

FINAL DEMAND FOR PAYMENT

When to Use This Document

- After 60+ days of unresolved claim negotiations
- When insurer has made inadequate offers or partial payments
- Before filing lawsuit or formal complaints
- When you have documented evidence of damages
- After multiple unsuccessful attempts at resolution

Common Insurer Responses and Counter-Arguments

Insurer Response: "We need more time to investigate"

Counter: Document investigation delays exceeding statutory limits (typically 30-60 days)

Insurer Response: "Your demand is excessive"

Counter: Reference specific estimates from licensed contractors and market rates

Insurer Response: "Coverage questions exist"

Counter: Demand payment of undisputed amounts while coverage issues are resolved

FINAL DEMAND FOR PAYMENT

[Date]

SENT VIA:

- Certified Mail #[Number]
- Email: [Email Address]
- Fax: [Fax Number]

[Insurance Carrier Name]

Attn: [Adjuster Name]

Attn: Legal Department

[Address]

[City, State ZIP]

Re: FINAL DEMAND FOR PAYMENT - TIME SENSITIVE

- Claim #: [Claim #]

- Policy #: [Policy #]
- Date of Loss: [Date of Loss]
- Amount Demanded: \$[Total Amount]

ATTENTION: LEGAL ACTION IMMINENT IF NOT RESOLVED WITHIN 10 DAYS

Dear [Adjuster Name]:

This constitutes FINAL DEMAND for immediate payment of \$[Total Amount] owed under the above-referenced claim. Your continued failure to pay necessitates legal action unless resolved within TEN (10) DAYS.

I. AMOUNT OWED WITH DETAILED CALCULATIONS

Dwelling Coverage Analysis

Category	Amount Claimed	Supporting Documentation	Amount Paid	Balance Owed
Dwelling Structure	\$85,000	3 contractor estimates averaging \$85,000	\$45,000	\$40,000
Code Upgrades	\$12,000	City permit requirements dated [date]	\$0	\$12,000
Mold Remediation	\$8,500	Environmental report by [company]	\$0	\$8,500
Emergency Repairs	\$5,500	Paid invoices attached	\$2,000	\$3,500

Example Calculation for Water Damage:

- 2,400 sq ft affected × \$35/sq ft (regional average) = \$84,000
- Plus 10% contractor overhead = \$8,400
- Plus 10% profit = \$8,400
- **Subtotal: \$100,800**

Contents Valuation

Room-by-Room Method Example:

- Master Bedroom: \$15,000 (furniture, electronics, clothing)
- Living Room: \$22,000 (furniture, entertainment system, decor)
- Kitchen: \$8,000 (small appliances, dishware, cookware)
- **Total Contents Claimed: \$45,000**

- Depreciation Applied (per policy): \$6,750 (15%)
- **ACV Owed: \$38,250**

Additional Living Expenses

Monthly Calculation:

- Temporary Housing: \$2,800/month (comparable 3BR rental)
- Additional Food Costs: \$450/month (restaurant meals)
- Storage Unit: \$200/month
- Extra Transportation: \$300/month (30 miles additional daily)
- **Monthly Total: \$3,750 × 8 months = \$30,000**

Interest Calculations

State-Specific Statutory Rates:

- California: 10% per annum (Ins. Code §2071)
- Texas: 18% per annum (Ins. Code §542.060)
- Florida: 12% per annum (§627.70131)
- New York: 9% per annum (CPLR §5004)

Example Interest Calculation (Texas):

\$75,000 unpaid × 18% ÷ 365 days × 120 days late = \$4,438.36

II. CHRONOLOGY OF BREACH WITH LEGAL IMPLICATIONS

Date	Event	Days Elapsed	Legal Significance
01/15/2024	Loss occurred	0	Coverage triggered
01/16/2024	Claim reported	1	Notice satisfied
01/25/2024	Inspection conducted	10	15-day deadline approaching
02/15/2024	Estimate submitted	31	30-day decision deadline passed
03/01/2024	Partial payment	46	Admission of coverage
03/15/2024	Supplemental submitted	60	Prompt payment period expired
05/15/2024	Last communication	121	Bad faith period begins
Today	Final demand	180	Statutory penalties apply

III. SPECIFIC STATUTORY VIOLATIONS

A. Unfair Claims Settlement Practices Act Violations

National Association of Insurance Commissioners Model Act §4:

1. Misrepresenting Policy Provisions (§4.A)

- You claimed water damage exclusion despite clear coverage
- Policy page 15 covers "sudden and accidental discharge"
- Precedent: State Farm v. Johnson, 325 S.W.3d 450

2. Failing to Acknowledge Communications (§4.B)

- No response to certified letters dated 3/1, 3/15, 4/1
- Emails of 3/20, 4/5, 4/20 unacknowledged
- Violates 15-day acknowledgment requirement

3. Not Attempting Good Faith Settlement (§4.F)

- Offered \$25,000 for \$85,000 documented damage
- No negotiation or compromise attempted
- "Take it or leave it" ultimatum given

B. State-Specific Violations

California (Insurance Code §2071):

- Payment due within 30 days of proof of loss
- Now 150 days overdue
- Interest accruing at \$20.55 per day

Texas (Insurance Code Chapter 542):

- 15 days to acknowledge claim (violated)
- 30 days to accept/reject (violated)
- 60 days to pay (violated)
- 18% annual interest plus attorney fees

Florida (§627.70131):

- 14 days to acknowledge (violated)

- 90 days to pay or deny (violated)
- Interest plus 2x damages for violations

IV. DAMAGES ACCUMULATING DAILY

Direct Damages

- Unpaid claim amount: \$75,000
- Statutory interest: \$4,438 (continuing at \$37/day)
- Additional living expenses: \$30,000 (continuing at \$125/day)

Consequential Damages (Documentary Proof Available)

- Further property damage from delayed repairs: \$12,000
- Lost rental income (basement apartment): \$1,200/month × 6 months = \$7,200
- Credit score impact: 750 to 680 (documented via credit report)
- Medical costs for stress-related conditions: \$3,500
- Lost wages attending to claim: \$5,000

Potential Bad Faith Damages

Based on Recent Verdicts in [State]:

- Mental anguish: \$25,000-\$100,000 typical awards
- Punitive damages: 2-3× compensatory damages
- Attorney fees: \$50,000-\$150,000 typical range
- Court costs: \$5,000-\$25,000

V. IRREFUTABLE DOCUMENTATION ESTABLISHING DEBT

1. **Insurance Policy** - Full coverage confirmed, limits of \$350,000

2. **Professional Estimates:**

- ABC Restoration: \$84,500 (License #12345)
- XYZ Contractors: \$85,500 (License #67890)
- 123 Builders: \$86,000 (License #13579)

3. **Expert Reports:**

- John Smith, PE, Structural Engineer (Report attached)
- Environmental Testing Inc., Mold Assessment (Lab results attached)

4. **Photographic Evidence:** 247 time-stamped images with GPS data

5. **Video Documentation:** 3 hours of damage footage

6. **Your Own Admissions:**

- Check #1234 for \$45,000 acknowledges coverage
- Adjuster's report states "covered loss"
- Email of 2/15 confirms "working to resolve claim"

VI. GOOD FAITH ATTEMPTS TO RESOLVE

Documented Communications:

- 23 phone calls (call logs attached)
- 12 letters sent (certified mail receipts attached)
- 45 emails exchanged
- 6 supplemental document packages provided
- 4 meetings/reinspections accommodated
- 2 mediation offers made (rejected by you)

VII. SPECIFIC LEGAL ACTIONS TO BE TAKEN

If Payment Not Received Within 10 Days:

1. Circuit Court Lawsuit Filing:

- Breach of contract
- Breach of implied covenant
- Statutory bad faith
- Unfair trade practices
- Negligent infliction of emotional distress
- Request for jury trial

2. Regulatory Complaints:

- State Department of Insurance (form attached)
- Attorney General Consumer Protection Division
- Better Business Bureau
- National Association of Insurance Commissioners database

3. Public Disclosure Campaign:

- Social media documentation (Twitter, Facebook, NextDoor)
- Review sites (Google, Yelp, Trustpilot)
- Local media contacts already interested
- Consumer advocacy groups notified

4. Legal Representation:

- Three firms willing to take case on contingency
- Fee agreements range from 33-40%
- Statutory attorney fees available in this state

VIII. SETTLEMENT OPPORTUNITY - LIMITED TIME

Current Settlement Offer

Despite your breaches and my mounting damages, I will accept \$75,000 if paid within 10 days.

This Represents Compromise Of:

- Accruing interest: \$4,438
- Consequential damages: \$27,700
- Emotional distress claims
- Punitive damage claims
- Public disclosure rights

Settlement Terms

1. Payment of \$75,000 via wire transfer or certified check
2. Mutual release of claims related to this loss only
3. No admission of wrongdoing by either party
4. Confidentiality if mutually agreed
5. Payment within 10 days of acceptance

This offer expires at 5:00 PM on [Date - 10 days from letter date]

After expiration, I seek all damages including bad faith, punitive, and consequential damages likely exceeding \$250,000.

IX. YOUR FINANCIAL ABILITY TO PAY

[Carrier Name] Financial Data (Public Records):

- 2023 Surplus: \$2.4 billion
- A++ rating from A.M. Best
- Admitted carrier in [State]
- Statutory reserves: \$850 million
- 2023 Net Income: \$425 million
- CEO Compensation: \$12 million

Non-payment is deliberate bad faith, not financial inability.

X. RESPONSE REQUIRED - SPECIFIC FORMATS

You must respond within 10 days with either:

Option 1: Full Payment

- Wire transfer to: [Account details]
- OR certified check via overnight delivery
- Include letter confirming claim closure
- Provide paid invoice showing zero balance

Option 2: Written Explanation Including:

- Specific policy provisions supporting your position
- Page and paragraph numbers referenced
- Legal authority (cases, statutes) cited with full citations
- All documents supporting your position
- Name and contact for your legal counsel
- Your settlement counter-offer, if any

Silence will be considered refusal requiring immediate legal action.

XI. PRESERVATION NOTICE AND SPOILIATION WARNING

Preserve ALL Documents Including:

- Complete claim file (paper and electronic)

- All internal emails mentioning claim
- All notes, memos, and communications
- Recorded phone calls
- Text messages
- Reserve information and changes
- Authority level communications
- Consultant/expert reports
- Draft letters/documents
- Deleted items from email/systems

Spoliation of evidence will result in:

- Separate spoliation lawsuit
- Adverse inference instructions
- Sanctions and penalties
- Potential criminal charges
- Report to Department of Insurance

XII. FINAL STATEMENT WITH CONSEQUENCES

This represents my final attempt at voluntary resolution. Proceeding to litigation will cost you substantially more than the current settlement offer.

Estimated Insurer Costs If This Proceeds:

- Defense counsel: \$50,000-\$150,000
- Expert witnesses: \$25,000-\$50,000
- Court costs: \$10,000-\$25,000
- Potential verdict: \$150,000-\$350,000
- Statutory penalties: Up to treble damages
- Regulatory fines: \$10,000-\$100,000
- Reputational damage: Immeasurable

Pay the claim now or face these consequences in court.

TIME IS OF THE ESSENCE - TEN DAYS TO RESPOND

[Insured Name]

[Address]

[Phone]

[Email]

Enclosures:

- Supporting documentation (127 pages)
- Proof of damages portfolio
- Prior correspondence chronology
- Draft complaint for filing
- Department of Insurance complaint form

cc:

- [State Insurance Commissioner]
- [Attorney Name - if retained]
- [Public Adjuster - if applicable]
- Legal File

Post-Demand Decision Tree

If No Response in 10 Days:

1. File lawsuit immediately
2. Submit regulatory complaint
3. Engage public adjuster if not already
4. Begin public disclosure campaign

If Partial Payment Offered:

1. Accept if >75% of demand
2. Counter if 50-75%
3. Reject if <50%
4. Document as admission of liability

If Full Payment Received:

1. Confirm receipt in writing

2. Deposit promptly
3. Execute mutual release
4. Close claim formally

Red Flags to Watch For:

- Request for excessive documentation
 - Sudden coverage "concerns"
 - Change in adjusters
 - Involvement of insurer's counsel
 - Requests for examination under oath
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This document template provides specific examples and calculations. Adjust all figures, dates, and state-specific references to match your actual claim circumstances.