

Insurance Bad Faith FAQs

Understanding Your Rights When Your Insurer Acts in Bad Faith

Based on Bad Faith Faqs by McCormick and Murphy

Q: What is considered 'bad faith' by an insurance company?

A: Bad faith occurs when an insurance company denies payments without a reasonable basis, discounts payments without justification, or delays payments unreasonably. It also includes failing to promptly investigate claims or making burdensome requests for documentation.

Q: How can I tell if my insurance company is delaying my claim unfairly?

A: If your insurance company fails to affirm or deny coverage of your claim within a reasonable time, it may be acting in bad faith. Unreasonable delays in processing or paying your claim are also indicators.

Q: What does it mean for an insurer to 'deny payments without a reasonable basis'?

A: This means the insurance company has refused to pay your claim or a portion of it without a valid, justifiable reason according to your policy and the law. They must have a legitimate basis for denial.

Q: Can my insurer offer me a lower settlement than I believe I deserve?

A: Yes, but they cannot discount payments without a reasonable basis. If the discount is not justified by the policy terms or the facts of the claim, it could be considered bad faith.

Q: What if my insurance company doesn't investigate my claim properly?

A: An insurer has a duty to conduct proper, prompt, and thorough investigations into claims. Failing to do so can be a sign of bad faith, as it suggests they are not taking your claim seriously or are trying to avoid paying it.

Q: Are insurance companies allowed to ask for a lot of paperwork?

A: While insurers can request documentation, they cannot make overly burdensome requests. If the requests are excessive, unreasonable, or designed to make it difficult for you to get paid, it might be bad faith.

Q: What if my insurance company misrepresents my policy or the law?

A: Misrepresenting the law or policy language is a serious form of bad faith. Your insurer must accurately explain your coverage and the applicable laws. They cannot mislead you.

Q: How long should it take for an insurer to decide on my claim?

A: Insurers must act within a reasonable time. This applies to investigating the claim, deciding whether to cover it, and making payments. There isn't a strict deadline, but prolonged inaction is often unacceptable.

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

A: If you believe your insurer is acting in bad faith, it is advisable to consult with an attorney experienced in insurance disputes. They can help you understand your rights and options.

Q: Does 'bad faith' only apply to claims denials?

A: No, bad faith can encompass various actions, including unreasonable delays, inadequate investigations, misrepresentations, and unfair payment adjustments, even if a claim isn't outright denied.

Resources & Further Reading

Related guides for these FAQs:

■ Navigating Insurance Bad Faith Claims (Timeline)

<https://storage.googleapis.com/mccormick-and-murphy-checklists-20260707-0e9aa4/mccormick-and-murphy/Timeline/bad-faith-faqs-timeline.pdf>

■ Insurance Bad Faith Checklist

<https://storage.googleapis.com/mccormick-and-murphy-checklists-20260710-3eaad2/mccormick-and-murphy/Checklist/insurance-bad-faith-checklist.pdf>

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