

# Navigating State Farm Bad Faith Insurance Claims in Colorado

Understand your rights and the process when State Farm acts in bad faith.

Based on State Farm by McCormick and Murphy

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## Step 1: Identify Potential Bad Faith

Recognize if State Farm has unreasonably delayed, denied, or underpaid your insurance claim without a valid reason.

- Look for a lack of thorough investigation.
- Note any misrepresentation of policy terms.



## Step 2: Gather All Documentation

Collect all relevant documents, including your insurance policy, claim correspondence, denial letters, medical records, repair estimates, and any other evidence supporting your claim.

- Organize documents chronologically.
- Keep copies of everything sent and received.



## Step 3: Understand Colorado Insurance Law

Familiarize yourself with Colorado's Unfair Claims Settlement Practices Act and other relevant statutes that protect policyholders.

- Colorado law prohibits specific unfair claim practices.
- Ignorance of the law is not a defense for the insurer.



## Step 4: Communicate with State Farm

Formally notify State Farm in writing about your concerns and provide them with the necessary documentation to support your claim.

- Send communication via certified mail to have proof of delivery.
- Clearly state your expectations for claim resolution.



## Step 5: Consult an Attorney

Seek legal advice from an experienced Colorado insurance attorney specializing in bad faith claims.

- Look for attorneys with a proven track record against large insurers like State Farm.
- Many offer free initial consultations.



## Step 6: File a Formal Complaint (Optional)

Consider filing a complaint with the Colorado Division of Insurance if State Farm's conduct is egregious.

- This can sometimes prompt a quicker resolution.
- It creates an official record of the insurer's actions.



## **Step 7: Negotiate a Settlement**

Work with your attorney to negotiate a fair settlement with State Farm, which may include compensation for your original claim, damages, and legal fees.

- Be prepared for State Farm to resist a fair settlement.
- Your attorney will guide you on reasonable settlement offers.



## **Step 8: Litigate if Necessary**

If a fair settlement cannot be reached, your attorney will prepare to file a lawsuit to pursue your claim in court.

- Litigation is a serious step, but often necessary to achieve justice.
- Understand the potential timelines and costs involved.

## Resources & Further Reading

*Related guides for this process:*

### ■ 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>

### ■ Colorado Bad Faith Insurance Claims (Cheat Sheet)

<https://storage.googleapis.com/mccormick-and-murphy-checklists-20260706-de7b87/mccormick-and-murphy/Cheat%20Sheet/denver-bad-faith-insurance-claim-lawyer-cheatsheet.pdf>

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Protect your rights when State Farm fails to act in good faith.