

Bad Faith Insurance Claims Cheat Sheet

Key takeaways from McCormick and Murphy's case studies on insurance bad faith.

Based on Case Studies by McCormick and Murphy

What is Bad Faith? • An insurer's unreasonable denial or delay of a claim. • Breach of the implied covenant of good faith and fair dealing. • Requires more than just a mistaken denial.	Common Bad Faith Tactics • Unreasonable delay in processing claims. • Denying claims without a reasonable basis. • Failing to conduct a thorough investigation. • Misrepresenting policy provisions.
Elements of a Bad Faith Claim • Existence of an insurance policy. • Insurer's unreasonable conduct. • Policyholder suffered damages as a result.	Investigation Duty • Insurer must conduct a timely and thorough investigation. • Failure to investigate properly can be bad faith. • Consider all relevant evidence.
Reasonable Basis for Denial • Insurer must have a legitimate, reasonable basis for denying a claim. • Subjective belief is not enough. • Must be supported by facts and policy language.	Damages in Bad Faith Cases • Compensatory damages (economic losses). • Consequential damages (foreseeable losses beyond policy limits). • Punitive damages (to punish egregious conduct).
When to Seek Legal Help • If your claim is denied unreasonably. • If the insurer delays excessively. • If you suspect the insurer is not acting in good faith.	

Resources & Further Reading

Related guides to pair with this cheat sheet:

■ Bad Faith Insurance Claim Checklist

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

■ Action Sheet: Navigating Bad Faith Insurance Claims

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

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