

**13-1702. Bad faith conduct in first-party claims.**

When deciding whether to pay a claim, an insurer must act fairly, reasonably, honestly, and in good faith under the circumstances. An insurer acts in bad faith when it does [one or more of] the following:

[fails to deal fairly with its insured, giving the interests of its insured at least the same weight as its own interests;]

[fails to act promptly to [evaluate] [investigate] [pay] the claim;]

[unreasonably delays notification of whether the claim will be paid or denied;]

[refuses to pay the claim for reasons that are frivolous or unfounded and are not reasonable under the terms of the policy. An insurer does not act in bad faith by denying a claim for reasons that are reasonable under the terms of the policy.]

*(The court may include other grounds for the claim if supported by the law and the evidence.)*

[An insurer may act in bad faith in its handling of a claim even if the policy provides no coverage for that claim.]

**USE NOTES**

This instruction must be given in a first-party claim. The bracketed paragraphs are to be given to reflect the nature of the plaintiff's claims when supported by the law and the evidence. Other grounds may be inserted as stated in the instruction should the court determine they are warranted by law and the evidence. The bracketed final sentence of the instruction should be given if the law and the evidence support a claim for bad faith in the handling of the insured's claim independent of whether policy coverage exists for the claim.

[Adopted, effective November 1, 1991; as amended by Supreme Court Order No. S-1-RCR-2023-00028, effective for all cases pending or filed on or after December 31, 2023.]