State Farm Bad Faith Cheat Sheet (Colorado)

Understanding and identifying bad faith insurance practices by State Farm in Colorado.

Based on State Farm by McCormick and Murphy

What is Bad Faith?

- An insurer's unreasonable delay or denial of a claim.
- Breach of the duty of good faith and fair dealing.
- Requires an unreasonable delay or denial AND knowledge of no legitimate basis for the delay/denial.

State Farm's Duty

- Duty to act in good faith and deal fairly with policyholders.
- Duty to investigate claims promptly and thoroughly.
- Duty to pay claims that are owed under the policy.

Common Bad Faith Tactics

- Unreasonable delays in payment or investigation.
- Denying claims without a reasonable basis.
- Misrepresenting policy terms or coverage.
- Failing to conduct an adequate investigation.

When to Suspect Bad Faith

- Claim is taking an excessively long time.
- Insurer offers a settlement far below the claim's value.
- Insurer requests repetitive or irrelevant information.
- Insurer denies claim based on vague or unsubstantiated reasons.

Proving Bad Faith

- Document all communication with State Farm.
- Gather evidence supporting your claim's validity.
- Show State Farm acted unreasonably or without a valid basis.
- Demonstrate State Farm knew or should have known its actions were wrongful.

Damages in Bad Faith Cases

- Compensatory damages (e.g., economic losses).
- Consequential damages (e.g., emotional distress).
- Punitive damages (in egregious cases).
- Attorney fees and costs.

Colorado Specifics

- Colorado recognizes both common law and statutory bad faith claims.
- C.R.S. § 10-3-1104 outlines unlawful insurance practices.
- Policyholder must prove unreasonable conduct and lack of a reasonable basis.

Resources & Further Reading

Related guides to pair with this cheat sheet:

- Protect Your Rights: Handling Bad Faith Insurance Claims in Colorado (Action Sheet)

https://storage.googleapis.com/mccormick-and-murphy-checklists-20260710-3eaad2/mccormick-and-murphy/Action%20Sheet/denver-bad-faith-insurance-claim-lawyer-action-sheet.pdf

- Understanding Bad Faith Insurance Claims in Colorado (Workbook)

https://storage.googleapis.com/mccormick-and-murphy-checklists-20260706-ca0765/mccormick-and-murphy/Workbook/denver-bad-faith-insurance-claim-lawyer-workbook.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
Understand State Farm's obligations and your rights when facing claim disputes in Colorado.