Navigating a USAA Bad Faith Insurance Claim in Colorado

Understand your rights and steps to take when USAA acts in bad faith.

Based on Usaa by McCormick and Murphy

Step 1: Identify Potential Bad Faith

Recognize if USAA is unreasonably delaying or denying your valid insurance claim, offering a settlement far below the actual value, or failing to conduct a proper investigation.

- Bad faith occurs when an insurer intentionally disregards the insured's interests.
- This applies to various insurance types, including auto, home, and life.

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Step 2: Gather All Documentation

Collect every document related to your claim, including the insurance policy, all correspondence with USAA (emails, letters), repair estimates, medical records, and any other evidence supporting your claim's value.

- Keep a detailed log of all communications, noting dates, times, and the content of conversations.
- Organize documents chronologically for easy reference.

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Step 3: Understand Your Policy

Thoroughly review your USAA insurance policy to understand the coverage, limits, exclusions, and your rights and responsibilities as the policyholder.

- Pay close attention to the 'duties after loss' section.
- Identify what constitutes a covered event under your policy.

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Step 4: Communicate Your Concerns Formally

Write a formal letter to USAA outlining your concerns about their handling of the claim, referencing specific policy provisions and evidence. Clearly state what you expect USAA to do to resolve the issue.

- Send this letter via certified mail to ensure proof of delivery.
- Maintain a professional and factual tone.

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Step 5: Consult an Attorney

If USAA continues to act in bad faith or fails to respond adequately, seek legal counsel from an attorney experienced in handling insurance bad faith claims in Colorado.

- Look for lawyers specializing in insurance disputes.
- Many offer free initial consultations.

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Step 6: File a Formal Complaint

Consider filing a complaint with the Colorado Division of Insurance. This can sometimes prompt an investigation or resolution.

- The Division of Insurance can be a valuable resource for consumers.
- Their website provides information on how to file a complaint.

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Step 7: Pursue Legal Action

If other avenues fail, your attorney may advise filing a lawsuit against USAA for breach of contract and bad faith insurance practices.

- This is typically a last resort after exhausting other options.
- A lawsuit seeks to recover damages for the losses incurred due to USAA's actions.

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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McCormick and Murphy | 929 W Colorado Ave, Colorado Springs, CO 80905
(719)-389-0400 | mccormickmurphy.com
Protect your rights when USAA fails to uphold its obligations.