

# COMPREHENSIVE RESERVE INFORMATION REQUEST

March 25, 2025

## SENT VIA CERTIFIED MAIL AND EMAIL

Liberty Mutual Insurance Company  
Attn: Thomas Anderson, Claims Adjuster  
Attn: Claims Manager  
175 Berkeley Street  
Boston, MA 02116

### Re: Formal Reserve Information Request - Response Required

Claim #: LM-2025-445678  
Policy #: HO3-789456123  
Date of Loss: January 12, 2025  
Current Claim Value: \$185,000 (My Estimate)  
Days Since Loss: 72

Dear Mr. Anderson:

I formally request complete reserve information for my claim. Understanding your reserve position is essential for meaningful settlement discussions and may reveal whether adequate funds are allocated for full payment of my documented damages.

## I. COMPREHENSIVE RESERVE INFORMATION REQUESTED

### A. Current Reserve Amounts (As of Today's Date)

Coverage Type	Current Reserve	Amount Paid	Remaining Reserve	My Documented Amount
Dwelling/Structure	\$_____	\$25,000	\$_____	\$125,000
Other Structures	\$_____	\$0	\$_____	\$15,000
Personal Property	\$_____	\$5,000	\$_____	\$35,000
Loss of Use/ALE	\$_____	\$2,500	\$_____	\$18,000
Code Upgrades	\$_____	\$0	\$_____	\$12,000
Debris Removal	\$_____	\$1,500	\$_____	\$5,000
Emergency Repairs	\$_____	\$3,000	\$_____	\$8,000
Professional Fees	\$_____	\$0	\$_____	\$5,000
Total Reserve:	\$_____	\$37,000	\$_____	\$223,000

B. Complete Reserve History

Please provide all reserve changes from claim inception:

Date	Previous Reserve	New Reserve	Change Amount	Reason for Change	Authorized By
01/13/25	\$0	\$50,000	+\$50,000	Initial reserve	System/Auto
01/15/25	\$50,000	\$75,000	+\$25,000	Field inspection	T. Anderson
01/22/25	\$75,000	\$85,000	+\$10,000	Contractor estimate	T. Anderson
02/05/25	\$85,000	\$95,000	+\$10,000	Hidden damage	Supervisor?
[Date]	\$_____	\$_____	+/- \$_____	[Reason]	[Name/Title]

C. Reserve Authority Levels

Disclose your company's reserve authority matrix:

Position	Individual Reserve Authority	Supervisor Approval Required Above
Field Adjuster	\$50,000	\$50,001
Senior Adjuster	\$100,000	\$100,001
Team Manager	\$250,000	\$250,001
Claims Director	\$500,000	\$500,001
VP Claims	\$1,000,000	\$1,000,001

Your Current Position: Senior Claims Adjuster

Your Reserve Authority: \$100,000

Is this claim within your authority? ☐ Yes ☐ No

D. Reserve Calculation Methodology

Explain how reserves were established:

Method Used	Weight Given	Source/Basis
<input type="checkbox"/> Adjuster Field Estimate	___%	Xactimate estimate
<input type="checkbox"/> Desk Review Estimate	___%	Photos/description
<input type="checkbox"/> Third-Party Estimate	___%	[Company Name]
<input type="checkbox"/> Industry Software	___%	<input checked="" type="checkbox"/> Xactimate <input type="checkbox"/> Other
<input type="checkbox"/> Historical Claim Data	___%	Similar claims average
<input type="checkbox"/> Carrier Guidelines	___%	Internal formula
<input type="checkbox"/> Other: _____	___%	[Explain]

II. STAIR-STEPPING DETECTION ANALYSIS

Signs of Potential Stair-Stepping

I have observed the following patterns suggesting artificial reserve manipulation:

1. Incremental Reserve Increases

- Initial reserve suspiciously low: \$50,000
- Multiple small increases rather than adequate initial reserve
- Increases coinciding with my pressure/documentation
- Pattern: \$50K → \$75K → \$85K → \$95K (always small increments)

2. Authority Avoidance Pattern

- Reserves set just below authority thresholds
- Example: \$95,000 reserve when authority limit is \$100,000
- Avoiding next level approval by \$5,000

3. Timeline Manipulation

- Reserve increases only after complaints
- Delays between obvious need and reserve adjustment
- Pattern: Reserves increase within 48 hours of my escalation calls

Request for Stair-Stepping Information

Please confirm or deny whether:

1. Reserves have been kept artificially low to avoid management review
2. Authority limits have influenced reserve setting

3. Performance metrics discourage adequate initial reserves
4. Reserve adequacy is a factor in adjuster evaluations

### **III. BASIS FOR THIS REQUEST**

#### **Legal Authority**

##### **Georgia-Specific Requirements:**

- O.C.G.A. §33-6-34:
  - Carriers must maintain adequate reserves
  - Intentional underreserving violates good faith
- Fair Claims Settlement Practices:
  - Pattern of underreserving indicates bad faith
  - Subject to penalties and interest
- Model Act (NAIC):
  - Section 4 requires reasonable claim handling
  - Inadequate reserves violate reasonable standards

#### **Business Purpose for Reserve Information**

##### **1. Settlement Planning**

- Need to know if adequate funds available
- Whether to proceed with repairs
- Contractor engagement decisions

##### **2. Bad Faith Indicators**

- Systematic underreserving suggests bad faith
- Pattern evidence for potential litigation
- DOI complaint documentation

##### **3. Negotiation Framework**

- Understanding true carrier position
- Identifying decision makers
- Assessing settlement probability

IV. SPECIFIC RESERVE CONCERNS

A. Inadequacy Indicators

Based on my analysis, your reserves appear inadequate:

Indicator	Your Reserve (Estimated)	Actual Need	Deficiency
3 Contractor Estimates Average	\$95,000?	\$185,000	\$90,000
Industry Average for Similar Loss	Unknown	\$175,000	\$80,000?
Your Own Software Estimate	\$92,000?	\$182,000	\$90,000
Public Adjuster Assessment	Unknown	\$195,000	\$100,000?

B. Reserve Manipulation Concerns

Evidence of Potential Manipulation:

1. Payment offers exactly at round numbers (\$25,000, \$50,000)
2. Sudden authority limitations when pressed for payment
3. Multiple adjusters assigned as claim value increases (3 adjusters in 72 days)
4. Reserves increased only after attorney involvement threat

C. Impact on Claim Handling

How Inadequate Reserves Affect My Claim:

- Adjuster lacks authority to settle fairly
- Multiple approval layers causing delays
- Pressure to reduce claim to fit reserves
- Inability to authorize necessary work

V. DOCUMENTATION REQUEST

Beyond reserve amounts, please provide:

A. Reserve Reports

1. Initial reserve worksheet
2. All reserve change justifications
3. Management approval documents
4. Reserve adequacy reviews

5. Actuarial reserve analysis (if performed)

## B. Authority Documentation

1. Written authority matrix/guidelines
2. Your specific authority delegation
3. Claims handling guidelines regarding reserves
4. Performance metrics related to reserves
5. Training materials on reserve setting

## C. Communications About Reserves

1. All emails mentioning reserves for this claim
2. Manager communications about reserve adequacy
3. Notes from reserve committee (if applicable)
4. Audit comments on this claim's reserves

## VI. RESERVE ADEQUACY ANALYSIS

### My Position on Appropriate Reserves

Based on documented damages, appropriate reserves should be:

Component	Amount	Basis
Structure RCV	\$125,000	Average of 3 estimates
Contents RCV	\$35,000	Detailed inventory
ALE (6 months)	\$18,000	\$3,000/month documented
Code Upgrades	\$12,000	City requirements
Professional Fees	\$5,000	Public adjuster/engineer
Emergency Mitigation	\$8,000	Completed work
Debris Removal	\$5,000	Actual invoices
<b>Minimum Reserve Needed:</b>	<b>\$208,000</b>	
Contingency (15%)	\$31,200	Industry standard
<b>Total Appropriate Reserve:</b>	<b>\$239,200</b>	

### Questions About Your Reserves

1. If reserves are below \$239,200, explain the discrepancy
2. Have reserves been approved at regional/home office level?

3. Are reserves reviewed by reinsurance partners?
4. What triggers automatic reserve review?
5. How often are reserves on this claim reviewed?

## **VII. RESPONSE REQUIREMENTS**

### **Timeline**

Please provide complete response within 15 days of this letter.

### **Format for Response**

#### **Option 1: Full Disclosure**

- Complete reserve history spreadsheet
- All supporting documentation
- Written explanation of methodology
- Confirmation reserves are adequate

#### **Option 2: Limited Disclosure**

- Legal basis for refusing disclosure
- What information you will provide
- Timeline for partial disclosure
- Alternative dispute resolution offer

#### **Option 3: Refusal to Disclose**

- Specific legal grounds
- Citation to authority
- What this means for claim handling
- Your position on settlement without disclosure

## **VIII. CONSEQUENCES OF NON-DISCLOSURE**

### **If Information Not Provided:**

#### **1. Inference of Bad Faith**

- Refusal suggests inadequate reserves
- Evidence for bad faith claim

- Presumption of manipulation

## **2. Regulatory Action**

- DOI complaint will include reserve issues
- Request for market conduct exam
- Pattern practice investigation

## **3. Litigation Discovery**

- Will seek reserves in discovery
- Depositions on reserve setting
- Forensic analysis of patterns

## **4. Public Disclosure**

- Rating agency notification
- Social media documentation
- Consumer advocacy groups

# **IX. GOOD FAITH RESOLUTION OPPORTUNITY**

### **If Reserves Are Adequate:**

- Disclosure proves good faith
- Settlement should be straightforward
- No reason to withhold information

### **If Reserves Are Inadequate:**

- Opportunity to correct now
- Avoid bad faith exposure
- Adjust reserves to reality
- Proceed with fair settlement

# **X. SETTLEMENT IMPACT**

## **How Reserve Disclosure Facilitates Resolution:**

### **1. Removes Settlement Obstacles**

- Identifies if authority exists



- Eliminates approval delays
- Enables meaningful negotiation

## **2. Demonstrates Good Faith**

- Transparency builds trust
- Shows commitment to resolution
- Reduces adversarial dynamics

## **3. Expedites Claim Resolution**

- No need for authority games
- Direct path to settlement
- Avoids litigation expenses

# **XI. SPECIFIC EXAMPLES OF CONCERNING BEHAVIOR**

## **Recent Interactions Suggesting Reserve Issues:**

### **March 10, 2025 Call:**

- Me: "Can you approve the full \$125,000 for structure?"
- You: "I need to check with my supervisor."
- Interpretation: Exceeds your reserve authority

### **March 15, 2025 Email:**

- You: "We can offer \$85,000 at this time."
- Me: "Why exactly \$85,000?"
- You: "That's what we have available."
- Interpretation: Reserve limitation, not damage assessment

### **March 20, 2025 Meeting:**

- Supervisor suddenly involved when discussing amounts over \$100,000
- Interpretation: Hit authority threshold

# **XII. CONFIDENTIALITY AGREEMENT**

I agree to maintain reasonable confidentiality of reserve information:

- Will not publicly disclose specific reserves

- Will use only for claim resolution
- May share with attorney/public adjuster
- May include in regulatory complaints
- May use in litigation if necessary

## CONCLUSION

Transparency regarding reserves is essential for good faith claim handling. Adequate reserves ensure fair settlement is possible. Inadequate or manipulated reserves constitute bad faith.

Your prompt and complete response will demonstrate good faith and facilitate resolution. Refusal or evasion will be documented as evidence of bad faith practices.

I await your response within 15 days.

Sincerely,

Patricia Thompson

Patricia Thompson

8976 Pine Valley Road

Gainesville, GA 30507

(770) 555-3421 | [pthompson@email.com](mailto:pthompson@email.com)

### Enclosures:

- Contractor estimates showing true claim value (\$185,000 average)
- Documentation of damages
- Reserve analysis spreadsheet
- Timeline of claim interactions

### cc:

- Georgia Department of Insurance
- Anderson Public Adjusters (retained 03/24/25)
- Legal Counsel (consultation scheduled)
- Claim File

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## Post-Request Action Plan

- **Day 15:** If no response, send follow-up

- **Day 20:** File DOI complaint including reserve issues
- **Day 25:** Consider attorney engagement
- **Day 30:** Evaluate litigation options

## **Red Flags in Response**

Watch for:

- Reserves exactly match prior payments
- Round numbers suggesting artificial limits
- Refusal to disclose methodology
- Claims of "proprietary information"
- Reserves well below documented damages

*Note: This is a sample document for demonstration purposes. All names, dates, and figures are fictional. This template provides comprehensive framework for obtaining critical reserve information.*