report supporting coverage
- [Date]: Made "take it or leave it" settlement offer
- [Date]: Refused to provide claim file when requested
- [Date]: Threatened to close claim if offer not accepted

II. SPECIFIC VIOLATIONS OF LAW

A. Breach of Insurance Contract

[Carrier Name] has breached the insurance contract by:

1. Failure to Pay Covered Losses:

- Contractual obligation: Policy Section [X], Page [Y]
- Covered loss amount: \$[Amount]
- Amount paid: \$[Amount]
- Breach amount: \$[Amount]

2. Improper Application of Policy Terms:

- Misrepresented exclusion [cite specific exclusion]
- Exclusion clearly inapplicable because [explain]
- Industry standard interpretation supports coverage

3. Failure to Comply with Policy Procedures:

- Failed to issue written denial as required
- Failed to conduct reasonable investigation
- Failed to pay undisputed amounts

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

[Carrier Name] has violated its duty of good faith by:

1. Unreasonable Claim Investigation:

- Spent only [time] inspecting major loss
- Ignored photographic evidence provided
- Failed to investigate [specific aspects]

- Refused to re-inspect when errors identified

2. Biased and Outcome-Oriented Investigation:

- Adjuster predetermined denial before inspection
- Sought only evidence to support denial
- Ignored contradicting evidence
- Used unqualified "expert" to support position

3. Economic Coercion:

- Delayed payment to force lower settlement
- Threatened claim closure
- Made misrepresentations about coverage
- Exploited financial vulnerability

C. Statutory Violations - Unfair Claims Settlement Practices

Violations of [State] Insurance Code §[XXX]:

1. §[XXX.1] - Failure to Acknowledge:

- Statutory requirement: Acknowledge within [X] days
- Actual acknowledgment: [Y] days
- Documentation: [Attached exhibits]

2. §[XXX.2] - Failure to Provide Forms:

- Required to provide within [X] days
- Forms provided after [Y] days
- Only after multiple requests

3. §[XXX.3] - Failure to Investigate:

- No reasonable investigation conducted
- Investigation clearly inadequate
- Predetermined outcome evident

4. §[XXX.4] - Failure to Affirm or Deny:

- Required decision within [X] days

- No decision for [Y] days
- Partial denials without explanation

5. §[XXX.5] - Failure to Attempt Settlement:

- Clear liability and coverage
- Offers substantially below damages
- No reasonable basis for offers

6. §[XXX.6] - Compelling Litigation:

- Forcing suit for obvious coverage
- Unreasonable coverage positions
- Pattern of forcing litigation

7. §[XXX.7] - Misrepresentation:

- Misrepresented policy provisions
- False statements about coverage
- Misrepresented facts

8. §[XXX.8] - Failure to Provide Explanation:

- No written basis for denial
- Vague references to exclusions
- Refused to identify specific provisions

D. Additional Statutory Violations

[State] Consumer Protection Act Violations:

- Deceptive trade practices
- Unconscionable conduct
- Pattern of unfair treatment

[State] Prompt Payment Statute Violations:

- Failed to pay within [X] days
- Interest and penalties accruing

III. DAMAGES SUFFERED

A. Economic/Compensatory Damages

Direct Contract Damages:

- Unpaid building damage: \$[Amount]
- Unpaid contents losses: \$[Amount]
- Unpaid additional living expenses: \$[Amount]
- Unpaid code upgrades: \$[Amount]
- **Subtotal Direct: \$[Amount]**

Consequential Damages:

- Additional damage from delays: \$[Amount]
- Increased repair costs (inflation): \$[Amount]
- Lost personal property (deterioration): \$[Amount]
- Temporary housing beyond ALE: \$[Amount]
- Storage costs: \$[Amount]
- **Subtotal Consequential: \$[Amount]**

Professional Fees Necessitated:

- Public adjuster fees: \$[Amount]
- Engineer/expert fees: \$[Amount]
- Attorney consultation: \$[Amount]
- Contractor re-inspection fees: \$[Amount]
- **Subtotal Professional: \$[Amount]**

Financial Consequences:

- Interest on loans required: \$[Amount]
- Credit damage from unpaid bills: \$[Amount]
- Lost income/opportunities: \$[Amount]
- Tax consequences: \$[Amount]
- **Subtotal Financial: \$[Amount]**

TOTAL ECONOMIC DAMAGES: \$[Total Amount]

B. Non-Economic Damages

Emotional Distress Damages:

- Anxiety and stress from claim handling
- Sleep disruption documented
- Family relationship strain
- Medical treatment required
- Documented by [physician/therapist]

Loss of Life's Enjoyment:

- Unable to use home normally
- Family gatherings impossible
- Home-based business disrupted
- Children's education affected

C. Statutory Damages

Unfair Practices Act Penalties:

- Statutory penalties under §[XXX]
- Multiple violations documented
- Pattern and practice shown
- Penalties of \$[Amount] per violation

Prompt Payment Penalties:

- [X]% penalty per statute
- Interest at statutory rate
- Attorney's fees recoverable

D. Punitive Damages

Basis for Punitive Award:

- Conscious disregard of rights
- Pattern of similar conduct
- Financial motivation evident
- Deterrence necessary

- Ratio to compensatory justified

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: \$[Amount]
- Consequential damages: \$[Amount]
- Professional fees incurred: \$[Amount]
- Interest at legal rate from [Date]: \$[Amount]

2. Statutory Components:

- Penalties for violations: \$[Amount]
- Attorney's fees to date: \$[Amount]

3. Non-Economic Resolution:

- Emotional distress compensation: \$[Amount]
- Written acknowledgment of coverage
- Agreement on claim handling protocols

TOTAL SETTLEMENT DEMAND: \$[Total Amount]

Settlement Terms and Conditions:

- Payment within 15 days of acceptance
- Mutual confidentiality agreement
- No admission of liability required
- Dismissal with prejudice upon payment
- Each party bears own costs
- 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
- All consequential damages
- Pre and post-judgment interest

2. Extra-Contractual Damages:

- Emotional distress
- Mental anguish
- Loss of enjoyment
- Damage to credit/reputation

3. Statutory Remedies:

- Treble damages where applicable
- All statutory penalties
- Attorney's fees and costs

4. Punitive Damages:

- Based on net worth
- Pattern of conduct
- Need for deterrence

5. Declaratory and Injunctive Relief:

- Coverage declarations
- Claim handling reforms
- Monitoring requirements

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
- Corporate representative depositions
- Expert witness retention
- Industry standard evidence

Public Nature of Litigation

Filing suit will create public records of:

- Specific claim handling failures
- Pattern of bad faith conduct
- Corporate policies challenged
- Financial information (under seal)
- Regulatory referrals made
- 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
- Underwriting files
- Prior claims with similar issues
- Training materials
- Corporate policies
- Financial records

Spoilation Consequences

Failure to preserve evidence will result in:

- Spoilation claims
- Adverse inference instructions
- Sanctions motions
- Additional damages claims
- Bar complaints if attorneys involved
- Regulatory referrals

VII. REGULATORY ACTIONS

Department of Insurance Complaint

[Choose applicable]

- DOI Complaint already filed: #[Number]
- DOI Complaint to be filed if not resolved
- Market conduct issues identified

Other Regulatory Bodies:

- Attorney General consumer protection division
- [State] Insurance Commissioner special investigations
- NAIC database reporting
- Legislative committee testimony considered

VIII. LEGAL REPRESENTATION

Current Status:

[Choose one]

- I have retained counsel: [Firm Name]
- I am in consultation with counsel
- I will retain counsel if necessary

Counsel Information:

[If retained]

- Attorney: [Name, Bar #]
- Firm: [Name]
- Experience: [# years insurance litigation]
- Previous cases against [Carrier]: [if known]

IX. ATTEMPT AT RESOLUTION

Good Faith Effort to Resolve

Despite [Carrier Name]'s conduct, I prefer resolution over litigation:

- Litigation is expensive for all parties
- Public trial would damage [Carrier Name]'s reputation
- Regulatory scrutiny would follow
- Resolution allows business relationship to continue
- Fair settlement benefits both parties

Conditions for Resolution:

1. Fair payment of actual damages
2. Reasonable compensation for harm caused
3. Written confirmation of coverage
4. Timely payment (within 15 days)
5. Professional claim handling going forward

X. 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

If disputing, you must provide:

- Specific policy provisions relied upon
- Factual basis for coverage position
- All documents supporting position

- Legal authority for interpretations
- Explanation for claim handling

Contact for Response:

Direct all responses to:

Primary: [Your name and address]

Email: [Email address]

Copy to: [Attorney if retained]

Response deadline: [Date - 30 days from letter date]

XI. RESERVATION OF RIGHTS

Nothing in this letter waives any rights, including:

- Right to amend claims and damages
- Right to discovery of additional violations
- Right to add parties to litigation
- Right to seek class certification if applicable
- Right to regulatory and criminal referrals
- Right to public disclosure of conduct

XII. CONCLUSION

[Carrier Name]'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 [Carrier Name]'s bad faith conduct.

This situation is entirely of [Carrier Name]'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.

[Your Signature]

[Your Printed Name]

[Date]

Enclosures:

1. Complete chronological claim timeline
2. All correspondence with [Carrier Name]
3. Professional estimates and reports
4. Photographic evidence
5. Expert opinions
6. Medical documentation [if applicable]
7. Financial impact documentation
8. Statutory provisions violated
9. Relevant case law
10. Draft complaint [optional power move]

cc:

- [State] Department of Insurance
- [CEO of Insurance Company]
- [State] Attorney General
- [Your Attorney] [if retained]
- [Public Adjuster] [if applicable]
- [State Representative/Senator] [optional]
- [Local media contacts] [held pending response]
- File

POST-LETTER CHECKLIST

Immediately After Sending:

- Calendar 30-day deadline
- Calendar 25-day follow-up
- Save all sending receipts
- Begin litigation file organization
- Interview potential attorneys
- Document ongoing damages

- Preserve all evidence
- No direct communication with carrier
- All communication in writing only
- Consider media strategy
- Update damages calculations weekly

If No Response in 30 Days:

- Retain litigation counsel
- File lawsuit immediately
- Issue press release [if appropriate]
- File regulatory complaints
- Request emergency relief if needed

Note: This template represents an aggressive pre-litigation position and should be customized based on specific circumstances. It is provided for informational purposes only and does not constitute legal advice. Users should strongly consider consulting with an attorney experienced in insurance bad faith litigation before sending such a letter. The specific statutes, deadlines, and requirements vary significantly by state. This letter may trigger immediate litigation, so be prepared to follow through on all statements made.