

# RESERVE INFORMATION REQUEST

## When to Use This Document

- After 30+ days with minimal progress
- When payments seem artificially limited
- Before engaging attorney or public adjuster
- To document potential bad faith
- When settlement authority appears limited

## Understanding Insurance Reserves

- **Initial Reserve:** Set within 24-72 hours of claim
  - **Case Reserve:** Adjuster's estimate of total claim value
  - **Incurred Amount:** Paid amounts + case reserve
  - **IBNR:** Incurred But Not Reported (for supplements)
  - **Stair-Stepping:** Artificially low reserves to avoid scrutiny
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## COMPREHENSIVE RESERVE INFORMATION REQUEST

[Date]

### SENT VIA CERTIFIED MAIL AND EMAIL

[Insurance Carrier Name]

Attn: [Adjuster Name]

Attn: Claims Manager

[Address]

[City, State ZIP]

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

Claim #: [Claim #]

Policy #: [Policy #]

Date of Loss: [Date]

Current Claim Value: \$[Your Estimate]

Days Since Loss: [#]

Dear [Adjuster Name]:

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	\$_____	\$_____	\$_____	\$(Your Amount)
Other Structures	\$_____	\$_____	\$_____	\$(Your Amount)
Personal Property	\$_____	\$_____	\$_____	\$(Your Amount)
Loss of Use/ALE	\$_____	\$_____	\$_____	\$(Your Amount)
Code Upgrades	\$_____	\$_____	\$_____	\$(Your Amount)
Debris Removal	\$_____	\$_____	\$_____	\$(Your Amount)
Emergency Repairs	\$_____	\$_____	\$_____	\$(Your Amount)
Professional Fees	\$_____	\$_____	\$_____	\$(Your Amount)
Total Reserve:	\$_____	\$_____	\$_____	\$(Total)

B. Complete Reserve History

Please provide all reserve changes from claim inception:

Date	Previous Reserve	New Reserve	Change Amount	Reason for Change	Authorized By
[Initial]	\$0	\$_____	+\$_____	Initial reserve	[Name/Title]
[Date]	\$_____	\$_____	+/- \$_____	[Reason]	[Name/Title]
[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	\$_____	\$_____
Senior Adjuster	\$_____	\$_____
Team Manager	\$_____	\$_____
Claims Director	\$_____	\$_____
VP Claims	\$_____	\$_____

Your Current Position: [Title]

Your Reserve Authority: \$[Amount]

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	___%	[Software/Method]
<input type="checkbox"/> Desk Review Estimate	___%	[Software/Method]
<input type="checkbox"/> Third-Party Estimate	___%	[Company Name]
<input type="checkbox"/> Industry Software	___%	<input 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: \$[Amount]
- Multiple small increases rather than adequate initial reserve
- Increases coinciding with my pressure/documentation

#### 2. Authority Avoidance Pattern

- Reserves set just below authority thresholds

- Example: \$24,900 reserve when authority limit is \$25,000

### **3. Timeline Manipulation**

- Reserve increases only after complaints
- Delays between obvious need and reserve adjustment
- Pattern: [Describe observed pattern]

### **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**

#### **State-Specific Requirements:**

##### **California:**

- Fair Claims Settlement Practices Regulations §2695.7
- Carriers must maintain adequate reserves
- Intentional underreserving violates good faith

##### **Texas:**

- Insurance Code Chapter 542
- Unfair settlement practices include inadequate reserves
- Pattern of underreserving indicates bad faith

##### **Florida:**

- §626.9541 - Unfair claim settlement practices
- Inadequate reserves = unfair practice
- Subject to bad faith liability

#### **Model Act (Most States):**

- NAIC Unfair Claims Settlement Practices Act
- 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	Unknown	\$85,000	\$_____
Industry Average for Similar Loss	Unknown	\$75,000	\$_____
Your Own Software Estimate	\$45,000?	\$82,000	\$37,000
Public Adjuster Assessment	Unknown	\$92,000	\$_____

### 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
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	\$85,000	Average of 3 estimates
Contents RCV	\$35,000	Detailed inventory
ALE (8 months)	\$24,000	\$3,000/month documented
Code Upgrades	\$12,000	City requirements
Professional Fees	\$5,000	Public adjuster/engineer
<b>Minimum Reserve Needed:</b>	<b>\$161,000</b>	
Contingency (20%)	\$32,200	Industry standard
<b>Total Appropriate Reserve:</b>	<b>\$193,200</b>	

### Questions About Your Reserves

1. If reserves are below \$193,200, 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. REGULATORY REPORTING**

This request and your response (or non-response) will be included in:

- Department of Insurance complaint

- NAIC consumer complaint database
- Better Business Bureau report
- Social media documentation
- Potential class action documentation

## **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,

[Your Name]

[Address]

[Phone] | [Email]

### **Enclosures:**

- Contractor estimates showing true claim value
- Documentation of damages
- Reserve analysis spreadsheet

### **cc:**

- [State Department of Insurance]
- [Attorney, if retained]

- [Public Adjuster, if retained]
  - 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

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

*This template provides comprehensive framework for obtaining critical reserve information. Adjust specific amounts and dates to match your claim.*