

Insurance Bad Faith FAQs

Understanding your rights when your insurance company acts unfairly.

Based on Bad Faith Faqs by McCormick and Murphy

Q: What is insurance bad faith?

A: Insurance bad faith occurs when an insurance company denies payments without a reasonable basis, discounts payments without a reasonable basis, or delays payments without a reasonable basis. It also includes failing to affirm or deny coverage within a reasonable time.

Q: Can my insurance company just deny my claim?

A: No, your insurance company cannot deny payments without a reasonable basis. If they do, it may be considered bad faith.

Q: What if my insurance company delays paying my claim?

A: Delaying payments without a reasonable basis is a form of insurance bad faith. You have the right to expect prompt payment if your claim is valid.

Q: What does it mean to discount a payment without a reasonable basis?

A: This means your insurer reduces the amount they pay you without a valid reason supported by your policy or the law. This action can be a sign of bad faith.

Q: How long should it take for my insurer to respond to my claim?

A: Your insurance company has a responsibility to affirm or deny coverage of claims within a reasonable time. Unreasonable delays in responding can indicate bad faith.

Q: Does my insurer have to investigate my claim?

A: Yes, insurance companies are required to conduct proper, prompt, and thorough investigations into claims. Failing to do so can be considered bad faith.

Q: What if my insurance company asks for too much paperwork?

A: Making burdensome requests for documentation can be a tactic used in bad faith. Insurers should not make unreasonable demands that hinder the claims process.

Q: Can my insurance company lie about my policy or the law?

A: No, misrepresenting the law or policy language is a serious form of bad faith. Your insurer must be truthful about your coverage and legal obligations.

Q: What are examples of bad faith insurance practices?

A: Examples include denying or delaying payments without good reason, failing to investigate claims properly, making excessive documentation demands, and misrepresenting policy terms or legal statutes.

Q: What should I do if I suspect my insurance company is acting in bad faith?

A: If you believe your insurance company is engaging in bad faith practices, it is advisable to seek legal counsel. An attorney can help you understand your rights and options.

Q: Is it bad faith if my insurer takes a long time to decide on my claim?

A: Yes, failing to affirm or deny coverage of claims within a reasonable time is considered bad faith. Promptness in decision-making is expected.

Q: What constitutes a 'reasonable basis' for an insurance company's actions?

A: A reasonable basis is a justification for an insurer's decision that is supported by the terms of your insurance policy and applicable laws. Actions taken without such a basis may be considered bad faith.

Resources & Further Reading

Related guides for these FAQs:

■ 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>

■ Home

<https://mccormickmurphy.com/>

■ About

<https://mccormickmurphy.com/about/>

■ Kirk McCormick

<https://mccormickmurphy.com/about/kirk-mccormick/>

■ James Murphy

<https://mccormickmurphy.com/about/james-murphy/>

■ Sample Case Result

<https://mccormickmurphy.com/about/sample-case-result/>

■ M + M in the community

<https://mccormickmurphy.com/about/m-m-in-the-community/>

■ Testimonials

<https://mccormickmurphy.com/about/testimonials/>

■ Practice Areas

<https://mccormickmurphy.com/practice-areas/>

McCormick and Murphy | 929 W Colorado Ave, Colorado Springs, CO 80905
(719)-389-0400 | mccormickmurphy.com
Know your rights when dealing with insurance claims.