

## **From Bad to Worse: 5 Examples of Common Bad Faith Practices on the Part of Insurance Companies and What to Do**

You thought your ordeal was mostly over when your insurer agreed to provide fair compensation for the water damage to your Miami home. Now months have passed, and you have yet to see a cent, leaving you on the hook for property repairs if you want your home to remain habitable.

Finding out that your homeowner's insurance company is acting in bad faith can be stressful and discouraging. You bought a policy and paid all your premiums on time, you thought you've earned some peace of mind, and now that you need the coverage, your insurer is refusing to honor their end of the agreement and cover your damages. How unfair is that?!

While many Florida insurance companies treat each claim with diligence and respect and pay claimants the amount they are entitled to, others do not hesitate to act in bad faith if they detect a threat to their bottom line. When this happens, consult a Florida insurance claims attorney right away to achieve the result your case deserves.

### **How Do Insurance Companies Act in Bad Faith?**

Federal and state law both require insurance companies to act in good faith when they investigate, negotiate, and settle client claims. This commitment is the foundation of all contracts: both sides must be transparent and fair when dealing with one another. But as you can see from the example above, it doesn't always happen.

Here are 5 common examples of how your home insurance provider may act in bad faith.

#### **1. Misrepresenting policy details**

Insurance policy contracts can be complex and packed with "legalese" or complicated legal terminology that the average consumer does not easily understand. Some insurers act in bad faith when attempting to dodge their obligations by misleading you about what is and isn't covered by your policy.

#### **2. Failure to properly investigate a claim**

Insurance companies have an affirmative duty to investigate all client claims as swiftly and thoroughly as possible. Failure to do so can put you in a difficult financial position, so any unnecessary delays or deviation from commonly-accepted best practices during investigations could be a sign of bad faith.

#### **3. Unfairly denying a claim**

If your insurance company denies your claim, they are required to give you a clear and justifiable reason for doing so. When you have a valid claim and the insurer denies it for reasons that are unclear and/or unfair, they are arguably acting in bad faith.

#### **4. Making unreasonably low settlement offers**

It is common practice for an insurer to start low when the negotiation process begins. The expectation is that you and your attorney will respond with a higher settlement demand, triggering a back-and-forth conversation that ends in a mutually acceptable settlement offer. If, however, the insurance company refuses to budge from its initial offer, it may be acting in bad faith.

#### **5. Delaying a claim payout**

If your insurance company agrees to a fair compensation for your claim, only to unreasonably delay payment, you are put in the difficult position of having to pay for repairs and replacements yourself unless you want to live in a hotel indefinitely. Such conduct can cause serious financial stress for policyholders, which is why some companies use delays as leverage to reduce the value of a settlement. Such conduct can definitely form the basis of a future bad faith claim against the company.

#### **You CAN Afford to Take Action**

A lot of claimants know they are being misled, deceived, and mistreated, but fail to take legal action because they believe they can't afford it. If it appears that you are stuck paying for your own repairs, an experienced insurance claims attorney may seem out of your budget range.

The good news is that in Florida, if you have to sue your own insurance company to obtain the compensation you are entitled to, they will have to pay your legal fees and other consequential costs if you win. Perhaps even more.

#### **Other Available Damages**

If these damages are applicable to your case, you would receive them in addition to the money you should have been paid in your initial claim.

- **Punitive Damages:** State law (F.S. §627.736) (2010) entitles you to punitive damages if your insurer engages in unfair claims settlement tactics to such an extent that their business practice is clearly contrary to the rights of their clients. In this case, the added damages are intended to penalize the insurer for their misconduct and bad faith handling of client claims.
- **Emotional Damages:** As evidenced in the Florida Supreme Court case *Butchikas v. Travelers Indemnity Company*, you may be able to recover compensation for emotional damages in some cases. You must prove that your emotional distress resulted from the insurer's bad faith claims practices.

#### **How Florida Courts Assess Bad Faith Insurance Claims**

When assessing bad faith insurance claims, Florida courts will look at all acts and omissions of all parties involved to determine whether or not the insurer conducted itself in a fair and honest

manner. In the case of *State Farm Mut. Auto. Ins. Co. v. LaForet*, the Supreme Court of Florida considered the following factors to help it arrive at a decision:

- How diligent the insurance company was when investigating the claim
- How reasonable the insurer's settlement offers were, given the circumstances of the claim
- Whether or not the insurance company made a good faith effort to resolve your dispute in a fair and timely manner
- The policyholder's willingness to work with the insurer to achieve a resolution

### **How Do You Proceed?**

Unfortunately, pursuing an insurance bad faith claim can be complicated. By law, you are required to notify the your insurer and the Department of Financial Services of the applicable violation in writing and give the company 60 days to correct the situation. This notice, known as a "Civil Remedy Notice," must specifically state the facts and circumstances surrounding the alleged violation and make appropriate legal references to demonstrate that the insurer's behavior was unlawful. It's a lot to handle when you're already dealing with the financial and emotional ramifications of a damaged home, which is why you should seek experienced legal guidance.

### **Contact Us**

If you believe that your Florida homeowners insurance company acted in bad faith, contact the Monfiston Firm at 1-888-988-FIRM (3476). Your claim deserves fair treatment, and if the insurer is delaying or mishandling it, our dedicated bad faith insurance team can help. Insurance companies may have large legal teams, but we will use our qualifications and experience to level the playing field and get the best results for you. PERIOD.