

CLAIMS: Negotiated Settlements, who has the last word?

The insurance company always has the last word in negotiating a liability insurance settlement as long as the settlement amount is within the limits of the insurance policy. The insurance company will apply any liability deductible toward a settlement and you will be expected to pay the deductible amount. They can negotiate to settle out of court without your approval and you must support them in these negotiations if you expect them to pay. The insurance company must attempt to settle any covered claim against you within the limits of your policy. An insurance company cannot simply walk into court and tender your policy limit to the court and walk out. If they do not attempt to defend and settle, some states would hold that they acted in "bad faith" and would support complaints against such actions. Q