

Acme Insurance Company
10 UM Road
Insurance, New Jersey
Attn: Claims Department

Re: Jill Grace

Policy No.

Claim No.

Underlying claim: Grace v. Jones

Docket No.

Date of Loss: March 31, 2000

Dear Sir or Madam:

We represent the above named policy holder, who was involved in an automobile accident on March 31, 2000. Ms. Grace holds an uninsured/underinsured motorist endorsement on her policy with you with limits in the amount of \$300,000.00.

The accident described above has resulted in a lawsuit. We have recently received a settlement offer from the tortfeasor's insurer in the amount of \$15,000.00, which represents the extent of "all available liability insurance," pursuant to N.J.S. 17:28-1.1(e). It is our present intention to accept the \$15,000.00 in exchange for providing the tortfeasor with a General Release.

We ask that you review Longworth, et al v. Ohio Casualty, et al, 223 N.J. Super. 174 (App. Div. 1988), and choose among the following options with respect to the offer of settlement we have received, as outlined above:

1. If you wish to have your potential rights of subrogation, as the UIM carrier, preserved, instruct us not to extend a General Release to the tortfeasor in settlement, in exchange for the policy limits. If you choose this option, we hereby demand payment from you of \$15,000.00, at which point we will (a) assign our client's claim against the tortfeasor to you up to the limits of our client's underinsured motorist recovery; and (b) proceed to underinsured motorist arbitration proceedings in the event we are unable to settle our client's pending UIM claim.
2. If you do not wish to pursue subrogation we will, as contemplated, extend the General Release to the tortfeasor in exchange for settlement of all claims.

Please respond within thirty (30) days from the date of this letter. If we fail to hear from you within that time period as to either (1) your decision; or (2) a request for additional time to evaluate the situation, and your potential for subrogation, we will extend the General Release and proceed with our client's underinsured motorist claim.

Thank you.

Very truly yours,