

Good and Bad Faith Insurance Companies in Colorado: What You Need to Know

When you file an insurance claim with an insurance company in Colorado, that company owes you a duty to act in good faith. This means that the insurance company must not look for ways to escape its obligation to investigate the claim or to pay you. Doing so would constitute **bad faith**.

What is Bad Faith Insurance?

Bad faith claims and lawsuits may stem from a number of actions or failures to act by insurance companies. Here are some causes for legal action against bad-faith insurance companies:

- Unfair denial of coverage
- Failure to communicate important information to the claimant
- Failure to conduct a reasonable investigation of an insurance claim
- Refusal to pay a claim without investigating
- Failure to deny or pay a claim within a reasonable period of time
- Failure to confirm or deny coverage within a reasonable period of time
- Failure to attempt to come to a fair and reasonable settlement when liability is clear
- Offering substantially less money to settle than the true value of the claim
- Failure to promptly provide a reasonable explanation for denial of a claim
- Failure to enter into any negotiations for settlement of the claim
- Failure to respond to a time-limit demand
- Failure to disclose policy limits

What Constitutes a Good Faith Insurance Company?

An insurance company has a duty, or legal obligation to its policyholders. A breach of this duty - or bad faith - can occur when an insurance company improperly refuses to defend a lawsuit or improperly refused to pay a judgment or settlement of a covered lawsuit. The duty of good faith means that your insurance company must:

1. Adjust your claim (either pay it or deny it) within a reasonable time
2. Must cooperate with you regarding the claim (respond to your letters and phone calls)
3. Must tell you in writing precisely why it is denying the claim, specifying each contract term or provision upon which it relies
4. Must attempt to find a basis to pay the claim rather than find reasons to deny it
5. must (as the duty itself states) "play fair" with you

If your insurance company has failed to abide by its duty of good faith, you may be able to take legal action.

Should I Contact an Attorney?

If you think you have been unfairly treated by an insurance company, you should seek the counsel of an experienced attorney as soon as possible. Fighting your insurance company may

seem like a David and Goliath scenario. Don't be afraid to assert your rights. If you suspect that your insurance company has engaged or continues to engage in bad faith practices that have caused you harm, you may be able to take legal action.

Insurance companies always have legal representation of their own: law firms that devote all of their time and effort to advancing the interests of insurance companies, so it's imperative that you get you contact a skilled and aggressive attorney. Don't take on the insurance company alone. If you have been the victim of bad faith insurance, contact an experienced attorney today.