

Can Insurers Sue for 'Reverse Bad Faith'?

The insurance relationship is contractual, but when policyholders claim insurers failed to honor their obligations, they typically invoke the tort of "bad faith," writes **Robert D. Helfand** of **Carlton Fields Jordan Burt**.

"When courts try to explain this anomaly, they cite features of insurance making it uniquely important that parties respect each other's interests. Courts often say these features make the duty of good faith 'reciprocal,' " he explains.

He discusses some cases that provide another reason for asserting that the insured's bad faith injured the insurer in ways that were foreseeable when the contract was made. Even if the argument falls short, it might still create a basis for reducing the insurer's exposure.

Read the article.