

Courts Say There's No Claim for "Reverse Bad Faith." Could They Be Wrong?

The 6th U.S. Circuit Court of Appeals recently predicted that the Kentucky Supreme Court would not allow insurers to sue policyholders for the tort of "reverse bad faith," reports Carlton Fields Jordan Burt in a report posted on JDSupra.

"The court's analysis drew a distinction between the duty of good faith and fair dealing that is implied by law into contracts and the distinct, common law duty that arises from a 'special relationship' between the parties," the report says. "Only the latter duty gives rise to a tort claim. The court also found that no other state has recognized a tort of reverse bad faith. Yet, given recent interpretations of the **contractual** duty, it's arguable that 'reverse bad faith' is already here – and what we *should* be asking is whether it can be of any use."

The case was *State Auto Property & Casualty Ins. Co. v. Hargis*. It involved an insurance case that included allegations of arson.

Read the article.