Insurance Bad Faith in Colorado

Understanding insurer obligations and policyholder rights.

Based on Insurance Bad Faith by McCormick and Murphy

Factor	McCormick and Murphy	Insurance Company	Policyholder
Duty of Good Faith and Fair Dealing	Represents policyholders against insurers.	Owes a duty of good faith and fair dealing.	Entitled to good faith and fair dealing.
Handling of Claims	Advocates for fair claim handling.	Must handle claims honestly.	Claims must be handled honestly.
Investigation of Claims	Investigates claim denials and underpayments.	Must investigate claims thoroughly.	Claims should be investigated thoroughly.
Payment of Valid Claims	Seeks prompt and fair payment of valid claims.	Must pay valid claims promptly and fairly.	Entitled to prompt and fair payment of valid claims.
Examples of Bad Faith	Addresses unreasonable delays, baseless denials, low settlements, misrepresentation, and refusal to pay legitimate claims.	Examples include unreasonable delays, denying claims without proper investigation, offering settlements far below value, misrepresenting policy terms, refusing to pay legitimate claims.	Victims of bad faith experience unreasonable delays, baseless denials, low settlements, misrepresentation, and refusal to pay legitimate claims.
Nature of Bad Faith	Pursues legal action for breaches of duty.	Bad faith is a breach of legal obligation.	Suffers consequences of a breach of legal obligation.

Resources & Further Reading

Related guides to support your comparison:

- Navigating an Insurance Bad Faith Claim in Colorado (Process Flow)

https://storage.googleapis.com/mccormick-and-murphy-checklists-20260706-d25222/mccormick-and-murphy/Process%20Flow/insurance-bad-faith-process-flow.pdf

- Your Rights When Your Insurance Company Acts in Bad Faith (Action Sheet)

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

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Insurers must act in good faith; policyholders have recourse for bad faith.