

Understanding Insurance Bad Faith

A guide to identifying and addressing improper insurance claim handling.

Based on Bad Faith Faqs by McCormick and Murphy

Step 1: Identify Potential Bad Faith Actions

Recognize common tactics used by insurers that may constitute bad faith. These include denying or discounting payments without a reasonable basis, delaying payments without justification, and failing to respond to coverage inquiries promptly.

- Keep detailed records of all communications and decisions.
- Note any unreasonable delays or denials.



Step 2: Assess Investigation Practices

Evaluate whether the insurance company conducted a proper, prompt, and thorough investigation into your claim. Inadequate investigations can be a sign of bad faith.

- Did they gather all relevant information?
- Was the investigation completed in a timely manner?



Step 3: Review Communication and Documentation Requests

Examine the insurer's communication. Be wary of requests for excessive or burdensome documentation that seem designed to impede your claim.

- Are the requests for information reasonable and related to the claim?
- Is the insurer communicating clearly and promptly?



Step 4: Check for Misrepresentation

Determine if the insurance company has misrepresented the law or the terms of your policy language to your detriment.

- Compare the insurer's statements to your policy documents.
- Verify any legal interpretations provided by the insurer.



Step 5: Document All Interactions

Maintain a comprehensive record of all interactions with your insurance company, including dates, times, names of representatives, summaries of conversations, and copies of all correspondence.

- Save emails, letters, and voicemails.
- Create a log of phone calls.



Step 6: Seek Clarification on Coverage Decisions

If your claim is denied or coverage is questioned, ensure the insurance company has provided a clear affirmation or denial within a reasonable timeframe.

- Request a written explanation for any adverse decision.
- Understand the specific policy provisions cited.



Step 7: Consult with Legal Counsel

If you suspect your insurance company is acting in bad faith, consult with an attorney specializing in insurance law. They can help you understand your rights and options.

- Look for lawyers with experience in bad faith insurance claims.
- Be prepared to share all your documentation.

Resources & Further Reading

Related guides for this process:

■ 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>

■ 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 your rights when dealing with insurance claims.