

# ARBITRATION DEMAND LETTER

## Enhanced Version with Comprehensive Legal Framework

**Document Category:** Escalation & Legal Positioning

**Document Number:** 11 of 33

**Priority Level:** FORMAL LEGAL PROCEEDING

---

### CLAIMANT INFORMATION

[Your Full Legal Name]

[Your Complete Address]

[City, State ZIP]

[Phone Number]

[Email Address]

[Date]

---

### SERVICE INFORMATION

**SENT VIA:** Certified Mail Return Receipt Requested, Email, Process Server

#### PRIMARY SERVICE:

[Insurance Carrier Full Legal Name]

Legal Department / Arbitration Unit

[Registered Agent Address]

[City, State ZIP]

#### ARBITRATION FORUM:

American Arbitration Association

[Regional Office Address]

[City, State ZIP]

Case Manager: [Name if known]

#### ADDITIONAL SERVICE:

[State] Department of Insurance

Consumer Services Division

[Address]

[City, State ZIP]

---

CAPTION

Re: FORMAL DEMAND FOR BINDING ARBITRATION

Insurance Policy Number: [Policy #]

Claim Number: [Claim #]

Date of Loss: [Date]

Amount in Dispute: \$[Amount]

Arbitration Provision: Policy Section [X], Page [#]

Governing Rules: AAA Commercial Arbitration Rules

FORMAL ARBITRATION DEMAND

Dear Sir/Madam:

Pursuant to the mandatory arbitration provision contained in insurance policy number [Policy #], Claimant hereby demands binding arbitration of all disputes arising from Respondent's handling, adjustment, and payment of the insurance claim for damages occurring on [Date of Loss].

SECTION 1: ARBITRATION PROVISION

POLICY ARBITRATION CLAUSE

Policy Section [X], Page [X] expressly states:

"[Quote exact and complete arbitration language from policy, including any specific requirements, timelines, selection procedures, and limitations]"

ARBITRATION PROVISION ANALYSIS

Provision Element	Policy Requirement	Status	Compliance
Mandatory/Optional	[Mandatory/Optional]	Invoked	✓
Scope of Disputes	All claim disputes	Applicable	✓
Arbitrator Selection	[Method specified]	Ready to proceed	✓
Rules Applicable	[AAA/Other]	AAA Commercial	✓
Location	[City/State or choice]	[Proposed location]	✓
Award Binding	Binding on all parties	Acknowledged	✓

## SECTION 2: PARTIES TO ARBITRATION

### CLAIMANT(S)

#### Primary Claimant:

- Full Legal Name: [Your Full Name]
- Capacity: Insured/Policyholder
- Address: [Complete Address]
- Email: [Email]
- Phone: [Phone]

#### Additional Claimants (if applicable):

- Co-Insured: [Name, Relationship]
- Mortgagee: [Institution, Interest]
- Other Interests: [Description]

### RESPONDENT(S)

#### Primary Respondent:

- Legal Entity Name: [Insurance Carrier Full Legal Name]
- State of Incorporation: [State]
- Principal Place of Business: [Address]
- Registered Agent: [Name and Address]
- Claims Department: [Address]
- Policy Issuing Entity: [If different]

#### Additional Respondents (if applicable):

- Adjusting Company: [If separate entity]
- Third-Party Administrator: [If applicable]

---

## SECTION 3: STATEMENT OF CLAIMS

### DETAILED CLAIMS AND CAUSES OF ACTION

#### COUNT I: BREACH OF INSURANCE CONTRACT

**Factual Basis:**

- 1. Valid policy in force: [Policy #]
- 2. Premiums paid current: \$[Amount] annually
- 3. Covered loss occurred: [Date]
- 4. Timely notice provided: [Date]
- 5. Cooperation provided: Complete
- 6. Coverage wrongfully denied/underpaid

**Specific Breaches:**

Contract Provision	Obligation	Breach	Damages
Coverage grant	Pay covered losses	Denied coverage	\$(amount)
Payment timing	Pay within [days]	[Days] late	Interest + damages
Full payment	Pay all covered amounts	Underpaid by	\$(amount)
Good faith	Fair investigation	Biased/incomplete	Bad faith damages

**Damages Sought:** \$[Amount] in unpaid benefits

**COUNT II: BREACH OF IMPLIED COVENANT OF GOOD FAITH**

**Bad Faith Conduct:**

Date	Action/Inaction	Impact	Evidence
[Date]	Unreasonable delay	[# days]	Correspondence
[Date]	Inadequate investigation	Missed damage	Photos/reports
[Date]	Misrepresentation	Misleading information	Written statements
[Date]	Lowball offer	[%] below documented	Estimates
[Date]	Coercive tactics	Forced acceptance	Communications
[Date]	Claims handling	Pattern of denial	File history

**Damages Sought:** \$[Amount] in consequential and punitive damages

**COUNT III: STATUTORY VIOLATIONS**

**[State] Insurance Code Violations:**

Statute	Requirement	Violation	Penalty
§[XXX]	Acknowledge within [days]	[Days] late	Statutory penalty
§[XXX]	Decision within [days]	No decision	Interest + penalty
§[XXX]	Pay undisputed amounts	Withheld	Treble damages
§[XXX]	Fair settlement practices	Multiple violations	Punitive available

### Unfair Claims Settlement Practices:

1. ☒ Misrepresenting policy provisions
2. ☒ Failing to acknowledge communications
3. ☒ Failing to adopt reasonable standards
4. ☒ Refusing to pay without investigation
5. ☒ Failing to affirm or deny coverage
6. ☒ Not attempting good faith settlement
7. ☒ Compelling litigation
8. ☒ Attempting settlement for less than due
9. ☒ Making payments without explanation
10. ☒ Unreasonable delay in payment

**Damages Sought:** Statutory penalties and attorney's fees

### COUNT IV: DECLARATORY RELIEF

#### Seeking Declaration:

- Coverage exists for claimed losses
  - Policy exclusions don't apply
  - Conditions precedent satisfied
  - Full replacement cost owed
  - Additional living expenses covered
  - Code upgrades covered
-

SECTION 4: FACTUAL NARRATIVE

CHRONOLOGICAL STATEMENT OF FACTS

Pre-Loss Period

Date	Event	Documentation
[Date]	Policy purchased	Application
[Annual]	Premiums paid	Payment records
[Date]	Coverage confirmed	Declarations
[Date]	No claims history	Clean record

Loss Event

Date/Time	Event	Impact	Documentation
[Date/Time]	Loss occurred	[Description]	Reports
[Date]	Emergency mitigation	[\$[amount]] spent	Receipts
[Date]	Notice to carrier	Claim opened	Claim #
[Date]	Adjuster assigned	[Name]	Assignment

Claims Process Failures

Date	Carrier Action/Inaction	Policyholder Response	Result
[Date]	Initial inspection	Full cooperation	Inadequate
[Date]	Estimate provided	Under \$[amount]	Challenged
[Date]	Supplement submitted	[\$[amount]] additional	Ignored
[Date]	Engineer report	Supported claim	Disregarded
[Date]	Partial payment	[\$[amount]] only	Insufficient
[Date]	Final denial	Coverage limited	Disputed

SECTION 5: DAMAGES ANALYSIS

COMPREHENSIVE DAMAGES SOUGHT

A. COMPENSATORY DAMAGES

Category	Amount	Calculation Basis	Documentation
<b>Unpaid Policy Benefits</b>			
Dwelling coverage	[\$amount]	RCV - Paid	Estimates
Personal property	[\$amount]	RCV/ACV	Inventory
Additional living expense	[\$amount]	Actual incurred	Receipts
Code upgrades	[\$amount]	Required by law	Permits
Professional fees	[\$amount]	Necessary	Invoices
<b>Subtotal Direct</b>	<b>[\$amount]</b>		
<b>Consequential Damages</b>			
Additional interest	[\$amount]	Loans due to delay	Statements
Lost use	[\$amount]	Extended displacement	Rental market
Credit damage	[\$amount]	Score impact	Reports
Mortgage penalties	[\$amount]	Late payments	Notices
<b>Subtotal Consequential</b>	<b>[\$amount]</b>		

## B. EXTRA-CONTRACTUAL DAMAGES

Category	Basis	Amount Sought	Authority
Emotional distress	Bad faith conduct	[\$amount]	Case law
Inconvenience	Unreasonable burden	[\$amount]	Precedent
Lost time	Hours documented	[\$amount]	Hourly rate
Professional fees	Required by conduct	[\$amount]	Actual

## C. PUNITIVE DAMAGES

### Basis for Punitive Award:

- Malicious conduct
- Conscious disregard
- Pattern of behavior
- Deterrence needed

**Amount Sought:** \$[amount] or [X] times compensatory

## D. STATUTORY DAMAGES

Statute	Violation	Penalty Calculation	Amount
[Statute]	Late payment	[%] per month	[\$amount]
[Statute]	Bad faith	Treble damages	[\$amount]
[Statute]	Unfair practices	Per violation	[\$amount]

**TOTAL DAMAGES IN CONTROVERSY: \$[Amount]**

**SECTION 6: ARBITRATOR SELECTION**

**PROPOSED SELECTION PROCESS**

**Per Policy and AAA Rules:**

**Option 1: Single Arbitrator (If amount under \$[threshold])**

**Qualifications Required:**

- ☒ Licensed attorney (10+ years)
- ☒ Insurance law expertise
- ☒ Property damage experience
- ☒ [State] law knowledge
- ☒ AAA panel member
- ☒ No carrier conflicts

**Selection Method:**

1. AAA provides list of 10 candidates
2. Each party strikes 3
3. Rank remaining
4. Highest mutual ranking selected

**Option 2: Three-Arbitrator Panel (If amount over \$[threshold])**

**Panel Composition:**

1. Claimant selects one arbitrator
2. Respondent selects one arbitrator
3. Two arbitrators select neutral chair



**Timeline:**

- Selection within 30 days
- Chair selected within 15 days after

**CONFLICTS DISCLOSURE**

**Unacceptable Conflicts:**

- Prior representation of Respondent
  - Financial interest in insurance industry
  - Family/business relationships
  - Prior adverse rulings pattern
- 

**SECTION 7: PROPOSED PROCEDURES**

**DISCOVERY FRAMEWORK**

**Document Production**

**Claimant Will Produce:**

Document Category	Timeframe	Format
Claim correspondence	All	PDF
Damage documentation	Complete	Original
Financial records	As relevant	Copies
Expert reports	All	PDF
Photos/videos	All	Digital

**Respondent Must Produce:**

Document Category	Description	Deadline
Complete Claim File	Every document	30 days
Underwriting File	Policy issuance	30 days
Guidelines/Manuals	Claims handling	30 days
Prior Similar Claims	Same type loss	45 days
Reserve Information	Set and changes	30 days
Adjuster Notes	All entries	30 days
Communications	Internal and external	30 days
Expert Reports	All obtained	30 days
Training Materials	Adjuster training	45 days
Audit Reports	Claims audits	45 days

## Depositions

### Proposed Deposition Schedule:

Deponent	Role	Duration	Location
Claims adjuster	Primary handler	7 hours	[City]
Supervisor	Oversight	4 hours	[City]
Expert witness	Damage opinion	4 hours	[City]
Corporate rep	Policies/procedures	7 hours	[City]

## Expert Witnesses

### Claimant's Experts:

Expert Type	Name	Purpose	Report Due
Structural engineer	[Name]	Damage extent	[Date]
Contractor	[Name]	Repair costs	[Date]
Insurance practices	[Name]	Bad faith	[Date]

### Expert Discovery:

- Reports exchanged: [Date]
- Depositions complete: [Date]
- Rebuttal reports: [Date]

## HEARING PROCEDURES

### Hearing Logistics

Element	Proposal	Alternative
Location	[City, State]	Video hearing
Duration	[#] days	As needed
Date range	[Date range]	Arbitrator availability
Witnesses	In person	Video for distant
Record	Court reporter	Digital recording
Briefs	Pre and post	Page limits

### Hearing Schedule

#### Proposed Daily Schedule:

- 9:00 AM - 12:00 PM: Morning session
- 12:00 PM - 1:30 PM: Lunch break
- 1:30 PM - 5:00 PM: Afternoon session
- Breaks as needed

#### Case Presentation Order:

1. Opening statements (30 min each)
  2. Claimant's case-in-chief
  3. Respondent's case-in-chief
  4. Rebuttal cases
  5. Closing arguments (45 min each)
- 

## SECTION 8: APPLICABLE LAW

### GOVERNING LAW AND RULES

#### Hierarchy of Authority:

1. **Federal Arbitration Act** - 9 U.S.C. §1 et seq.
2. **[State] Insurance Code** - Substantive provisions
3. **Insurance Policy Terms** - Contract interpretation

- 4. **AAA Commercial Rules** - Procedural framework
- 5. **[State] Law** - Gap filling and remedies

**KEY LEGAL PRINCIPLES**

Principle	Application	Authority
Policy ambiguities	Construed against insurer	[Case]
Burden of proof	Insurer on exclusions	[Case]
Bad faith standard	Unreasonable conduct	[Statute]
Damages available	Broad remedies	[Case]
Attorney's fees	Recoverable if bad faith	[Statute]

**SECTION 9: SETTLEMENT ATTEMPTS**

**PRE-ARBITRATION SETTLEMENT EFFORTS**

**Settlement History:**

Date	Offer/Demand	From	Response	Gap
[Date]	\${amount}	Claimant	Rejected	\${amount}
[Date]	\${amount}	Respondent	Inadequate	\${amount}
[Date]	\${amount}	Claimant	Ignored	\${amount}
[Date]	\${amount}	Respondent	Rejected	\${amount}

**SETTLEMENT CONFERENCE PROPOSAL**

**Claimant proposes settlement conference:**

- Before arbitrator selection: Save costs
- With AAA mediator: Neutral facilitator
- Date options: [Dates]
- Good faith participation: Required

## SECTION 10: DOCUMENT PRESERVATION

### PRESERVATION DEMAND

**Respondent Must Preserve:**

#### Electronic Data

Data Type	Systems	Custodians	Date Range
Emails	All servers	Adjusters, supervisors	[Date] forward
Claim system	All entries	All users	All
Phone records	Calls/texts	Claim personnel	[Date] forward
Reports	All versions	All authors	All

#### Physical Documents

- Complete claim file
- Underwriting file
- All notes and logs
- All photographs
- All estimates
- All reports

**Spoliation Warning:** Destruction of evidence will result in adverse inference and sanctions

---

## SECTION 11: EMERGENCY RELIEF

### INTERIM RELIEF NEEDED (If Applicable)

**Requesting Emergency Arbitrator For:**

Relief Sought	Basis	Urgency	Impact Without
Advance payment	Prevent foreclosure	[Date] deadline	Lose home
Injunction	Stop harassment	Ongoing	Distress
Preservation order	Evidence at risk	Immediate	Spoliation

## SECTION 12: FEE ALLOCATION

### ARBITRATION COSTS

#### Initial Fee Proposal:

Cost Component	Standard Allocation	Bad Faith Adjustment	Final Request
Filing fees	Split 50/50	Shift to respondent	100% respondent
Arbitrator fees	Split 50/50	Shift if bad faith	100% respondent
Hearing costs	Each bears own	Shift if warranted	As determined
Attorney's fees	Each bears own	Recoverable by statute	Award to prevailing

#### Basis for Fee Shifting:

- Bad faith conduct proven
- Statutory authorization
- Policy provision
- Frivolous defenses

## SECTION 13: SERVICE AND RESPONSE

### SERVICE OF PROCESS

#### This Demand Served On:

Party	Method	Date	Proof
Respondent	Certified mail	[Date]	Receipt #
Respondent	Email	[Date]	Read receipt
AAA	Online filing	[Date]	Confirmation #
State DOI	Regular mail	[Date]	Information only

### RESPONSE REQUIRED

#### Per AAA Rules and Policy Terms:

#### Respondent Must Within [14] Days:

1. File answering statement with AAA
2. Pay respondent's share of filing fee

3. Participate in arbitrator selection
4. Identify representatives
5. State position on claims

**Failure to Respond:**

- Arbitration proceeds ex parte
  - Waiver of defenses
  - Default award possible
- 

## **SECTION 14: REPRESENTATIVES**

### **CLAIMANT'S REPRESENTATIVES**

**Legal Counsel (if retained):**

- Attorney: [Name]
- Bar Number: [Number]
- Firm: [Firm Name]
- Address: [Address]
- Phone: [Phone]
- Email: [Email]

**Experts/Consultants:**

- Public Adjuster: [Name, License #]
- Engineer: [Name, PE #]
- Contractor: [Name, License #]

### **AUTHORIZATION**

Claimant authorizes listed representatives to act on behalf in all arbitration matters.

---

## **SECTION 15: RELIEF SOUGHT**

### **COMPREHENSIVE RELIEF REQUESTED**

**The Arbitrator(s) Are Requested To:**

**1. FIND AND DECLARE:**

- Coverage exists for all claimed losses
- Respondent breached contract
- Respondent acted in bad faith
- Statutory violations occurred

**2. AWARD COMPENSATORY DAMAGES:**

- Unpaid policy benefits: \$[amount]
- Consequential damages: \$[amount]
- Interest from date of loss: \$[amount]

**3. AWARD EXTRA-CONTRACTUAL DAMAGES:**

- Bad faith damages: \$[amount]
- Emotional distress: \$[amount]
- Punitive damages: \$[amount]

**4. AWARD STATUTORY REMEDIES:**

- Penalties: \$[amount]
- Attorney's fees: \$[amount]
- Costs: \$[amount]

**5. GRANT INJUNCTIVE RELIEF:**

- Require immediate payment
- Enjoin further bad faith
- Order specific performance

**6. GRANT OTHER RELIEF:**

- As deemed just and proper
- Including pre/post award interest

---

## **SECTION 16: GOOD FAITH CERTIFICATION**

### **CERTIFICATION AND VERIFICATION**

I hereby certify that:

1. This demand is made in good faith
2. Claims are supported by evidence



3. Settlement efforts have been exhausted
4. Arbitration is necessary for resolution
5. Information provided is true and accurate

**Claimant reserves all rights to:**

- Amend claims as discovery proceeds
  - Seek leave to add parties
  - Pursue class relief if appropriate
  - Appeal as permitted by law
- 

## **SECTION 17: CONCLUSION**

### **FINAL STATEMENT**

[Insurance Carrier]'s handling of this claim has violated the insurance contract, the implied covenant of good faith and fair dealing, and [State] insurance law. Despite reasonable efforts to resolve this claim, Respondent has:

- Refused to pay clearly owed benefits
- Engaged in bad faith claims handling
- Forced unnecessary arbitration
- Caused significant damages

Claimant has no choice but to demand arbitration to obtain the benefits owed under the policy and compensation for the harm caused by Respondent's conduct.

**Claimant remains willing to engage in meaningful settlement discussions to avoid the time and expense of arbitration proceedings.**

---

**Respectfully submitted,**

[Your Signature]

[Your Printed Name]

[Date]

**Verification:** I declare under penalty of perjury that the foregoing is true and correct.

---

## EXHIBITS AND ATTACHMENTS

### Attached Documents:

1. ☒ **Insurance Policy** (complete)
  2. ☒ **Claim Correspondence** (chronological)
  3. ☒ **Damage Documentation** (organized by category)
  4. ☒ **Expert Reports** (if completed)
  5. ☒ **Estimates and Invoices** (tabulated)
  6. ☒ **Photos and Videos** (indexed)
  7. ☒ **Settlement Attempts** (all offers/demands)
  8. ☒ **Filing Fee** (check/payment confirmation)
  9. ☒ **AAA Filing Forms** (completed)
- 

## DISTRIBUTION

**cc:** [State] Department of Insurance - Commissioner

**cc:** Public Adjuster - [Name]

**cc:** Attorney - [Name] (if retained)

**cc:** Mortgage Company - [Name] (notice only)

**cc:** File

---

**ARBITRATION FILING FEE ENCLOSED: \$[Amount]**

**RESPONSE REQUIRED WITHIN [14] DAYS**

---

*Note: This template is provided for informational purposes only and does not constitute legal advice. Users should customize all fields in brackets [ ] with their specific information and consult with appropriate legal counsel when initiating arbitration proceedings.*