

Understanding Insurance Bad Faith

Key concepts and common practices in insurance bad faith claims.

Based on Bad Faith Faqs by McCormick and Murphy

Defining Bad Faith

One way an insurance company might act in bad faith is by denying payments without a

Investigation Standards

An insurer acting in bad faith might fail to conduct a proper, prompt, and _____ investigation into claims.

Timeliness of Responses

Failing to affirm or deny coverage of claims within a _____ time is a sign of potential bad faith.

Payment Adjustments

Another indicator of bad faith is _____ payments without a reasonable basis.

Claimant Communication

Making _____ requests for documentation can be a tactic used in bad faith.

Policy Interpretation

Misrepresenting the law or _____ language is a form of bad faith.

Reasonable Basis

Many bad faith actions involve actions taken without a _____ basis.

Resources & Further Reading

Related guides to use with this workbook:

■ Insurance Bad Faith Checklist

<https://storage.googleapis.com/mccormick-and-murphy-checklists-20260706-65ee7b/mccormick-and-murphy/Checklist/insurance-bad-faith-checklist.pdf>

■ Understanding Insurance Bad Faith (Action Sheet)

<https://storage.googleapis.com/mccormick-and-murphy-checklists-20260706-14eb7c/mccormick-and-murphy/Action%20Sheet/bad-faith-faqs-action-sheet.pdf>

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Insurance companies must act reasonably and honestly when handling claims.