

Bad Faith Insurance Claims Cheat Sheet

Key takeaways from McCormick & 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 unreasonable delay in paying a claim. • Breach of the implied covenant of good faith and fair dealing. • Requires more than a mere mistake; involves unreasonable conduct.	Common Bad Faith Tactics • Unreasonable delay in investigation or payment. • Denying a claim without a reasonable basis. • Misrepresenting policy terms. • Failing to conduct a thorough investigation.
Elements of a Bad Faith Claim • Existence of an insurance policy. • Insurer's unreasonable conduct. • Claimant suffered damages as a result.	Types of Damages • Compensatory damages (economic and non-economic). • Punitive damages (to punish egregious conduct). • Attorney's fees and costs.
Residential Property Claims • Common issues: water damage, wind damage, mold. • Insurer duty to inspect and assess damage promptly. • Denials often based on 'wear and tear' or 'lack of coverage' defenses.	Commercial Property Claims • Complex policies and coverage disputes. • Duty to investigate business interruption losses. • Importance of detailed documentation for claims.
Auto Insurance Claims • Disputes over repair costs or total loss valuations. • Unreasonable delays in providing rental vehicles. • Improper denials for pre-existing damage claims.	When to Seek Legal Counsel • If your claim is denied or significantly delayed. • If the insurer's investigation seems inadequate. • If you suspect the insurer is acting in bad 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-20260710-3eaad2/mccormick-and-murphy/Checklist/bad-faith-insurance-claim-checklist.pdf>

■ Action Sheet: Navigating Bad Faith Insurance Claims

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McCormick and Murphy | 929 W Colorado Ave, Colorado Springs, CO 80905
(719)-389-0400 | mccormickmurphy.com
Understanding insurer obligations is crucial for protecting your rights.