

SETTLEMENT NEGOTIATION LETTER

Strategic Settlement Framework

Document Category: Settlement & Payment

Document Number: 12 of 33

Priority Level: CONFIDENTIAL - PROTECTED COMMUNICATION

CLAIMANT INFORMATION

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March 28, 2024

RECIPIENT INFORMATION

CONFIDENTIAL SETTLEMENT COMMUNICATION
FEDERAL RULE OF EVIDENCE 408 - SETTLEMENT NEGOTIATIONS
GEORGIA EVIDENCE CODE § 24-4-408 - PRIVILEGED COMMUNICATION

SecureShield Insurance Company
Claims Department / Legal Counsel
Attn: Robert Harrison, Senior Claims Manager
500 Insurance Plaza
Atlanta, GA 30303

Via: Email (Confidential), Certified Mail #7019 2280 0000 2345 6789

MATTER IDENTIFICATION

Re: Settlement Proposal - Without Prejudice
FOR SETTLEMENT PURPOSES ONLY

Policy Number: HO-2847193-GA
Claim Number: 2024-RD-8472916
Your File #: SS-GA-2024-3847
Date of Loss: March 12, 2024

Property Address: 4782 Oak Ridge Drive, Gainesville, GA 30501
Adjuster: Mark Stevens

EXECUTIVE SUMMARY

Dear Mr. Harrison:

This letter presents a comprehensive settlement proposal to resolve all disputes regarding the above-referenced claim. This communication is protected settlement discussion under FRE 408 and similar state provisions. Nothing herein shall be construed as an admission or used in any proceeding except to enforce settlement.

SETTLEMENT OPPORTUNITY WINDOW: This proposal expires April 28, 2024 (30 days)

SECTION 1: CURRENT DISPUTE STATUS

CLAIM POSITION SUMMARY

Component	Claimant Position	Carrier Position	Disputed Difference	Bad Faith Exposure
Dwelling	\$87,493	\$52,000	\$35,493	\$15,000
Contents	\$3,705	\$1,500	\$2,205	\$2,000
ALE	\$12,000	\$6,000	\$6,000	\$3,000
Code Upgrades	\$8,517	\$0	\$8,517	\$5,000
Professional Fees	\$4,500	\$0	\$4,500	\$2,000
Subtotal Contract	\$116,215	\$59,500	\$56,715	-
Bad Faith Damages	\$25,000	\$0	\$25,000	High risk
Attorney's Fees	\$15,000	\$0	\$15,000	Statutory
TOTAL CONTROVERSY	\$156,215	\$59,500	\$96,715	\$42,000

SECTION 2: POLICYHOLDER'S POSITION STRENGTH

A. Clear Policy Coverage

Coverage Issue	Policy Language	Our Position	Supporting Evidence	Probability of Success
Cause of loss	"All risks unless excluded"	Hail/wind covered	NOAA confirmation	95%
Extent of damage	"Direct physical loss"	Entire roof system	3 contractor estimates	90%
Code upgrades	"Ordinance or law 10%"	Required by county	Building dept. letter	95%
ALE	"Necessary increase"	Master bedroom unusable	Photos, receipts	100%

B. Documentation Superiority

Our Evidence Package:

Evidence Type	Quantity	Quality	Credibility	Impact
Expert reports	1 structural engineer	PE licensed	Unbiased	Compelling
Contractor estimates	3 detailed	Licensed/bonded	Market rates	Definitive
Photo documentation	247 images	Time-stamped	Comprehensive	Visual proof
Weather records	NOAA report	Official	Government source	Authoritative

C. Bad Faith Evidence

Documented Violations:

Date	Violation Type	Evidence	Statutory Penalty	Case Law Support
3/15/24	Delayed acknowledgment	4 days late	\$1,000/day	<i>Smith v. Allstate</i>
3/20/24	Inadequate investigation	Refused engineer review	\$5,000	<i>Johnson v. State Farm</i>
3/22/24	Lowball offer	40% below estimates	\$10,000	<i>Davis v. Liberty</i>
3/25/24	Unreasonable delay	13 days no response	\$2,000	<i>Brown v. Farmers</i>

SECTION 3: LITIGATION RISK ANALYSIS

IF THIS PROCEEDS TO TRIAL

Policyholder's Potential Recovery:

Recovery Component	Conservative	Likely	Aggressive	Basis
Contract damages	\$96,715	\$116,215	\$125,000	Policy limits
Bad faith damages	\$15,000	\$25,000	\$50,000	Consequential
Emotional distress	\$5,000	\$10,000	\$20,000	Severity
Attorney's fees	\$15,000	\$25,000	\$35,000	Statutory
Interest (8% annual)	\$7,736	\$9,297	\$10,000	From loss date
Total Exposure	\$139,451	\$185,512	\$240,000	

Carrier's Litigation Risks:

Risk Category	Impact Level	Probability	Cost Impact	Strategic Concern
Legal Risks				
Adverse verdict	High	75%	\$185,000+	Precedent set
Bad faith finding	Severe	60%	\$25,000+	Punitive exposure
Appeal risks	Medium	50%	\$50,000+	Additional 2 years
Business Risks				
Discovery exposure	High	100%	Practices revealed	Competitive harm
Regulatory investigation	High	40%	Fines/monitoring	Compliance costs
Reputational Risks				
Media coverage	High	80%	Brand damage	Customer loss
Social media	Certain	100%	Viral potential	Lasting impact

SECTION 4: MUTUAL BENEFITS OF SETTLEMENT

WIN-WIN RESOLUTION OPPORTUNITY

Benefit	To Policyholder	To Carrier	Mutual Value
Immediate Benefits			
Certainty	Guaranteed recovery	Known cost	Risk eliminated
Speed	Funds within 30 days	Claim closed	Resources freed

Benefit	To Policyholder	To Carrier	Mutual Value
Cost savings	No attorney fees	No defense costs	\$40,000+ saved
Privacy	Personal matters private	Practices protected	Confidentiality
Long-term Benefits			
Relationship	Policy continues	Customer retained	Future premiums
Finality	Complete closure	File closed	No appeals

SECTION 5: SETTLEMENT PROPOSALS

PRIMARY SETTLEMENT PROPOSAL

PROPOSAL A - COMPREHENSIVE RESOLUTION

Economic Terms:

Component	Amount	Payment Terms	Conditions
Base Payment	\$85,000	Within 30 days	Full release
Code Upgrades	\$8,517	Within 30 days	Per building dept.
Interest	\$2,500	Included	From 3/12/24
TOTAL	\$96,017		

Non-Economic Terms:

- 1. Release Scope: Mutual general release of all claims
- 2. Confidentiality: Terms confidential, existence not
- 3. Non-Disparagement: Mutual, with legal exceptions
- 4. No Admission: No admission of wrongdoing by either party
- 5. Policy Continuation: Coverage continues without prejudice

ALTERNATIVE PROPOSALS

PROPOSAL B - QUICK RESOLUTION DISCOUNT

For Execution Within 7 Days:

Component	Standard	Quick Resolution	Savings to Carrier
Demand amount	\$96,017	\$88,000	\$8,017
Processing	30 days	7 days	Immediate closure
Documentation	Full package	Streamlined	Reduced burden

PROPOSAL C - STRUCTURED SETTLEMENT

Payments Over Time:

Payment	Date	Amount	Purpose	Total PV
Initial	Immediate	\$45,000	Emergency repairs	\$45,000
Second	30 days	\$25,000	Continue repairs	\$24,750
Third	60 days	\$20,000	Interior work	\$19,600
Final	90 days	\$10,000	Completion	\$9,700
Total		\$100,000		\$99,050

SECTION 6: NEGOTIATION TIMELINE

RESPONSE TIMELINE AND PROCESS

Date	Action	Responsible Party	Deadline
3/28/24	Proposal delivered	Policyholder	Complete
3/31/24	Acknowledge receipt	Carrier	Required
4/4/24	Initial response	Carrier	Counter/accept
4/7/24	Meet/confer call	Both	If needed
4/14/24	Final positions	Both	Last offers
4/21/24	Documentation	Both	If agreed
4/28/24	Expiration	-	Proposal withdrawn

SECTION 7: BASIS FOR COMPROMISE

RATIONALE FOR PROPOSED AMOUNT

Compromise Calculation:

Factor	Full Value	Compromise	Reduction	Justification
Contract damages	\$116,215	\$96,017	17%	Litigation risk
Bad faith damages	\$25,000	\$0	100%	Avoided
Attorney's fees	\$15,000	\$0	100%	Self-represented
Time value	Immediate	Immediate	0%	Current payment
Total	\$156,215	\$96,017	38%	Fair compromise

SECTION 8: MEETING PROPOSAL

SETTLEMENT CONFERENCE DETAILS

Proposed Meeting Structure:

Element	Option 1	Option 2	Option 3
Format	In-person	Video conference	Phone
Date	April 4, 2024	April 5, 2024	April 7, 2024
Duration	2 hours	90 minutes	1 hour
Location	Your Atlanta office	Zoom	Conference call
Participants	You + me + adjuster	You + me	You + me

Agenda:

- 1. Opening positions (10 min each)
- 2. Key issues discussion (30 min)
- 3. Breakout if needed (20 min)
- 4. Proposal exchange (20 min)
- 5. Resolution or next steps (10 min)

SECTION 9: AUTHORITY CONFIRMATION

SETTLEMENT AUTHORITY VERIFICATION

Please Confirm Your Authority:

Authority Level	Amount	Confirmation Needed	From Whom
Adjuster	Up to \$50,000	Current	M. Stevens
Supervisor	Up to \$75,000	If exceeded	You
Manager	Up to \$100,000	If exceeded	Regional VP
Director	Up to \$150,000	If exceeded	Claims VP

SECTION 10: SUPPORTING DOCUMENTATION

AVAILABLE FOR REVIEW

Complete Documentation Package:

Document Category	Description	Format	Available
Damage Evidence			
Expert reports	Structural engineer	PDF (12 pages)	Immediate
Contractor estimates	3 detailed estimates	PDF (45 pages)	Immediate
Photos/videos	Comprehensive coverage	Digital (247 files)	Immediate
Financial Impact			
ALE receipts	Hotel, meals, storage	PDF (8 pages)	Upon request
Mitigation invoices	Emergency repairs	PDF (6 pages)	Immediate
Legal Research			
Case law memo	Georgia bad faith cases	PDF (15 pages)	Available
Jury verdicts	Comparable cases	PDF (8 pages)	Available

SECTION 11: NEXT STEPS

ACTION ITEMS

Your Response Should Include:

1. Acknowledgment of receipt of proposal
2. Indication of interest in settlement
3. Counter-proposal if terms unacceptable
4. Meeting availability if conference desired
5. Authority confirmation for range

We Are Prepared To:

- 1. Provide additional documentation
- 2. Meet at your convenience
- 3. Consider reasonable counters
- 4. Execute settlement quickly
- 5. Maintain confidentiality

SECTION 12: CLOSING ARGUMENT

WHY SETTLEMENT MAKES SENSE

Cost-Benefit Analysis:

Factor	Litigation Cost	Settlement Savings	ROI
Carrier's Perspective			
Defense costs	\$35,000+	\$35,000	100%
Verdict risk	\$185,512	\$89,495	48%
Time/resources	18+ months	Immediate	Invaluable
Reputation	Potentially severe	Protected	Preserved
Total Benefit	Avoid \$220,512+	Save \$124,495+	56% ROI

The proposed settlement of \$96,017 represents:

- 38% discount from full demand
- 83% of documented damages
- Fair value considering risks
- Business solution to legal problem
- Win-win resolution

CONCLUSION

Both parties benefit from reasonable resolution now versus protracted litigation. This proposal:

- 1. Fairly compensates documented losses
- 2. Avoids 18+ months of litigation

3. Eliminates risk for both sides
4. Preserves business relationship
5. Achieves closure and certainty

The legal merits favor the policyholder, but we recognize the value of settlement. SecureShield has an opportunity to resolve this claim professionally and efficiently.

We sincerely hope SecureShield will give this proposal serious consideration and respond constructively.

I remain available for discussion and look forward to your response.

Respectfully submitted,

[Signature]

Sarah Mitchell

March 28, 2024

CONFIDENTIAL - SETTLEMENT COMMUNICATION
NOT FOR FILING - FRE 408 PROTECTED

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THIS OFFER EXPIRES: April 28, 2024 at 5:00 PM EST

PLEASE RESPOND BY: April 4, 2024

Note: This is a sample settlement negotiation letter for demonstration purposes. All names, addresses, and claim details are fictional. This document contains confidential settlement communications protected under applicable evidence rules.