DOWNLOAD PDF THE ADDITIONAL DUTIES IN THIRD-PARTY INSURANCE

Chapter 1 : Third Party Liability Insurance: Everything You Need to Know

Third-party liability coverage is the portion of an insurance policy that protects you if you're held legally responsible for a physical injury or damage to someone else's property.

Breaking Down Your Insurance Policy: A major part of insurance protection is third-party liability coverage, which will respond on your behalf if you manage to hurt a third party or damage their property. Not sure what third-party liability insurance is? Read on to learn everything you need to know about this essential insurance. What is third-party insurance? Third-party insurance comes bundled into standard homeowners, renters and many business policies and is required as part of your car insurance in every state in the country. Why do I need it? Litigation is very common these days. Car crashes happen every second of every day. Falls and slips are very common and can result in very expensive claims. Liability coverage can protect you in certain situations. Coverage extends to their actual physical injuries, pain and suffering, and even death. Bodily injury coverage is written with two limits: It not only covers the cost of emergency services, hospital care, and follow-up visits, it also covers the costs of wheelchairs, walkers and crutches, if necessary. Lawsuits happen after an accident, and if you were responsible for the crash, you could be sued. Liability coverage also includes the cost of your defense and any judgments or settlements up to policy limits. If the driver you hit is seriously injured, they may need physical therapy or be unable to work for weeks or even months. This loss of income would be covered by your bodily injury liability coverage up to policy limits. Renters insurance While the main point of renters insurance is to protect your belongings in the event your apartment or rental home is damaged or destroyed, these policies also offer third-party liability coverage. The liability portion of the policy helps cover bodily injury and property damage claims for injuries or damage that happen to third parties in your apartment, or even as a result of your normal activities away from home. A slip, fall, or dog bite can result not only in medical bills that have to be taken care of, but also the possibility of a lawsuit. Coverage is restricted by the policy limits, so make sure you have a complete understanding of your limits. Low limits can leave you on the hook for the balance if you are sued. Homeowners Insurance Homeowners insurance not only pays to repair or rebuild your home and replace your property, it also offers third-party coverage. Just like renters insurance, homeowners coverage offers third-party protection against liability claims and covers medical costs, lawsuits, pain and suffering, lost wages and even death benefits. Here is a quick rundown of the various benefits offered by homeowners third-party coverage: Just like car or renters insurance, third-party liability can help cover the medical bills of someone who is injured on your property. If a person slips on a snowy sidewalk, falls down your stairs or is attacked by your dog, you may be responsible for the medical costs. If a court awards pain and suffering damages to someone injured in your home, the liability portion of the policy can cover these costs. If the injury sustained in your home prevents that person from working, you can end up legally liable for their lost wages. Liability coverage can also cover these expenses. Luckily, the liability portion of your homeowners policy pays these bills in addition to the policy limits. Business owners policy A business owners policy combines a variety of coverages into one policy that offers comprehensive protection to business owners. One of the major components of such a policy is third-party liability, which protects your business should it cause harm to others. This coverage not only applies to customer slips and falls in your store, but also to damage from defective products, incorrect installation and harm caused by one of your employees. Umbrella policy A personal umbrella policy is all about third-party liability. It kicks in when you reach the policy limits on your auto, homeowners, renters or even condo policy. It is basically a big bucket of extra liability protection. The cost of a lawsuit can quickly spiral out of control, and having an extra layer of protection can be a financial lifesaver. The great thing about umbrella policies is that they offer loads of liability coverage at a very reasonable price. Where can I get third-party insurance? One important thing to remember is that liability coverage only pays out up to the policy limits, and setting the right limits is extremely important with third-party liability insurance. The same can usually be said of homeowners insurance. Adding an umbrella policy is also an inexpensive way to bump up your third-party liability coverage. Talk to a local agent today.

Chapter 2 : Duties owed to third parties - Insurance Law Monthly

Third-party insurance is an insurance policy purchased for protection against the claims of another. One of the most common types is third-party insurance is automobile insurance.

Good liability risk management can reduce the chances that your business will be sued, but it can never eliminate the risk entirely. You or a member of your organization can make a mistake that injures someone or damages property. Your mistake could harm the reputation or interfere with the privacy of a customer, client, competitor or member of the general public. When such injuries occur, you may be legally liable to pay damages to someone who suffers a loss due to your actions or inaction. Even if your organization is ultimately cleared of any wrongdoing, a determined plaintiff can keep you tied up in legal proceedings for a long time, entailing significant cost to defend yourself. Liability insurance pays the cost of your defense and protects your assets. Everyone in society has a duty to take reasonable care that his or her actions do not injure others. The same rule applies to business entities. Not repairing a pothole in a parking lot, not lighting a dark stairway, failing to train workers how to do their jobs safely and legally or failing to provide directions for the safe use of a product can constitute negligence if a client, customer or member of the general public is injured as a result. The legal meaning of negligence is failure to exercise reasonable care. If the parties do not agree to settle a liability lawsuit, there may be a trial. The law of the state where the lawsuit is filed sets the rules for the determination of liability and damages. For small businesses the most efficient and least expensive way to purchase liability insurance is usually as part of the Businessowners Policy BOP which combines property and liability insurance in one contract. Punitive damages are generally not covered, although there may be some exceptions. Bodily injury means injury, sickness, disease or death; it may include injuries that are emotional or mental, such as post traumatic stress syndrome or humiliation. What Is Covered Medical Expenses? For the most part, your BOP liability coverage is for situations where a third party claims you were negligent and sues for damages. The medical payments coverage is an exception, as it pays medical expenses for bodily injury to third parties that occurs on premises you own or rent or as a result of your operations regardless of fault. People are less likely to sue you if they receive prompt medical payments to cover the costs of any injuries they have sustained for which they could claim your business or organization is liable. Medical Payments coverage gets the payments to them without their having to file a lawsuit or go to court and engage in a protracted claims process. This coverage also allows your insurer to pay small nuisance claims without the need for costly legal expenses. People who commit insurance fraud usually know that for claims below a certain amount, insurers prefer to pay the claim or settle rather than incur the legal costs to defend against the claim. If you have a relatively high limit for medical payments, your insurer can more readily dispose of a lot of smaller claims. However, submitting multiple medical expense claims could negatively impact your insurance claims history. If you are in a business with significant traffic from the public, such as a retail store, be sure to discuss the possible consequences of your medical payments limit on your claims history with your agent. BOP liability coverage insures a sole proprietor, partners or partners named in the policy "Declarations," but only with respect to their duties on behalf of the business. The spouses of sole proprietors or partners are also covered. If your organization has officers and directors, they are insured, as are your stockholders, but, once again, and this applies to all parties, only with respect to their duties or liabilities in connection with the business. Employees and volunteer workers are insured for acts committed within the scope of their employment in your business. The insurer has a duty to defend the insured in any lawsuit seeking damages for a covered type of injury or damage. At its discretion, the insurer may settle any claim or lawsuit. It is a third party who claims or sues for damages as a result of an occurrence. You are the first party and the insurer is the second. For example, a person who lived near a commercial chicken farm might claim to have developed allergic asthma as a result of breathing dust from the chicken farm over many months. Copyright, Insurance Services Office, Inc. When Is An Occurrence Covered? Property damage or bodily injury is covered when it meets these three conditions: It extends to international waters or airspace only when the travel is between destinations in the United States, including territories and possessions, and Puerto Rico and Canada. There are three situations, however, when the coverage territory extends to injuries or damage anywhere in the world, so long as the lawsuit is brought in the United States and it involves: Goods or products you made or sold in the United States, including its territories and possessions, and Puerto Rico and Canada. The activities of someone from your business in another part of the world who is away from his or her home in the United States, including its territories and possessions, and Puerto Rico or Canada only for a short time. Personal or advertising offenses facilitated through the Internet or similar electronic communications. Policy Period - The policy period comprises the dates on which the coverage begins and ends. The standard form of liability policy covers only injuries and damages that you or an authorized employee come to know about within the policy period. The policy covers personal and advertising injury only when the offense was committed during the policy period. If there are further developments regarding a bodily injury or property damage that first becomes known to you and about which you give notice to your insurer during the policy period, that insurer continues on that claim beyond the policy period. For example, Mae Hoover, a customer, sues you after she slips on ice in your parking lot and breaks a wrist. You turn the suit over to your insurer, ABC Insurance. A few months later, you change your liability policy to XYZ Insurance. A month after you go with XYZ, Mae amends her original lawsuit. She now contends that her wrist has not healed properly and seeks additional medical payments for the cost of surgery and higher damages for her lost income, expenses to her family because of her injury and for pain and suffering. How Are Policy Limits Applied? The limits of your coverage are set forth in your policy "Declarations. The amounts are the most the insurer will pay, regardless of the number of persons or organizations making claims or bringing suits against you. A single occurrence can produce many costly liability claims. If a fire due to your negligence spread from your building to destroy several neighboring structures and caused a death, the value of all the claims against you could be significant even though there was only one occurrence. In addition to these limits for one occurrence, the policy has aggregate limits. Aggregate limits are divided into two sections: For higher coverage limits, you will need an umbrella policy. If you manufacture, sell or distribute a product, there is the possibility that it could cause bodily injury or property damage for which you would be legally liable. Even if you only sell or distribute the product, you could still be liable depending on the circumstances. For example, a contractor installs a steam heating system and three months later it leaks and causes property damage. The "products completed operations" hazard covers each of the above risks under certain conditions. When a product is involved, to be covered, the injury or damage must occur away from your own premisesâ€”unless your business includes the selling, handling or distribution of your product for consumption on premises you own or rent. Intangible property, such as digital data, would not be covered. Damage To Premises You Rent If you rent or lease a building or part of a building, you could have a fire liability risk. Should a fire caused by your negligence burn your rented premises and other property owned by your landlord, you could be liable for the damage. If you rent or lease business premises, be sure to discuss with your agent how much insurance you need to cover your fire liability exposure. What Is Not Covered? A number of situations, people and circumstances are excluded from the standard BOP liability coverage. There are various reasons. Injuries to employees are excluded because employees are usually covered for work-related injuries by workers compensation insurance. Liability for pollution or in connection with professional services is excluded because only some businesses need that coverage and it can be purchased separately. Auto liability is excluded because it is covered by a businessowners auto policy. Damage to your own property is excluded because it is covered by your property insurance. The standard policy form does not provide coverage for a recall of products, work or impaired property due to a suspected defect, deficiency, inadequacy or dangerous condition. You may purchase a Product Withdrawal Expense Endorsement to cover some of this risk. Your Duties Regarding any Claim By acting quickly, your insurer can often settle a liability claim and head off a costly lawsuit. For this reason, insurers require that you inform them as soon as practicable when you are aware of an occurrence that may result in a claim, even if no lawsuit has been filed. As part of your insurance contract, you are required to give this notice and to provide information about the occurrence, including names and addresses of anyone injured and any witnesses, as well as the nature of any injuries or damage. You also agree to cooperate fully in the investigation of the incident. Endorsements can add liability coverage for specific circumstances to the BOP. Among those most commonly added are: Employment Practices Liability Liquor Liability Employee Benefits Liability Employment Practices Liability Endorsement â€” If your business has even a few employees, you cannot entirely avoid the risk of a lawsuit charging you with some type of employment discrimination, whether based on sex, race, age or any one of a number of other characteristics. For example, you may fire a worker for poor job performance only to find he or she files a lawsuit charging that the real reason for the termination was race, religion, age or some other protected characteristic. Regardless of whether the employee can ultimately prove the charges, you may be tied up in a legal defense for a long time. The Employment Practices Liability Endorsement provides coverage for violations of seven different federal antidiscrimination statutes named in the endorsement, as well as for violations of similar state and local statutes. As part of the contract, you give the insurer the right to defend against any claim. The insurer may offer to settle a claim. If you do not consent to the settlement, the most the insurer will pay on the claim is the amount it offered in settlement. Liquor Liability Endorsement â€" People who are intoxicated can harm others. If your business involves serving liquor for a charge, or if a license is required for you to serve liquor even if you do not charge for it , your BOP liability coverage does not cover your liability exposureâ€"the possibility that someone you served could cause a car accident, for example. The Liquor Liability Endorsement provides coverage for bodily injury or property damage for which an insured may be held liable by reason of any of the following: Causing or contributing to the intoxication of any person Furnishing alcoholic beverages to a person under the legal drinking age or under the influence of alcohol Violating any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages Employee Benefits Liability Endorsement â€" If you have employee benefits programs, there is a risk you will be sued by employees or retirees charging there was negligent administration and management of the benefit plan. Even though you may use a professional benefits administrator, the personal assets of your in-house plan fiduciaries may be at risk if they are responsible for errors, omissions or breach of their fiduciary duties. The Employee Benefits Liability Endorsement covers this liability exposure. Special Coverages Depending on the nature of your business and its risk exposures you may need one or more of the following types of liability coverages: If, for example, you were found liable in a school bus accident that injured children, the damages could be in the millions of dollars. Umbrella Liabilityâ€"also known as Excess Liability Insuranceâ€"provides extra protection for catastrophic events.

Chapter 3 : Liability Insurance | III

Economical Mutual Insurance, the contractor's insurer, was a third party in both of the proceedings. The contract between the County and the contractor required the contractor to obtain third party liability insurance and name the County as an additional insured.

You make plans for how you think your day should go. Yet, sometimes, you experience the unexpected. Like having a fender-bender in the parking lot at work. Or when you come home to discover a kid threw a rock through your window. Thankfully, third party liability insurance is designed to cover us financially in these scenarios. What is third party liability insurance? Third party insurance protects customers against financial ruin from potential claims for injuries or damages they may cause to another person. A few third party liability coverage policies include commercial liability insurance, homeowners insurance and auto insurance. With litigation being a common response to injury and property damage, you never know when you might be the recipient of a filed claim. Why do you need third party liability insurance? After footing the bill for the actual cost of damages and lawyers fees, you might end up on the hook for punitive damages as well. Which policies cover third party claims? Not all insurance policies cover third party liability claims unless you actively select them when you buy your policy. Some policies even exclude third party claims. Many insurance policies contain specific exclusions , even for some situations commonly covered by other companies. Low limits and high deductibles can put you in debt You also want to check your coverage limits and deductibles before buying any policy. Sometimes, having a policy with low limits and high deductibles can be like having no coverage. Commercial liability coverage Commercial liability coverage is a policy for business owners that protects against bodily injury and property damage claims made by non-employees like customers or clients. Commercial liability can cover the cost of claim investigation and defend against lawsuits. It can cover witness fees, court costs, attorney fees, judgments ordered by the court and settlements. Homeowners insurance Homeowners insurance usually comes packaged with the option for third party liability coverage that protects against incidents that happen on your property. Claims against homeowners usually consist of animal bites, slips and falls. Car crashes happen every day â€” and vehicles repairs can be expensive â€” so mandated car insurance makes sense. If you total your car, you may be entitled to receive the value of your vehicle prior to the accident, depending on your car insurance policy. And some insurance companies now offer to replace your car. Comparing car insurance quotes When comparing car insurance quotes, take note of the difference in cost for each type of liability coverage. If two providers seem to offer an equal cost, that may change when you increase your coverage amounts. Notice different deductibles You may find that different car insurance companies offer different deductible amounts for comprehensive coverage. Compare today and save We make it easy for you to find affordable third party liability insurance. Some car insurance companies even offer discounts for good drivers, students and multiple vehicles. Start comparing car insurance quotes today to see how much you can save on your policy. Compare Car Insurance Quotes Enter your info.

Chapter 4 : Third Party Administrator Insurance Expert Bill Hager

One insurance plan that requires you to purchase additional third party liability coverage is employment practices liability insurance, which covers claims filed against the business by employees, not customers. By adding this coverage, the business will be protected against claims made by customers.

Market[edit] Commercial liability is an important segment for the insurance industry. Liability insurance is far more prevalent in the advanced than emerging markets. This is due to the size of the US economy and high penetration of liability insurance 0. The largest sub-line of business is public and product liability. There has been a significant shift in the sub-segments of UK liability insurance. Manufacturing, meanwhile, comprises a lower share of liability claims as accidents related to injuries and property damages have declined. Together they made up almost USD 22 billion of global liability premiums in Typically governed by civil law systems, these markets rely on local conditions and historical experience to determine which liability policies and covers are available. Penetration ranges from 0. In Australia, penetration is much higher at 0. Australia has mandatory covers for aviation, maritime oil pollution and residential construction and, in certain states, for medical practitioners, property brokers and stock brokers. China is the ninth largest commercial liability market globally, with premiums of USD 3. However, penetration remains low at 0. Growth has been driven by increasing risk awareness and regulatory changes. This section needs additional citations for verification. Please help improve this article by adding citations to reliable sources. Unsourced material may be challenged and removed. November Liability insurers have one, two or three major duties, depending upon the jurisdiction: To defend[edit] The duty to defend is prevalent in the United States and Canada, where most liability insurance policies provide that the insurer "has the right and duty" to defend the insured against all "suits" to which the policies apply. It is usually triggered when the insured is sued or in some instances, given pre-suit notice that they are about to be sued and subsequently "tenders" defense of the claim to its liability insurer. Usually this is done by sending a copy of the complaint along with a cover letter referencing the relevant insurance policy or policies and demanding an immediate defense. The duty to defend is generally broader than the duty to indemnify, because most but not all policies that provide for such a duty also specifically promise to defend against claims that are groundless, false, or fraudulent. Therefore, the duty to defend is normally triggered by a potential for coverage. The test for a potential for coverage is whether the complaint adequately pleads at least one claim or cause of action which would be covered under the terms of the policy if the plaintiff were to prevail on that claim at trial, and also does not plead any allegations which would entirely vitiate an essential element of coverage or trigger a complete exclusion to coverage. It is irrelevant whether the plaintiff will prevail or actually prevails on the claim; rather, the test is whether the claim if proven would be covered. Vague or ambiguous allegations broad enough to encompass a range of possibilities both within and without coverage are usually construed in favor of a potential for coverage, but speculation about unpled allegations that is, matters on which the complaint is totally silent is insufficient to create a potential for coverage. Some jurisdictions allow extrinsic evidence to be considered, either because it is expressly described in the complaint or it is relevant to the facts expressly alleged in the complaint. If there is a duty to defend, it means the insurer must defend the insured against the entire lawsuit even if most of the claims or causes of action in the complaint are clearly not covered. An insurer can choose to defend unconditionally without reserving any rights, but by doing so, it waives or is later estopped from asserting the absence of coverage as a defense to the duty to defend and impliedly commits to defending the insured to a final judgment or a settlement regardless of how long it takes unless the policy expressly provides that defense costs reduce policy limits. In the alternative, the insurer may defend under a reservation of rights: If the insurer chooses to defend, it may either defend the claim with its own in-house lawyers where allowed , or give the claim to an outside law firm on a "panel" of preferred firms which have negotiated a standard fee schedule with the insurer in exchange for a regular flow of work. The decision to defend under a reservation of rights must be undertaken with extreme caution in jurisdictions where the insured has a right to independent counsel, also known as Cumis counsel. The insurer can also seek a declaratory judgment against the insured that there is no coverage for the claim, or at least no potential for coverage. This option generally allows the insurer to insulate itself from a bad faith claim, in the sense that an insurer acts in good faith when it promptly brings coverage disputes to the attention of a court, even though it also places the insured in the awkward position of defending itself against two lawsuits: Indeed, in some jurisdictions an insurer acting in good faith must seek declaratory relief from a court before declining to defend its insured e. Finally, the insurer can decline to defend and also refrain from seeking declaratory judgment. If the insurer is absolutely certain that there is no coverage or no potential for coverage, then in most jurisdictions the insurer adequately preserves its defenses to coverage by sending a letter to the insured explaining its position and declining to provide a defense. But this option can be very risky, because if a court later determines that there was a duty to defend all along, then it will hold that the insurer necessarily breached that duty, and may also hold that the insurer is subject to tort liability for bad faith. So insurers will often defend under a reservation of rights rather than decline coverage altogether. Outside of the United States and Canada, liability insurers generally do not assume a duty to defend, in the sense of assuming a direct responsibility for hiring and paying a lawyer to defend the insured. To indemnify[edit] An indemnity case arises when an individual is obliged to pay for the loss or damage incurred by another person in an event of an accident, collision etc. The duty of indemnity generally originates from the agreement in between insurer and insured which protects the insured against any liability, damage or loss. It is generally triggered when a final judgement is entered against the insured, and it is satisfied when the insurer pays such covered amounts to the plaintiff who obtained the judgement. While the duty to defend and the duty to settle are rare outside of English-speaking North America, the duty to indemnify is universally found in liability insurance policies. To settle reasonable claims[edit] In some jurisdictions, there is a third duty, the duty to settle a reasonably clear claim against the insured. The insurer is neither required to initiate an offer to a plaintiff likely to refuse it, nor required to accept an outrageous offer from a plaintiff who filed a frivolous lawsuit and cannot prevail against the insured under any theory. The duty to settle is of greatest import in the scenario where the insured may have some liability exposure i. While the insurer may be indifferent in this scenario as to whether it pays out its policy limits before or after trial, the insured is most certainly not. If the first outcome above were to occur, the insured may be held liable to the plaintiff for a sum far in excess of both the pretrial settlement offer and the policy limits. This is where the duty to settle comes in. This does not require an insurer to accept or pay settlement offers that actually exceed policy limits, but in that instance, the insurer must discharge its duty to settle by at least making an attempt to bring about a settlement in which it would have to pay only its policy limits either because the plaintiff agrees to lower their demand or the insured or another primary or excess insurer agrees to contribute the difference. Effects of breach[edit] Generally, an insurer who breaches any of the foregoing duties will be held liable for breach of contract. In the United States and to a lesser extent, Canada , an insurer who breaches any of these three duties in a particularly egregious fashion may also be held liable for the tort of insurance bad faith , under which the insured may be able to recover compensatory damages in excess of the policy limits, as well as punitive damages. In the s and s, a large number of major toxic tort primarily involving asbestos and diethylstilbestrol and environmental liabilities resulted in numerous judicial decisions and statutes that radically extended the so-called "long tail" of vulnerable policies. The result was that insurers who had long ago closed their books on policies written 20, 30, or 40 years earlier now found that their insureds were being hit with hundreds of thousands of lawsuits that potentially implicated those old policies. A body of law has developed concerning which policies must respond to these continuous injury or "long tail" claims, with many courts holding multiple policies may be implicated by the application of an exposure, continuous injury, or injury-in-fact trigger and others holding the policy in effect at the time the injuries or damages are discovered are implicated. First, premiums on new occurrence policies skyrocketed, since the industry better learned to assess their risk. Second, the industry began issuing claims-made policies, where the policy covers only those claims that are first "made" against the insured during the policy period. Hence, they are much more affordable than occurrence policies and are very popular for that reason. Of course, claims-made policies shift the burden to insureds to immediately report new claims to insurers. They also force insureds to become more proactive about risk management and finding ways to control their own long-tail liability. Claims-made policies often include strict clauses that require insureds to report even potential claims and that combine an entire series of related acts into a single claim. This puts insureds in a position of trading off timely reporting every "potential" claim i. Or they can wait until they actually get sued, but then they run the risk that the claim will be denied because it should have been reported back when the underlying accident first occurred. Claims-made coverage also makes it harder for insureds to switch insurers, as well as to wind up and shut down their operations. It is possible to purchase "tail coverage" for such situations, but only at premiums much higher than for conventional claims-made policies, since the insurer is being asked to re-assume the kind of liabilities which claims-made policies were intended to push to insureds to begin with. This led to important decisions of the U. Supreme Court in [7] and [8] and of the Supreme Court of Canada in With such policies, the insured is essentially agreeing to self-insure and self-defend for smaller claims, and to tender only for liability claims that exceed a certain value. However, writing such insurance is itself risky for insurers. Please help improve this section by adding citations to reliable sources. March Learn how and when to remove this template message In many countries, liability insurance is a compulsory form of insurance for those at risk of being sued by third parties for negligence. The most usual classes of mandatory policy cover the drivers of vehicles, those who offer professional services to the public, those who manufacture products that may be harmful, constructors and those who offer employment. The reason for such laws is that the classes of insured are deliberately engaging in activities that put others at risk of injury or loss. Public policy therefore requires that such individuals should carry insurance so that, if their activities do cause loss or damage to another, money will be available to pay compensation. In addition, there are a further range of perils that people insure against and, consequently, the number and range of liability policies has increased in line with the rise of contingency fee litigation offered by lawyers sometimes on a class action basis. Such policies fall into three main classes: Public liability[edit] Industry and commerce are based on a range of processes and activities that have the potential to affect third parties members of the public, visitors, trespassers, sub-contractors, etc. Regardless of compulsion, however, most organizations include public liability insurance in their insurance portfolio even though the conditions, exclusions, and warranties included within the standard policies can be a burden. A company owning an industrial facility, for instance, may buy pollution insurance to cover lawsuits resulting from environmental accidents. Many small businesses do not secure general or professional liability insurance due to the high cost of premiums. However, in the event of a claim, out-of-pocket costs for a legal defence or settlement can far exceed premium costs. In some cases, the costs of a claim could be enough to shut down a small business. Businesses must consider all potential risk exposures when deciding whether liability insurance is needed, and, if so, how much coverage is appropriate and cost-effective. Those with the greatest public liability risk exposure are occupiers of premises where large numbers of third parties frequent at leisure including shopping centres, pubs, clubs, theatres, cinemas, sporting venues, markets, hotels and resorts. The risk increases dramatically when consumption of alcohol and sporting events are included. Certain industries such as security and cleaning are considered high risk by underwriters. In some cases underwriters even refuse to insure the liability of these industries or choose to apply a large deductible in order to minimise the potential compensations. Private individuals also occupy land and engage in potentially dangerous activities. For example, a rotten branch may fall from an old tree and injure a pedestrian, and many people ride bicycles and skateboards in public places. The majority of states require motorists to carry insurance and criminalise those who drive without a valid policy. Many also require insurance companies to provide a default fund to offer compensation to those physically injured in accidents where the driver did not have a valid policy. In many countries, claims are dealt with under common law principles established through a long history of case law and if litigated, are made by way of civil actions in the relevant jurisdiction. The scale of potential liability is illustrated by cases such as those involving Mercedes-Benz for unstable vehicles and Perrier for benzene contamination, but the full list covers pharmaceuticals and medical devices, asbestos, tobacco, recreational equipment, mechanical and electrical products, chemicals and pesticides, agricultural products and equipment, food contamination, and all other major product classes. Employers[edit] New policies have been developed to cover any liability that might be imposed on an employer if an employee is injured in the course of his or her employment. In those countries where such insurance is not compulsory, smaller organizations risk insolvency when faced by employee claims not covered by insurance. Employers that self-insure may carry excess insurance for occurrences that generate unacceptably large losses for the employer. During the s, as U. It soon became evident that U.

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Chapter 5 : Role of Third Party Administrators in Health Insurance | Bizfluent

Third-Party Contract Insurance Guidelines 3 Every contract has risks that must be reviewed from the perspective of protecting [College/University's] assets. Th is document is designed to provide you with guidelines and tools to help you manage those.

Understanding First Party vs. Homeowners are usually required to carry insurance on their home. Furthermore, depending on where your home is located, you may be required or choose to carry specialty insurance policies to cover your home from damage caused by a natural disaster. For example, most lenders will require that homes built within a flood zone have a separate flood insurance policy. Homeowners who live on active fault lines may choose to carry earthquake insurance. Residents of the Gulf Coast and East Coast generally carry insurance to cover their home from hurricane damage. There are many different types of insurance policies, but all are considered either first party or third party policies. You may have heard the terms "first party" and "third party" in reference to insurance policies. These terms arise from contract language, since an insurance policy is simply a specific type of contract. First Party Insurance Claims A first party insurance claim is between the insurance company and the policyholder. These claims are contractual by nature and are contingent on the specific language of the insurance policy i. An example of a first party insurance claim would be a homeowner who suffers fire damage to his or her home. In this case, the homeowner will make a claim with the insurance company to cover the damage and repairs. The insurance company will compensate the homeowner according to what is in the insurance policy. This is why it is important for homeowners to make sure they know what is covered and excluded in their policy. Third Party Insurance Claims A third party insurance claim is made by someone who is not the policyholder or the insurance company the insurance company can be referred to as the second party. The most common type of third party insurance claim would be a liability claim. For example, if you cause an accident on the freeway and injure a passenger in the other vehicle, that passenger can file a claim against your insurance company. In this case, because there is no contract between the insurance company and the injured passenger i. These are generally things such as medical expenses, loss of wages, and compensation for pain and suffering. A third party claim is commonly referred to as a liability claim because someone else is liable for the injuries suffered by the third party. If the insurance company is unable or unwilling to reach a settlement with the injured third party, the third party can bring the liability claim to the tort system. Even though what is covered under a first party insurance policy is specified in the contract, insurance companies do not always pay out everything they are required to by law. In the insurance industry, this is referred to as bad faith insurance practices. Some examples of an insurance company acting in bad faith include: Delaying or denying compensation without a justifiable reason Failing to promptly acknowledge and reply to a claim Failing to perform a proper and thorough investigation into the claim Attempting to settle a claim for a less than reasonable amount Failing to inform the insured of an appeals process Failing to provide a reasonable explanation for a denied or underpaid claim Requiring unnecessarily burdensome documentation in order to process a claim Using harassing investigative methods to intimidate the claimant Get Started with a Free Consultation: If your insurance company is engaging in bad faith practices, you are entitled to file a lawsuit. If you believe your insurance company is not complying with the terms of your insurance policy, contact a first party insurance lawyer to learn about your legal options. Just a few reasons why you should give our firm a call today: We offer completely free and confidential consultations. We have set several state records with our victories. To learn more about how we can help you, contact our insurance lawyers today.

Chapter 6 : What is Third-party Insurance Coverage? | Trusted Choice

Third party administrators can mange different types of benefit plans, such as a (k) and life insurance, in addition to health insurance plans. In some cases, a company will assign all benefit-related activities to a third party administrator as a way to conserve the company's available worker resources.

Connections at Firm When are the duties triggered? As a result, it is possible for an insurer to have a duty to defend the insured without having a duty to indemnify. However, it is not possible for the insurer to have a duty to indemnify the insured without having the duty to defend. Once the Court has ascertained the true nature of the claims being pleaded, the final step is to evaluate whether the allegations are covered by the insurance policy. This increased responsibility can be observed in three situations: In Carneiro v Durham,8 the Ontario Court of Appeal decided that the insurer had a duty to provide a full defence to the additional insured. Carneiro involved a motor vehicle accident. The driver lost control of his car on a patch of ice and died. Durham and Miller cross-claimed against each other. Durham had contracted Miller to maintain the area of the road where the accident occurred. The contract between the two parties required Miller to obtain an insurance policy with coverage for third party bodily injury and property liability and to list Durham as an additional insured. This insurance policy was provided by Zurich Insurance Company Ltd. Some of the allegations against Durham were not covered by the insurance policy. Two recent cases outline insurer obligations Two recent cases outline insurer obligations providing coverage to additional insured: The Court reiterated that the duty to defend only required the mere possibility that a claim would be covered by the insurance policy to be triggered. The Court explained that the duty to defend is an unqualified obligation to an insured. As a result, an insurer is obligated to defend the insured for the entirety of the action and not only for the claims that are covered within the policy. The Court explained that the duty to defend was a contractual obligation on its own that would not be fulfilled by the recovery of costs after the proceeding had concluded. Seidel v Markham10 is a slip and fall case. Markham had contracted with V. The contract between the two parties required V. A to obtain an insurance policy and name Markham as an additional insured. Markham commenced a third party claim seeking contribution and indemnity from V. It was eventually decided that the legal counsel representing V. BPB stated that this agreement would not be executed by Intact. Instead, BPB would provide Mr. Persaud with a notice of change of lawyers. Persaud asserted that the agreement did not have to be signed as long as there was consensus that Markham would be indemnified for any costs resulting from the allegations against it. The notice of change of lawyers was received the following day. BPB represented Markham for This included representation at examinations for discovery. BPB eventually removed itself from the record. The motions judge decided that there was no "meeting of the minds"11 in regards to the agreement for Intact to indemnify Markham. Intact was ordered to indemnify Markham for damages and costs awarded against Markham in the slip and fall proceeding. Intact was also required to provide and pay for defence counsel for Markham. In its reasoning, the Court explained: In its third party claim, Markham claimed both a defence and indemnification from Intact. Intact had three choices. It could have denied both obligations, in which case Markham would have been on its own in the action. Or it could have accepted the obligation to defend and indemnify. The first two options would recognize that Markham and V. A continued to be adverse in interest in the main and third party action. The third would mean that their interests were aligned or the same. The Court stated that if this was not the case, BPB would have been in a very apparent conflict of interest. This was in the context of a conflict of interest between a contractor and a municipality. Markham v Intact was a slip and fall case. Markham had contracted winter maintenance services to V. A possessed an insurance policy with Markham named as an additional insured. This policy was provided by Intact. The policy included an unqualified obligation to defend Markham against any claims falling under the coverage of the policy. The plaintiff in the action filed a claim against both Markham and V. This was because V. Markham brought forward an application requesting a declaration that Intact was obligated to defend Markham for all allegations made against it; an Order that Markham was able to appoint and instruct the counsel of its choice, paid for by Intact; and an Order requiring Intact to compensate Markham for all past costs related to defending the action. The Court referred to the reasoning in Carneiro and decided that Intact had a duty to defend Markham. The Court also found a clear conflict of interest existed between V. As a result, the Court stated Markham was entitled to choose and instruct the legal counsel of its choice. The Court ordered Intact to pay for this separate legal counsel. The Court acknowledged certain claims against Markham within the pleadings were not covered by the insurance policy. Bentley v Hastings County involved two slip and fall cases. In both of these cases, the plaintiffs commenced an action against the Corporation of the Town of Hastings, the Hastings Local Housing Corporation together the "County" , and Steve Walt Property Maintenance the "contractor". The contract between the County and the contractor required the contractor to obtain third party liability insurance and name the County as an additional insured. The contractor obtained an insurance policy for itself but failed to name the County as an additional insured. As a result, the motions judge found that the contractor breached the contract between itself and the County. The motion judge also allowed the County to appoint and instruct the counsel of its choice, paid for by the contractor. The recent case law developments described above have affirmed: The duty to defend is a distinct contractual obligation to an insured that is to be abided by from the outset of a legal proceeding. If triggered, the insurer has a duty to defend an insured in the entirety of an action and not just against claims that are covered within the insurance policy. The duty to defend does not discriminate against additional insureds. To accept the argument that an additional insured is protected through the defence of only the insured would be to trivialize the rights of an additional insured under the insurance policy. In a situation involving a conflict of interest, an insured may be permitted to appoint and instruct independent legal counsel of their choice at the expense of the insurer, without having to report to the insurer. In a situation where an insured has breached a contract and failed to name a party as an additional insured, full indemnity and defence has been ordered. The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

Chapter 7 : Understanding First vs. Third Party Insurance Claims

Duties In the Event Of A Claim Limit of Insurance under all such Third Party Pollution Liability Coverage Parts EN THIRD PARTY POLLUTION.

Role of Third Party Administrators in Health Insurance by Jacquelyn Jeanty - Updated September 26, Keeping track of a health insurance plan is one of the many responsibilities employers deal with in managing a business. Third party administrator roles take on much of the responsibility involved with managing employee health benefits. Function Third party administrators exist as individual, one-person specialists in benefits administration or as entire agencies or firms. Businesses that provide health insurance benefits to their employees can opt to have an in-house specialist or hire an agency to handle these tasks. Third party administrators focus specifically on everything there is to know about health insurance plans, including eligibility requirements, enrollments and claims processing. Benefits Adminstration Third party administrators can mange different types of benefit plans, such as a k and life insurance, in addition to health insurance plans. Companies that self-insure employee health benefits may use third party administrators to manage anything having to do with employee benefit plans. When it comes time to process or pay on a claim, administrators can access a specific fund set aside by the company for health claim payments. Video of the Day Brought to you by Techwalla Brought to you by Techwalla Outsourcing The complexities involved with managing employee benefit plans causes many insurance companies to outsource these tasks to third party administrators. Insurance companies may employ third party administrators to process claims for the employer plans they sponsor. Within this role, administrators take on all claims processing tasks, some of which include collecting premiums, handling new enrollments and handling all correspondence sent to customers in terms of plan changes and account statuses. With so many types of industries providing employee health benefits, third party administrators may specialize in different areas in terms of industry type or the types of benefits plans they handle. Professional Employer Organizations Professional Employer Organizations consist of large corporations that specialize in handling employee benefit plans for insurance companies and employers. PEOs also may manage other human resource processes, such as payroll and retirement plans. These organizations are particularly adept at negotiating the terms of a health insurance plan on behalf of its clients. PEOs may offer consulting or training services to help companies better manage their existing health plans. Her work appears at various websites. Her specialty areas include health, home and garden, Christianity and personal development. Jeanty holds a Bachelor of Arts in psychology from Purdue University. Cite this Article A tool to create a citation to reference this article Cite this Article.

Chapter 8 : First Party Claims vs. Third Party Claims

If a claim is filed against you and an additional insured, any damages assessed against the additional insured may reduce the limits available to your firm. Proof of Insurance If your company hires an independent contractor, be sure to verify that the contractor has purchased liability insurance.

Third Party Administrators 1. In general, an insurance company or self-insured business or entity and employee benefit plan can contract out certain of the traditional insurance company functions to organizations such as TPAs. Generally, the relationship is evidenced by a contract, with the insurer or other entity retaining the risk of loss liability as to the effected insurance policies. In some states, TPAs must be licensed as such, whereas other states do not require TPAs to be licensed of course, to the extent the TPA functions in a specific capacity itself requiring licensing, e. Set out below are a few of the circumstances in which TPAs function in the marketplace. As to traditional property casualty insurers, TPAs often process claims or certain aspects of traditional insurance company functions. Additional TPA functions can include producing the business in the first instance, the initial policy underwriting, policy issuance, premium collection, reinsurance contract servicing, policyholder servicing and other administrative functions. Indeed, there are any number of insurance companies that have no employees whatsoever; they simply contract out the traditional insurer functions to TPAs. If there is a settlement or verdict within the SIR then that is also paid by the insured up to the limit of the SIR, before the insurer steps in and pays its portion. In such circumstances, a TPA can be contracted to carry out the claim adjuster function. Some self insured retentions can run into the millions of dollars and the TPAs can be large multinational non-insurance company entities that adjust related claims globally. That is to say, the insurer can contract out the particular function say claim adjusting , but cannot contract away their responsibility to the policyholder for complying with for example the provisions of the various unfair claims practices acts. Similarly, life, annuity and disability insurers often contract out typical insurers functions to TPAs. In such instances, the above discussion applies to those TPA relationships as well. TPAs are also significant players in the health care and managed care industry and are normally contracted by a health insurer or self-insured business for health coverages purposes for: On the self-insurance front and by way of example, a hospital or provider organization desiring to set up its own health plan will often outsource certain responsibilities to a TPA. TPAs also handle many aspects of employee benefit plans such as the processing of retirement plans and flexible spending accounts. Many employee benefit plans have highly technical aspects and complex administration that can make using a specialized entity such as a TPA more cost-effective than doing the same processing in house. Instead of handling all the plan contributions by employees, distributions to employees, and other aspects of plan processing, the investment company may contract with a TPA to handle much of the administrative work and only handle the remaining investment work. Expertise as to TPAs in General. As a regulator, I approved the formation and authorization to conduct business and oversaw TPAs on a daily basis as they carried out their various contracted duties. As a regulator for eight years in three positions: This regulatory action also included the approval of and regulatory oversight of their work under the TPA contract as well. That organization has responsibilities for establishing model insurance administrative regulations and model statutes for consideration by all of the states. Chair of the Life Insurance Committee. The charge of this Committee was oversight of all issues relating to life and health insurance products as well as life and health insurers, with many of those health insurers providing products through or together with TPAs; Chair of the Universal Life Insurance Task Force. While Chairman of this Task Force, I led the development of model disclosure statements for universal and indeterminate premium life products designed to assist consumers in their comparison of different types of life insurance products. American Academy of Actuaries. The Academy is the national professional association for actuaries. These professionals are part of organizations insurers and self-insureds that routinely utilize TPAs. Further, many larger TPAs routinely employ actuaries. Among my responsibilities at NCCI was together with my staff to formulate all workers compensation insurance policy forms as used in our 40 states of operation. In addition, my responsibilities included gaining state insurance department approval of all such policy forms as a condition precedent to their use as submitted by some insurance companies. Many workers compensation insurers and self insured workers compensation employers utilize extensive TPA facilities in connection with the workers compensation policies and benefits. I know TPAs in connection with insurance and self insured facilities. The health benefits under workers compensation are pivotal coverages and those health benefits are provided by an array of health plans with those plans frequently using TPAs to deliver services. I am very familiar with the meaning and relevance of TPAs in this regard. Expertise as to Duties of TPAs. In the section above, I discussed my expertise in general as to TPAs. I did so through a series of action steps and tools. The action steps and tools included the following: Among other things, this Handbook sets forth standards to assess TPAs behavior relating to: The Handbook is used by every department of insurance in the United States. The standards of the Handbook are universally recognized as appropriate standards against which to judge TPAs in carrying out their various contracted functions. On a regular basis, my regulatory agency conducted Market Conduct Examinations of TPAs to determine whether in fact they were meeting all of their obligations to their insureds and others. As further discussed below, errant TPAs were warned, disciplined and prosecuted as required. Among other documents reviewed by examiners in reaching financial conclusions are TPA matters. The standards of the Financial Examiners Handbook are universally recognized as appropriate standards against which to TPAs. On a daily basis, my Department received incoming consumer complaints as to TPA practices. In connection with such prosecutions, I served in various capacities during my eight years as a regulator, including serving as: I have served as an ALJ in scores of such cases where the TPA practices were the primary issues and I entered final decisions and orders in such matters. As such, I am very familiar with the duties of licensed TPAs relating to their obligations and responsibilities to their brokers and the regulatory scheme in place by the various DOIs as to such matters. While President and CEO of NCCI, I visited and physically toured and reviewed in excess of insurance companies and gained direct exposure to the procedures and processes and standard industry practices of the U. TPA community in that any number of those insurers utilized TPAs in conducting their insurance operations. Expertise as to Duties of TPAs: General Counsel to the American Academy of Actuaries. Attorney in Private Practice Iowa. As an attorney in private practice, I represented a number of insurer and self insureds and became familiar with applicable industry standards of practice relating to TPAs, including TPA duties to their contracting entity and the related duties of the insurer or self-insured organization that had contracted with the TPA. Those interests also included intimate involvement with TPAs as counsel to the: Each of these organizations had pivotal relationships with TPAs.

Chapter 9 : How Third-Party Car Insurance Claims Work | calendrierdelascience.com

Liability insurance policies use various terms to identify the people or entities that are covered under the policy. These include named insured, insured, and additional insured.

Liability of Third-Party Administrators and Adjustors By Kenneth Anspachâ€" March 8, [1] Insurance companies are increasingly handing off their claims-handling functions to third parties. Those third parties, known as adjusters or third-party administrators TPAs , have no contractual relationship with the insured. Adjusters and TPAs use that lack of privity as a shield against liability for negligent and reckless conduct. Yet, any rule immunizing adjusters and TPAs against such liability is unfair to the insured and merely serves to encourage wrongful future conduct. While not exhaustive, this article examines case law both in certain jurisdictions that hold adjusters and TPAs to account for wrongful conduct and certain of those that do not, as well as applicable law in certain jurisdictions that have not decided the issue. It concludes that the current trend in this area is to hold these entities accountable for their wrongful conduct. In many instances, adjusters and TPAs have been vested with many of the duties of insurers, such that the actions of the adjusters and TPAs are, for all practical purposes, the actions of the insurer. Yet, attempts to hold adjusters and TPAs accountable as insurers are routinely barred by the rule of privity. A typical iteration of this rule was stated in Brand v. Said another way in Meineke v. Based upon these judicial statements, one might believe that the rule of privity is universally accepted in claims against these third-party entities. Indeed, it seems obvious that where there is a contract of insurance between the insurer and the insured, the insurer is the party responsible for fulfilling upon the contractual obligations owed to the insured. The insureds are third-party beneficiaries of the claims-handling contract. Given that relationship, the continuing legal basis for a rule of privity protecting adjusters and TPAs from direct bad faith claims by policyholders seems doubtful, at best. One noted commentator, Jeffrey W. Under these circumstances, the traditional citadel of contract privity now seems as outmoded in this situation as it does in the context of product liability. In addition, these intermediaries [adjusters and TPAs] have morphed from mere agents into the alter ego replacements of insurers, as least as respects their dealings with policyholders and the public. Consequently, a rule of law immunizing them from the consequences of their conduct towards these groups appears increasingly outdated, unfair, and insufficiently deterrent of negligent or wrongful behavior by these intermediaries. Courts adopting this approach sidestep the rule of privity by finding that adjusters and TPAs owe insureds a duty of due care in the administration and investigation of their claims for which the adjusters and TPAs may be held liable upon breach. The most prominent of the cases holding that adjusters and TPAs may be held liable in tort is Continental Insurance Company v. Bayless and Roberts, Inc. There, Continental refused a settlement demand recommended by independent counsel defending the insured. The court held Stanford could not be held liable for breach of fiduciary duty arising out of insurance contract, but could be held liable for negligence arising out of a breach of the general tort duty of ordinary care. Similarly, in Morvay v. Hanover Insurance Companies, [10] the insureds owned property that was damaged by fire, for which they were insured by Hanover. Hanover hired Verity Research Limited to investigate the fire. Verity concluded that the fire was of an incendiary nature. On that basis, Hanover denied the claim. The insureds sued Hanover and Verity and its investigator under the policy. The insured alleged that Verity negligently conducted the investigation. The trial court dismissed the claim against Verity. The Supreme Court of New Hampshire reversed, finding that while Verity and the investigator were not in privity with the insureds, they owed the insureds a duty to conduct a fair and reasonable investigation of the claim. The Court of Appeals of Oklahoma held that, since JJMA and Cooper owed the insured as well as State Farm the duty to conduct a fair and reasonable investigation of the claim, it was error to grant summary judgment to the investigators on the negligence claim. The holdings in both Morvay v. Hanover Insurance Companies [12] and Brown v. Further, in Pohto v. Exchange [18] the court found that an adjuster may be found liable for bad faith. In that case, the Supreme Court of Montana held that a claims adjuster employed by the insurer who filed a third-party complaint against the insureds in the underlying personal injury action was liable under state statute to claimants for the bad faith adjustment of their claim. United of Omaha Life Ins. There, a municipality hired the defendant TPA to administer its health insurance plan and provide reinsurance for certain claims paid by the municipality. The Supreme Court of Colorado held that when a TPA performs many of the tasks of an insurance company and bears some of the financial risk of loss for the claim, the administrator has a duty of good faith and fair dealing to the insured in the investigation and servicing of the insurance claim. Transamerica Occidental Life Ins. Further, the court found that where the insurer and its administrator are engaged in a joint venture, each is jointly and severally liable for a bad faith refusal to pay a claim. Bartgis, [23] also based a finding of adjuster liability on a joint venture theory. There, the court stated: Here, the evidence proffered at trial indicated that Wohlers developed promotional material, issued policies, billed and collected premiums, paid and adjudicated claims, and assisted Allianz in the development of the ancillary charges limitation provision. Thus, in Forest v. Equitable Life Assurance Society, [27] Equitable and Paul Revere, the claims administrator, had an agreement providing for incentive fees to be paid by Equitable to Paul Revere on the basis of a profitable claims experience and for payments to by Paul Revere to Equitable when the annual claims experience resulted in a loss. The court found that the insured raised triable issues concerning proving the elements of a claim arising out of an alleged joint venture between Paul Revere and Equitable. Continuing this California trend, in Mintz v. Blue Cross of California [28] the claims administrator of a health care plan was found to have owed a duty of care to its members to protect plan members from physical injury resulting from its administration of benefits. Finally, in McNeill v. State Farm Life Ins. Donegal Mutual Insurance Company [30] and Gruenberg v. The insured argued that the adjusters, by means of unreasonable or fraudulent acts and delays, breached the insurance contracts between the adjusters and the insurance companies and rendered the adjusters personally liable to the insured. The insured sued his carriers as well as an adjusting firm and its employee who performed the fire investigation for breach of the duty of good faith under the pertinent policies. The Supreme Court of California held that the adjusting firm and its employee were not parties to the insurance contract and could not be held liable for breach of the duty of good faith and fair dealing. The court left open the possibility that such entities could be found liable in tort. Lindsey Morden Claims Services, Inc. The mover sued the adjuster under a negligence theory. The Court of Appeal of California found that the insurer, not the adjuster, has the ultimate power to grant or deny coverage, and the insurer would be ultimately liable for negligent claims handling. The court further found that, since the adjuster is the agent for the insurer, the only duty owed by the adjuster was to the insurer who engaged him, not to the insured. Thus, the court held that insurer-retained adjusters owe no duty of care to the insured under California law. Pawtucket Mutual Insurance Co. The homeowner claimed that the adjusters engaged by his insurer negligently investigated his claim, thereby causing him to incur costs he would not have otherwise incurred. Jurisdictions That Have Not Decided the Issue of Adjuster and TPA Liability While a number of jurisdictions may not have decided this issue, it may be helpful to look at how their courts view the duty of good faith and fair dealing generally, and specifically the potential liability of other insurance intermediaries such as insurance agents. Doing so may provide insight on how courts will treat adjusters and TPAs. If such a representative fails to do so, he may become liable to those who are caused a loss by his failure to abide by such a standard of care. Conclusion Upon examining case law of those jurisdictions that hold adjusters and TPAs to account for wrongful conduct and those jurisdictions that do not, as well as examining applicable law in jurisdictions that have not decided the issue, one finds that the current trend is in the direction of holding these intermediaries accountable for their wrongful conduct. The courts have applied various legal theories in arriving at this result, that is, the duty to conduct a fair and reasonable investigation of the claim, duty of good faith and fair dealing, bad faith, breach of contract, negligence, fraud and joint venture including joint and several liability. These courts recognize that a rule immunizing intermediaries that have become stand-ins for insurers fails to adequately deter negligent and wrongful behavior. Accordingly, under such circumstances, adjusters and TPAs are increasingly being held accountable. He is the author of numerous articles on the subject of insurance coverage, and the treatise Environmental Law and Insurance Handbook, published by West Group in He may be contacted at ken anspachlawoffice. Hanover Insurance Companies, N. Equitable Life Assurance Society, U. Blue Cross of California, 92 Cal. Donegal Mutual Insurance Company, Pa. Donegal Mutual Insurance Company, A. For example, in California, which under Gruenberg v. Further, in McNeill v. Thus, a finding of intermediary liability for agents does not necessarily indicate that the jurisdiction will also find such liability for adjusters and TPAs. Exchange Agency, Ill.