

Understanding Insurance Bad Faith

Key indicators and actions to take when your insurance company acts in bad faith.

Based on Bad Faith Faqs by McCormick and Murphy

Step 1: Identify Unreasonable Denial or Discount

Recognize if your insurance company is denying your claim or offering a discounted payment without a reasonable basis.

- Review the policy language carefully.
- Compare the company's decision to the policy terms.



Step 2: Watch for Unreasonable Delays

Be aware if your insurance company is delaying payments without a justifiable reason.

- Document all communication and timelines.
- Note any unexplained delays in processing your claim.



Step 3: Assess Timeliness of Coverage Decisions

Determine if the insurer is failing to affirm or deny coverage for your claim within a reasonable timeframe.

- Understand what constitutes a 'reasonable time' in your jurisdiction.
- Follow up regularly on the status of your claim.



Step 4: Evaluate the Investigation Process

Check if the insurance company is conducting a proper, prompt, and thorough investigation into your claim.

- Ensure all relevant evidence and documentation were considered.
- Look for any signs of a superficial or incomplete investigation.



Step 5: Recognize Burdensome Documentation Requests

Identify if the insurance company is making excessively burdensome requests for documentation that seem designed to impede your claim.

- Distinguish between reasonable requests and those that are overly demanding.
- Keep copies of all documents submitted.



Step 6: Detect Misrepresentation

Be alert to instances where the insurance company misrepresents the law or the terms of your policy.

- Verify any legal or policy interpretations provided by the insurer.
- Consult with an independent legal professional if you suspect misrepresentation.



Step 7: Seek Legal Counsel

If you believe your insurance company is acting in bad faith, consult with an attorney specializing in insurance law.

- Gather all relevant documents and correspondence.
- Discuss your case with an experienced bad faith insurance lawyer.

Resources & Further Reading

Related guides for this process:

■ 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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