

# FINAL SETTLEMENT REJECTION / COUNTEROFFER LETTER

## Enhanced Version with Strategic Counteroffer Framework

**Document Category:** Settlement & Payment

**Document Number:** 14 of 33

**Priority Level:** CRITICAL NEGOTIATION POINT

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### POLICYHOLDER INFORMATION

**David Chen**

2156 Mountain View Road

Roswell, GA 30076

(678) 555-8923

[dchen.insurance@email.com](mailto:dchen.insurance@email.com)

**Date:** May 10, 2024

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### RECIPIENT INFORMATION

**SENT VIA:** Email with Read Receipt, Certified Mail #7022-0410-0001-3958-4706, Fax Confirmation

**Southeastern Mutual Insurance Company**

Claims Department

Attn: Margaret Foster, Senior Claims Specialist

500 Corporate Center Drive

Atlanta, GA 30339

CC: Claims Supervisor: Robert Harrison

CC: Legal Department: Matter pending

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### MATTER IDENTIFICATION

**Re: REJECTION of Settlement Offer and COUNTEROFFER**

Policy Number: HO-992847561

Claim Number: 2024-FIRE-4482

Date of Loss: April 2, 2024

Your Offer Date: May 6, 2024

Your Offer Amount: \$85,000.00

**Our Counteroffer: \$198,500.00**

Property Address: 2156 Mountain View Road, Roswell, GA 30076

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## **FORMAL REJECTION AND COUNTEROFFER**

Dear Ms. Foster:

I have carefully reviewed your settlement offer dated May 6, 2024 in the amount of \$85,000.00. After thorough consideration and consultation with my advisors, I must respectfully REJECT this offer as inadequate and present the following comprehensive counteroffer.

This counteroffer represents a final attempt at reasonable resolution before escalation.

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## **SECTION 1: DETAILED REASONS FOR REJECTION**

### **COMPREHENSIVE ANALYSIS OF INADEQUACY**

#### **A. Undervaluation of Documented Damages**

Damage Category	Documented Amount	Your Offer	Shortfall	% Undervalued
Structural Damage				
Foundation	\$28,500	\$8,000	\$20,500	72%
Framing	\$42,000	\$15,000	\$27,000	64%
Roofing	\$35,000	\$18,000	\$17,000	49%
Exterior	\$18,500	\$10,000	\$8,500	46%
Interior	\$25,000	\$12,000	\$13,000	52%
Systems	\$22,000	\$8,000	\$14,000	64%
Subtotal Structure	\$171,000	\$71,000	\$100,000	58%
Personal Property				
Furniture	\$12,000	\$4,000	\$8,000	67%
Electronics	\$8,500	\$3,000	\$5,500	65%
Clothing	\$6,000	\$2,000	\$4,000	67%
Other contents	\$15,000	\$5,000	\$10,000	67%
Subtotal Contents	\$41,500	\$14,000	\$27,500	66%
Additional Coverages				
ALE	\$8,000	\$0	\$8,000	100%
Code upgrades	\$12,000	\$0	\$12,000	100%
Professional fees	\$6,000	\$0	\$6,000	100%
TOTAL UNDERVALUATION	\$238,500	\$85,000	\$153,500	64%

B. Omitted Coverage Elements

Your Offer Completely Excludes:

Omitted Item	Coverage Basis	Amount Due	Policy Reference	Evidence
Code upgrades	Policy provides	\$12,000	Section 5.2	Permit requirements
ALE for 3 months	Clear coverage	\$8,000	Section 4.1	Hotel receipts
Smoke damage - garage	Required coverage	\$15,000	Comprehensive	Photos attached
Professional fees	Industry standard	\$6,000	Custom	Three invoices
Total Omitted		\$41,000		

C. Improper Depreciation Applied

Depreciation Wrongfully Withheld:

Item	RCV	Your ACV	Depreciation Held	Should Be	Recoverable
Kitchen cabinets	\$18,000	\$9,000	\$9,000	Policy provides RCV	Yes
Hardwood floors	\$12,000	\$6,000	\$6,000	Repair complete	Yes
HVAC system	\$8,500	\$4,250	\$4,250	Replacement done	Yes
Total	\$38,500	\$19,250	\$19,250		All recoverable

D. Code Upgrade Coverage Denied

Required Code Upgrades Not Included:

Code Requirement	Trigger	Cost	Coverage Available	Your Position
Electrical to current NEC	50% rule	\$4,500	Ordinance coverage	Denied
Plumbing backflow preventers	Repair trigger	\$2,500	Policy included	Excluded
Smoke detectors hardwired	Safety mandate	\$1,800	Clear coverage	Ignored
Arc-fault breakers	Code update	\$3,200	Covered	Not addressed
Total Code		\$12,000	Covered	\$0 offered

E. Professional Fees Ignored

Necessary Professional Services:

Professional	Purpose	Amount	Reasonable	Your Offer
Public Adjuster	Claims assistance	\$19,850	10% industry standard	\$0
Engineer	Structural assessment	\$3,500	Required	\$0
Architect	Plans required	\$4,500	Necessary	\$0
Attorney	Bad faith forced	\$8,000	Your conduct	\$0
Total Fees		\$35,850	Justified	\$0

SECTION 2: SPECIFIC VALUATION DISPUTES

LINE-BY-LINE COMPARISON

Your Position vs. Market Reality:

Scope Item	Your Estimate	Market Rate	Difference	Supporting Bids
Example Items				
Roof replacement (30 sq)	\$12,000	\$21,000	\$9,000	3 bids attached
Kitchen cabinets (custom)	\$9,000	\$18,000	\$9,000	Quotes included
Hardwood flooring (2,000 sf)	\$6,000	\$12,000	\$6,000	Invoices provided
HVAC system (4-ton)	\$4,250	\$8,500	\$4,250	Contractor bids
Electrical upgrade (200 amp)	\$2,000	\$4,500	\$2,500	Licensed quotes
Master bath restoration	\$3,500	\$8,500	\$5,000	Designer quote
Drywall replacement	\$8,000	\$15,000	\$7,000	Three estimates
Paint interior/exterior	\$4,000	\$9,500	\$5,500	Professional bids
TOTAL DISPUTE	\$48,750	\$96,500	\$47,750	All documented

## SECTION 3: COMPREHENSIVE COUNTEROFFER

### DETAILED COUNTEROFFER STRUCTURE

#### A. Base Settlement Components

Component	Calculation Basis	Amount	Documentation
<b>Dwelling Coverage</b>			
Structural repairs	RCV per estimates	\$125,000	3 contractor bids
Systems replacement	Full replacement	\$22,000	Specialty quotes
Exterior work	Complete scope	\$18,500	Detailed estimates
Interior restoration	Like kind/quality	\$25,000	Designer quotes
<b>Subtotal Dwelling</b>		<b>\$190,500</b>	
<b>Contents Coverage</b>			
Scheduled items	Agreed value	\$8,500	Appraisals
General contents	RCV	\$22,000	Inventory
<b>Subtotal Contents</b>		<b>\$30,500</b>	
<b>Additional Living Expense</b>			
Temporary housing	Actual incurred	\$5,500	Receipts
Excess costs	Documented	\$2,500	Records
Storage	Necessary	\$1,000	Invoices
<b>Subtotal ALE</b>		<b>\$9,000</b>	
<b>Other Coverages</b>			
Code upgrades	Required	\$12,000	Permits
Debris removal	Actual	\$3,500	Invoices
Professional fees	Incurred	\$6,000	Contracts
<b>Subtotal Other</b>		<b>\$21,500</b>	
<b>GROSS AMOUNT</b>		<b>\$251,500</b>	
Less: Deductible	Applied once	-\$2,500	
Less: Prior payments	Emergency advance	-\$50,500	
<b>NET COUNTEROFFER</b>		<b>\$198,500</b>	<b>Fully supported</b>

## SECTION 4: SUPPORTING DOCUMENTATION

### EVIDENCE SUPPORTING COUNTEROFFER

**Attached Documentation Proving Damages:**

Document Type	Quantity	Source	Credibility	Purpose
Expert Reports				
Structural engineer	1 complete	Thompson Engineering, PE  #028456	Licensed	Damage extent
Cause/origin	1 detailed	Fire Marshal Report	Certified	Coverage trigger
Code consultant	1 report	BuildCode Associates	Expert	Requirements
Contractor Estimates				
General contractors	3 detailed	Licensed/Bonded	Verified	Repair costs
Specialists	5 each trade	Licensed/Insured	Current	Specific work
Financial Records				
Receipts	All expenses	Original	Verified	Actual costs
Bank statements	3 months	Chase Bank	Official	Proof of payment
Credit cards	3 months	Various	Official	Expenses
Photos/Videos				
Pre-loss	47 images	Dated	Original	Condition
Post-loss	186 images	Comprehensive	Time-stamped	Damage
Progress	62 images	Sequential	Dated	Ongoing
Municipal Records				
Permits required	All applicable	Fulton County	Official	Code compliance
Inspection reports	As issued	Building Inspector	Government	Requirements

## SECTION 5: COMPARISON TO INDUSTRY STANDARDS

### MARKET VALIDATION

#### Industry Pricing Verification:

Pricing Source	Scope	Total	Your Offer	Difference	Date
Xactimate	Full scope	\$245,000	\$85,000	-\$160,000	Current
CoreLogic	Full scope	\$238,000	\$85,000	-\$153,000	Current
Local contractors (avg)	Full scope	\$251,500	\$85,000	-\$166,500	May 2024
Public adjuster estimate	Full scope	\$248,000	\$85,000	-\$163,000	May 8, 2024
Average Market Rate		\$245,625	\$85,000	-65%	

Your offer is 65% below documented market rates

## SECTION 6: LEGAL AND REGULATORY CONSIDERATIONS

### VIOLATIONS AND EXPOSURE

Your Offer Raises Concerns Under:

Law/Regulation	Requirement	Violation	Penalty Risk
State Insurance Code			
GA Code §33-6-34	Fair settlement	Unreasonably low	Treble damages - High
GA Code §33-4-6	Prompt payment	Delayed/inadequate	Interest + penalty - Certain
GA Code §33-6-37	Good faith	Pattern of underpayment	Bad faith liability - Probable
Unfair Claims Practices			
Reg. 120-2-19-.03	Misrepresentation	Policy provisions	Per violation - Multiple
Reg. 120-2-19-.05	Lowball offers	Below reasonable	Pattern evidence - Clear
Reg. 120-2-19-.07	Compelling litigation	Forcing suit	Attorney's fees - Applicable
Case Law			
Southern General v. Holt	Reasonable offer required	Unreasonable here	Punitive possible - Precedent

## SECTION 7: PARTIAL PAYMENT OPTION

### ALTERNATIVE RESOLUTION STRUCTURE

While Maintaining Full Dispute:

Option for Immediate Partial Payment:



Category	Undisputed Amount	Pay Now	Continue Negotiating
Emergency repairs done	\$50,500	Immediate	Balance later
Clear structural damage	\$45,000	No question	Rest disputed
ALE documented	\$5,500	Receipts provided	Future costs
<b>Undisputed Total</b>	<b>\$101,000</b>	<b>Pay within 10 days</b>	<b>Reserve rights</b>

#### Benefits:

- Reduces immediate financial pressure
- Shows good faith
- Narrows dispute
- Avoids interest on undisputed amounts

## SECTION 8: ALTERNATIVE RESOLUTION PROPOSALS

### BREAKING THE IMPASSE

#### Option 1: Binding Appraisal

##### Invoke Policy Appraisal Clause:

Element	Process	Timeline	Cost
Invoke clause	Written demand	Immediate	Filing fee
Each select appraiser	Independent	30 days	\$1,500 each
Appraisers select umpire	Neutral	15 days	Split cost
Inspection	Joint	30 days	Included
Decision	Binding on amount	60 days total	Final

**Benefits:** Binding resolution, faster than litigation, less expensive

#### Option 2: Mediation

##### Voluntary Mediation Proposal:

Component	Proposal	Alternative	Agreement Needed
Mediator	Judge Smith (ret.)	AAA mediator	Mutual
Cost	50/50 split	You pay if bad faith	Negotiate
Location	Atlanta	Virtual	Convenience
Date	Within 30 days	Flexible	Schedule
Authority	Full settlement	At least \$150,000	Decision makers

**Benefits:** Confidential, creative solutions, relationship preserved

**Option 3: Re-inspection with Experts**

**Joint Expert Inspection:**

Participant	Role	Purpose	Cost Share
Your expert	Carrier rep	Explain position	You pay
Our expert	Policyholder rep	Show damage	We pay
Neutral expert	Tie-breaker	If needed	Split
All parties	Observe	Understand	Time only

**Benefits:** Educational, may resolve misunderstandings, builds trust

**SECTION 9: TIME SENSITIVITY**

**COUNTEROFFER EXPIRATION**

**This Counteroffer Timeline:**

Date	Event	Consequence if Expired
May 10, 2024	Counteroffer made	Negotiation opportunity
May 17, 2024	Response expected	Shows good/bad faith
May 24, 2024	Final negotiations	Last chance to settle
May 31, 2024	Documentation exchange	If progressing
June 9, 2024	<b>EXPIRATION</b>	Litigation proceeds

**After Expiration:**

- Demand increases to include all damages
- Bad faith claims fully pursued

- Punitive damages sought
- No further settlement discussions

## SECTION 10: CONSEQUENCES OF NON-SETTLEMENT

### ESCALATION PATH IF REJECTED

#### Next Steps if No Agreement:

Timeline	Action	Impact on Carrier	Cost to Carrier
<b>Week 1</b>			
Day 1-3	Retain counsel	Litigation certain	Defense costs begin
Day 4-7	File lawsuit	Public record	Reputation risk
<b>Week 2-4</b>			
File complaint	Detailed allegations	Discovery begins	Document production
Serve process	Formal proceedings	Answer required	Legal fees escalate
<b>Month 2-3</b>			
Discovery	Depositions	Executives' time	Disruption
Document requests	Broad production	Sensitive info	Exposure risk
<b>Month 4-6</b>			
Expert discovery	Multiple experts	Expensive	\$50,000+
Motion practice	Legal rulings	Adverse precedent	Risk
<b>Month 7-12</b>			
Trial preparation	Intensive	Major expense	\$100,000+
Trial	Public proceeding	Verdict risk	\$500,000+ exposure

#### Potential Damages at Trial:

Damage Category	Conservative	Likely	Aggressive
Contract damages	\$198,500	\$251,500	\$300,000
Bad faith	\$100,000	\$250,000	\$500,000
Punitive	\$0	\$150,000	\$750,000
Attorney's fees	\$50,000	\$75,000	\$100,000
<b>Total Exposure</b>	<b>\$348,500</b>	<b>\$726,500</b>	<b>\$1,650,000</b>

# SECTION 11: GOOD FAITH ANALYSIS

## DEMONSTRATING REASONABLENESS

This Counteroffer is Reasonable Because:

Factor	Our Position	Industry Standard	Your Position
<b>Basis</b>			
Documentation	Complete	Required	Ignore evidence
Pricing	Market rates	Standard	Below market
Scope	Actual damage	Reasonable	Artificial limits
<b>Compromise</b>			
Reduction from initial	21% reduced	Shows flexibility	No movement
Disputed items	Some conceded	Compromise	No concessions
Payment terms	Flexible	Negotiable	Rigid
<b>Legal Merit</b>			
Coverage	Clear	Policy language	Misinterpretation
Damages	Proven	Documented	Speculation
Bad faith	Strong evidence	Standards	Violations clear

# SECTION 12: BUSINESS DECISION FRAMEWORK

## COST-BENEFIT FOR CARRIER

Settlement vs. Litigation Analysis:

Factor	Settle Now	Litigate	Difference
<b>Costs</b>			
Payment	\$198,500	\$726,500 (likely verdict)	-\$528,000
Defense costs	\$0	\$150,000	-\$150,000
Time/resources	Minimal	Extensive	-500 hours
<b>Risks</b>			
Bad verdict	None	\$1,650,000	-\$1,650,000
Punitive damages	None	\$750,000	-\$750,000
Precedent	None	Adverse ruling	-Future claims
<b>Benefits</b>			
Certainty	100%	Unknown	+Valuable
Finality	Immediate	Years+appeals	+Time value
Confidentiality	Protected	Public	+Reputation
<b>NET BENEFIT</b>	<b>Clear win</b>	<b>Major risks</b>	<b>Settle better</b>

## SECTION 13: PREVIOUS AGREEMENTS

### BUILDING ON PRIOR DISCUSSIONS

#### Points We've Already Agreed On:

Issue	Agreement Reached	Value	Incorporated
Kitchen fire origin	Electrical confirmed	N/A	✓ Included
Emergency mitigation	\$50,500 reasonable	\$50,500	✓ Included
Contents inventory	List accepted	\$15,000	✓ Included
<b>Total Agreed</b>		<b>\$65,500</b>	<b>In counteroffer</b>

We only need to resolve: \$133,000 remaining dispute

## SECTION 14: FOCUSED DISPUTE

### NARROWING THE ISSUES

#### The Real Disagreement:

Core Issue	Our Position	Your Position	Gap to Bridge
Scope of damage	Comprehensive needed	Minimal repair	\$75,000
Valuation method	Current market rates	Outdated pricing	\$35,000
Coverage interpretation	Full RCV applies	ACV only	\$23,000
Total Gap			\$133,000

This counteroffer bridges 50% of the gap

SECTION 15: PROFESSIONAL ADVISORS

EXPERT SUPPORT FOR POSITIONS

Our Team if Litigation Required:

Professional	Credentials	Role	Experience
Attorney	James Peterson, Bar <input type="checkbox"/> #284756	Lead counsel	18 years insurance
Public Adjuster	Claims Solutions Inc., Lic#PA-1847	Damage expert	500+ claims
Engineer	Dr. Thompson, PE <input type="checkbox"/> #028456	Structural	22 years experience
Contractor	RestorePro LLC, Lic#GC-88456	Cost expert	200+ fire restorations
Insurance Expert	Prof. Williams, PhD	Bad faith	50+ cases testified

All prepared to testify at trial

SECTION 16: SETTLEMENT AUTHORITY

DECISION-MAKING CONFIRMATION

I have full authority to:

- Accept reasonable settlement
- Execute all documents
- Provide releases
- Dismiss litigation
- Close claim finally

Do you have authority to settle at counteroffer amount?

- If yes: Let's finalize
  - If no: Who does?
  - Get authority or include them
- 

## SECTION 17: REQUEST FOR RESPONSE

### SPECIFIC RESPONSE REQUESTED

**Please Respond With:**

Response Element	Purpose	Deadline
Acceptance of counteroffer	Resolve claim	Best outcome
Specific rejection reasons	Understand position	If rejecting
Detailed counter-proposal	Continue negotiation	With documentation
Decision maker identity	Include if needed	For authority
Alternative proposal	Creative solution	Welcome ideas
Meeting availability	Discuss in person	If helpful

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## SECTION 18: WILLINGNESS TO DISCUSS

### CONTINUED NEGOTIATION

**I Remain Willing To:**

1. Participate in settlement conference - In person or virtual
2. Consider reasonable alternatives - Creative solutions welcome
3. Provide additional documentation - If specific needs identified
4. Meet with decision makers - Include all necessary parties
5. Engage in formal ADR - Mediation or appraisal
6. Work toward resolution - Avoid litigation if possible

**Contact for Discussion:**

- Phone: (678) 555-8923 (best times: 9 AM - 6 PM EST)
- Email: [dchen.insurance@email.com](mailto:dchen.insurance@email.com)
- Available: Monday-Friday, weekends for urgent matters

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# SECTION 19: DOCUMENTATION OF REJECTION

## FORMAL RECORD

### For the Record:

- 1. Your offer of \$85,000 is formally REJECTED
  - 2. All rights and claims are reserved
  - 3. This rejection may be used as evidence
  - 4. Bad faith claims are preserved
  - 5. Pattern of underpayment documented
- 

# SECTION 20: PATH FORWARD

## CLEAR OPTIONS

### To Resolve This Claim, You Can:

Option	Action Required	Timeline	Result
Option 1	Accept counteroffer	Immediate	Claim resolved
Option 2	Make realistic counter	Within 7 days	Negotiation continues
Option 3	Agree to appraisal	Within 10 days	Binding resolution
Option 4	Schedule mediation	Within 14 days	Facilitated settlement
Option 5	Continue low offers	Your choice	Litigation certain

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# CLOSING STATEMENT

## FINAL OPPORTUNITY

Your current offer of \$85,000 does not reflect the documented damages, clear coverage, or your obligations under the policy and law. My counteroffer of \$198,500 is:

- **Reasonable** - Based on market rates and actual damages
- **Documented** - Supported by extensive evidence
- **Compromised** - Reduced from full demand
- **Final** - Last attempt before litigation



This represents a genuine effort to resolve our dispute without the expense, time, and uncertainty of litigation. However, I am fully prepared to pursue all legal remedies if necessary, including:

- Full contract damages
- Bad faith damages
- Punitive damages where applicable
- Attorney's fees
- Regulatory complaints
- Public litigation

The choice is yours: Accept this reasonable counteroffer, make a realistic counter-proposal, or face the consequences of litigation with its attendant risks and costs.

I sincerely hope Southeastern Mutual Insurance Company will reconsider its position and make a fair settlement offer that reflects the actual losses sustained and documented.

Time is of the essence. This counteroffer expires in 30 days, after which the demand will increase to include all consequential damages, bad faith damages, and attorney's fees.

Respectfully,

**David Chen**

May 10, 2024

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## **ATTACHMENTS**

### **Complete Supporting Documentation:**

1. ☒ Three contractor estimates (detailed, from licensed contractors)
2. ☒ Engineer's structural report (PE stamped)
3. ☒ Complete photo documentation (before, during, after)
4. ☒ Municipal permits and requirements (code upgrades)
5. ☒ Fire Marshal cause and origin report
6. ☒ Personal property inventory (detailed with values)
7. ☒ ALE receipts and documentation (all expenses)
8. ☒ Prior correspondence (showing pattern)
9. ☒ Market pricing data (Xactimate printout)

10. ☒ Financial impact documentation (credit, loans, etc.)

## DISTRIBUTION

cc: Claims Solutions Inc. - Public Adjuster

cc: James Peterson, Esq. - Attorney (retention pending)

cc: File

DO NOT COPY YET: Georgia Department of Insurance (will file if not resolved)

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## SETTLEMENT AUTHORITY CERTIFICATION

I, David Chen, certify that:

1. I have full authority to settle this claim
2. This counteroffer is made in good faith
3. The documentation provided is true and accurate
4. I will execute reasonable settlement documents
5. I prefer settlement to litigation

However, if this reasonable counteroffer is rejected, I am prepared to pursue all available legal remedies to obtain fair compensation for my losses.

**COUNTEROFFER EXPIRES:** June 9, 2024

**RESPONSE REQUESTED BY:** May 17, 2024

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*Note: This template is provided for informational purposes only and does not constitute legal advice. Users should customize all fields with their specific information and consult with appropriate professionals when dealing with insurance claim negotiations.*