

# Exhibit C

# COVINGTON & BURLING LLP

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May 19, 2011

## By E-Mail and FedEx

Ms. Stacey Jennings  
Senior SIU Investigator  
American National Property & Casualty Company  
1949 East Sunshine  
Springfield, MO 66898-0001

N. Mark Kinsman, Esq.  
Baker, Kinsman, Hollis, Clelland & Winer, P.C.  
701 Market Street, Suite 1500  
Chattanooga, TN 37402-4825  
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**Re: Insureds: Carol Ann and Laura Stutte**  
**Policy No.: 41-H-V-66965 (06/10/2010 – 06/10/2011)**  
**Your Claim No.: 41-H-25N023-R**  
**Loss Date: 09/04/2010**

Dear Ms. Jennings and Mr. Kinsman:

Covington & Burling LLP is coverage counsel for Carol Ann and Laura Stutte. This firm has agreed to represent them *pro bono* due to the compelling nature of their claim. The American National Property and Casualty Company (“ANPAC”) issued the above-referenced homeowners insurance policy (the “Policy”), which insures the Stuttes’ real and personal property located at 2715 Highway 360, Vonore, Monroe County, Tennessee. As you know, the Stuttes’ home and its contents were completely destroyed by fire on September 4, 2010. The Stuttes timely noticed the above-referenced claim under the Policy and submitted a Sworn Statement in Proof of Loss for \$276,275.46.

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ANPAC denied the Stuttes' claim by letter dated May 12, 2011. That same day, ANPAC filed a declaratory judgment action in the United States District Court for the Eastern District of Tennessee, which seeks a declaration that ANPAC has no obligation under the Policy to pay the Stuttes' claim. The Stuttes received the denial letter, as well as the summonses and copies of the complaint, on May 16, 2011.

ANPAC's only bases for denying coverage appear to be its conclusory allegations that the Stuttes "intentionally caused" the fire and "have committed concealment or fraud relating to the claim." However, ANPAC does not cite or plead *any* facts in support of these grave accusations. These unsupported and unfounded allegations fall well short of ANPAC's obligations under Tennessee law to "provide a reasonable and accurate explanation of the basis" for its coverage denial. Tenn. Code Ann. § 56-8-105(12). The Stuttes demand that ANPAC disclose a complete copy of its investigation file, as well as copies of any and all other information that ANPAC believes supports or relates in any way to the allegations in its denial letter and complaint.

We await with great interest the information on which ANPAC has based its decision because the facts of which we are aware strongly suggest that the decision is groundless. Both documentary and testimonial evidence confirms that the Stuttes and their daughter – Kimberly Holloway – were in Nashville, Tennessee, approximately 200 miles away from their home, at the time it burned down. ANPAC's allegations therefore appear to be baseless and asserted in bad faith.

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The Stuttes demand that ANPAC immediately withdraw its coverage denial and declaratory judgment action, and that ANPAC promptly pay the above-referenced claim in full. If ANPAC does not do so within 60 days, the Stuttes intend to bring a bad faith claim against ANPAC pursuant to Tenn. Code Ann. § 56-7-105.

In addition to issuing an erroneous denial of coverage and improperly refusing to pay for the property loss suffered by its insureds, ANPAC has failed to fully comply with its obligation under Coverage D of the Policy to reimburse the Stuttes for their additional living expenses for up to 24 months. At present, ANPAC owes the Stuttes \$4,078.15 for covered expenses through May 1, 2011. The Stuttes demand that ANPAC pay this amount promptly, and that ANPAC fulfill its policy obligations by continuing to reimburse the Stuttes' additional living expenses within a reasonable time after they accrue.

The Stuttes have fulfilled, and continue to fulfill, all of their obligations under the Policy, including the payment of premiums. If ANPAC persists in its refusal to pay the Stuttes' claim and additional living expenses, we will take all appropriate actions to protect the Stuttes' rights and resolve this matter and to hold ANPAC to account.

We look forward to hearing from you soon.

Sincerely,



Scott J. Levitt

cc: Darien S. Capron, Esq. – Covington & Burling LLP  
Jonathan G. Hardin, Esq. – Covington & Burling LLP  
Margaret B. Held, Esq.  
Carol Ann and Laura Stutte

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Seth A. Tucker, Esq. – Covington & Burling LLP

Amy Whelan, Esq. – National Center for Lesbian Rights