

USAA Bad Faith Insurance in Colorado

Understanding and pursuing claims against USAA for bad faith practices.

Based on [Usaa](#) by McCormick and Murphy

What is Bad Faith? • Denying a claim without a reasonable basis. • Failing to conduct a thorough investigation. • Unreasonably delaying claim payment. • Offering a settlement that is too low.	USAA's Duty to Policyholders • USAA owes a duty of good faith and fair dealing. • Must act honestly and fairly in handling claims. • Cannot prioritize its own interests over the insured's.
Evidence of Bad Faith • Lack of investigation or evidence supporting denial. • Misrepresentation of policy terms. • Failure to communicate or respond promptly. • Ignoring medical evidence or expert opinions.	Colorado Bad Faith Law • Colorado recognizes direct and derivative bad faith claims. • Direct bad faith: breach of duty owed directly to the insured. • Derivative bad faith: arises from the insurer's breach of contract.
Damages in Bad Faith Claims • Compensatory damages for losses incurred. • Consequential damages (e.g., emotional distress). • Attorney fees and costs. • Punitive damages in egregious cases.	Steps to Take if USAA Acts in Bad Faith • Document everything: communications, denials, expenses. • Gather all relevant policy documents and evidence. • Consult with an experienced bad faith insurance attorney. • File a formal complaint with the Colorado Division of Insurance.
Why Hire an Attorney? • Attorneys understand insurance law and bad faith tactics. • They can handle complex investigations and negotiations. • Maximize your chances of a fair settlement or verdict. • Protect your rights against a large insurance company.	

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>

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Protect your rights when USAA mishandles your insurance claim.