Frequently Asked Questions About Bad Faith Insurance

Understanding your rights when your insurance company acts in bad faith.

Based on Examples by McCormick and Murphy

Q: What is bad faith insurance?

A: Bad faith insurance occurs when an insurance company unreasonably denies a legitimate claim, delays payment without justification, or otherwise fails to uphold its contractual obligations to the policyholder.

Q: What are common examples of bad faith insurance tactics?

A: Common tactics include unreasonably delaying claim investigations, denying claims without a reasonable basis, failing to conduct a thorough investigation, misrepresenting policy provisions, and offering an unreasonably low settlement.

Q: When should I consider hiring a bad faith insurance lawyer?

A: You should consider hiring a lawyer if your insurance company has denied your claim, offered a very low settlement, or is excessively delaying the claims process without a valid reason.

Q: How do bad faith insurance lawyers get paid?

A: Hiring a bad faith insurance lawyer often involves a contingency fee structure. This means you won’t pay upfront costs; instead, your lawyer receives a percentage of the settlement or judgment.

Q: What kind of damages can I recover in a bad faith insurance claim?

A: In a bad faith claim, you may be able to recover the full value of your original claim, plus additional damages such as emotional distress, attorney's fees, and in some cases, punitive damages.

Q: Does my insurance policy need to be in effect for me to sue for bad faith?

A: Generally, yes. The insurance company must have had a duty to you under the policy at the time of the bad faith conduct.

Q: What is the difference between a breach of contract and insurance bad faith?

A: A breach of contract occurs when the insurer fails to pay what the policy promises. Bad faith is a separate tort claim that involves the insurer's unreasonable conduct and can lead to broader damages beyond just the policy limits.

Q: How long do I have to file a bad faith insurance claim?

A: The time limits, or statutes of limitations, vary by state and the type of claim. It's crucial to consult with an attorney promptly to understand the deadlines applicable to your situation.

Q: Can I sue my insurance company for delaying my claim?

A: Yes, if the delay is unreasonable and without justification, it can be considered a form of bad faith, especially if it causes you financial harm or prevents you from recovering from a loss.

Q: What evidence is needed to prove bad faith?

A: Evidence can include correspondence with the insurer, internal company documents, expert testimony, and proof of the unreasonable nature of the insurer's actions or delays.

Q: Do I need a lawyer to deal with my insurance company?

A: While not always mandatory, having an experienced bad faith insurance lawyer significantly increases your chances of success, as they understand the complex legal landscape and the tactics insurers may use.

Resources & Further Reading

Related guides for these FAQs:

- Pueblo Bad Faith Insurance Claim Checklist

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

- Protect Your Rights: What to Do About Bad Faith Insurance in Pueblo (Action Sheet)

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

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