Georgia Insurance Bad Faith Claims And When Carriers Cross The Line

The Statute That Puts Insurance Companies On The Hook For More Than The Underlying Loss

An insurance company that refuses to pay a valid claim in Georgia isn't just being difficult. Under the right circumstances, that refusal is actionable bad faith, and it exposes the insurer to penalties and attorney's fees on top of the underlying loss. That statutory framework, O.C.G.A. § 33-4-6, is one of the sharpest tools Georgia injury victims have when a carrier decides that the cheapest path forward is delay, denial, or lowball offers.

At the Law Offices of Gary Martin Hays & Associates, P.C., our Georgia personal injury lawyers work with the bad faith statute regularly. It comes up most often when a first-party carrier drags out payment on a legitimate claim, when an insurer refuses to tender policy limits after clear liability has been established, or when the settlement conduct crosses into willful indifference. Since 1993, our attorneys have watched the statute do real work for injured Georgians facing carriers who thought they could wait them out.

Bad Faith Under Georgia Law

Georgia's insurance bad faith statute is narrow, specific, and powerful. It applies when three conditions come together in a first-party claim against an insurer:

1. A loss covered by the policy has occurred.
2. The insured has made a formal demand for payment.
3. The insurer has refused to pay within 60 days of the demand, and that refusal was in bad faith.

When all three are established, the insurer isn't just liable for the underlying loss. The statute adds a penalty of up to 50 percent of the covered loss or $5,000, whichever is greater, plus all reasonable attorney's fees for prosecuting the bad faith claim. Those extra recoveries are what change the math on the carrier's side and, in many cases, break loose a settlement that was never going to happen at a reasonable number on its own.

The 60-Day Demand And Its Strategic Function

The written demand is not a suggestion. It's the trigger that starts the 60-day clock, and the clock is what creates the statutory exposure. A properly formatted demand identifies the policy, describes the loss, states the amount claimed, and expressly demands payment within 60 days to avoid a bad faith claim under § 33-4-6.

Common drafting choices that strengthen a demand:

- **Specific Dollar Amount Consistent With Documented Losses:** A demand for full policy limits requires a factual foundation showing the loss is at or above the limit. A demand for a specific documented dollar amount is harder to dismiss as fishing.

- **Complete Documentation Attached Or Available:** Medical records, wage-loss substantiation, property valuations, and any expert reports. A demand that gives the carrier the tools to evaluate the claim strengthens the argument that the refusal was in bad faith rather than a reasonable dispute.
- **Explicit Reference To The Statute:** Some practitioners avoid citing the statute in the demand to avoid escalating tone. Others cite it directly to make clear the clock is running. Both approaches are used; the choice depends on the carrier's history and the tone of the claim so far.
- **Clear Response Deadline:** The 60-day window doesn't have to be spelled out in days, but naming a specific date removes any ambiguity about when the statutory exposure begins.

The demand also protects the claim if it eventually goes to trial. A carrier that ignored a well-documented demand faces jury questions about why it did so.

Insurer Behaviors That Support Bad Faith

Georgia courts have applied the bad faith standard across a range of insurer conduct. Some patterns come up repeatedly.

- **Denial Without Investigation:** Refusing to pay before the carrier has done reasonable diligence to evaluate the claim.
- **Refusal To Tender Policy Limits In A Clear Liability Case:** When liability is undisputed and damages plainly exceed limits, refusing to offer limits within a reasonable window can support a bad faith claim.
- **Lowball Offers Divorced From Documented Damages:** Not every low offer is bad faith, but offers that ignore the documentation submitted in the demand can support the claim, particularly when repeated over months.
- **Manufactured Delays In Payment Timelines:** Requesting the same documents multiple times, cycling adjusters, or claiming ongoing investigation without meaningful progress.
- **Coverage Denials Based On Post-Hoc Policy Interpretations:** Reading the policy narrowly to exclude a covered loss when the plain language supports coverage.
- **Failure To Communicate:** Extended silence after a demand, or dismissive responses that don't address the substance of the claim.

The pattern that shows bad faith is rarely a single act. It's the accumulated record of the carrier's conduct across the 60-day window and, in many cases, the months leading up to the demand.

The Interaction With SB 68 Tort Reform

Georgia's Senate Bill 68 reshaped the personal injury landscape in April 2025, giving carriers new tools to reduce what they pay. Phantom damages reform, seatbelt admissibility, and bifurcated trials all shift leverage toward the defense in ordinary injury cases. Bad faith remains one of the plaintiff's most effective counters in the post-SB 68 environment, because the statute operates on a different theory: not the underlying tort, but the insurer's conduct in handling the claim.

When a carrier post-SB 68 refuses to acknowledge legitimate losses or delays payment on a clear coverage claim, the bad faith exposure is unchanged by the tort reform. That makes the demand-and-clock structure of § 33-4-6 particularly important for injured Georgians who watch the value of their underlying claim get squeezed by the new defense tools. The insurer's own conduct in refusing to pay creates leverage that the tort reform can't undo.

Documenting The Pattern

Bad faith cases live and die on the documentary record. Every communication with the carrier from the moment of the claim forward is potential evidence, and preservation is a discipline as much as it is a task.

- **Written Timeline Of Every Contact:** Date, time, participants, and substance of every phone call, email, letter, and portal message.
- **Complete Copies Of Every Written Communication:** Including the metadata that proves when a document was sent and received.
- **Copies Of Every Submission To The Carrier:** Medical records, wage documentation, property estimates, and demand letters, plus proof of delivery.
- **Notes On Every Adjuster Change:** Carriers frequently cycle adjusters as a delay tactic. Tracking those changes helps establish the pattern.
- **Records Of Every Coverage Question Raised And Answered:** Coverage questions that shift over time often support a bad faith argument.
- **Any Recorded Statements Given:** With the date, questions asked, and answers given, so the record is complete if the carrier later mischaracterizes what was said.

Documentation gathered contemporaneously is dramatically more powerful than documentation reconstructed after the bad faith claim is filed.

Damages Available Under The Bad Faith Statute

The recovery available under § 33-4-6 has three components:

- **The Underlying Loss:** Whatever the insurer owed under the policy in the first place.
- **A Statutory Penalty:** Up to 50 percent of the covered loss OR $5,000, whichever is greater. On a serious claim with policy limits in the six-figure range, the 50 percent penalty is substantial.
- **Reasonable Attorney's Fees:** All reasonable fees for prosecuting the bad faith claim, determined by the jury based on evidence of the reasonable value of the services provided.

The attorney's fees provision matters because it makes bad faith cases economically viable that would otherwise be difficult to justify on a pure damages basis. The fee shift changes the risk calculus for both sides.

For example, a homeowner with a $150,000 loss whose carrier refuses to pay within 60 days after a documented demand could recover the $150,000 loss, a $75,000 statutory penalty (50 percent), and all reasonable attorney's fees for the bad faith action. The total exposure to the carrier is well beyond the underlying claim, and that arithmetic is what makes the statute a real deterrent.

Where Bad Faith Meets Third-Party Claims

Georgia's bad faith statute is a first-party claim, meaning it applies when an insured is suing their own insurer. Third-party claims — where an injured person is pursuing the at-fault party's carrier — operate under different rules but touch overlapping territory.

The Georgia Supreme Court's decisions on third-party bad faith establish that a carrier who fails to settle within policy limits when a reasonable opportunity to do so exists can face liability for the excess judgment against its insured. This is sometimes called a Holt claim, after Southern General Insurance Co. v. Holt, 262 Ga. 267 (1992). The path is different from the § 33-4-6 first-party framework, but the underlying principle is similar: an insurer that fails to handle a claim in good faith faces consequences beyond the underlying coverage.

Injured Georgians pursuing third-party claims often benefit from the settlement leverage the Holt framework creates. A carrier that refuses to tender limits when the case clearly exceeds them exposes its insured to a personal judgment, and that exposure can shift the negotiation posture even if the bad faith claim itself never gets filed.

Why Timing Matters On Bad Faith Claims

The 60-day clock is one deadline. Georgia's statute of limitations for insurance bad faith claims is another. Actions under § 33-4-6 are subject to the general contract or tort limitations period depending on the nature of the underlying claim, and missing either can foreclose the claim entirely.

Beyond deadlines, timing shapes leverage. A bad faith claim filed early in a dispute can pressure the carrier into paying the underlying loss to avoid the statutory penalty. Filed too late, after the underlying loss has been resolved, the leverage evaporates because the statute's biggest teeth attach to the refusal itself.

Injured Georgians who suspect a carrier is acting in bad faith should have that analysis done as soon as the pattern becomes visible. Waiting to see if the carrier eventually pays often costs the leverage the statute is designed to create.

The Evidence That Wins A Bad Faith Case

Bad faith cases are proven through the carrier's own conduct, not the plaintiff's characterization of it. The strongest evidence includes:

- **The Claims File:** Discovery of the carrier's internal claims file often reveals adjuster notes, internal valuations, and supervisor communications that establish what the carrier knew and when.

- **Adjuster Depositions:** Sworn testimony from the adjuster who handled the claim, particularly about what the file showed and what the carrier's internal guidelines directed.
- **Expert Testimony On Industry Standards:** Insurance industry experts can testify to what reasonable claims handling looks like and where the carrier's conduct deviated from it.
- **Comparable Claims Data:** Evidence of how the carrier handled similar claims, when discoverable, can establish that this claim was an outlier or fit a broader pattern of underpayment.
- **The Documentary Timeline:** The paper trail of communications, submissions, and responses that shows the carrier's course of conduct across the claim.
- **Regulatory Complaints And Findings:** Complaints filed through the Georgia insurance consumer complaints and fraud reporting process and any prior regulatory action against the carrier may support the bad faith argument.

The stronger the documentary case against the carrier's conduct, the more likely the bad faith claim resolves before trial through a substantial settlement.

Georgia Injury Victims Deserve A Real Fight Against Bad Faith

If you're facing an insurance carrier that has denied a valid claim, delayed payment past the 60-day window, or refused to tender policy limits in a case where liability is clear, contact us to discuss your options. Since 1993, our attorneys have used Georgia's bad faith statute to hold carriers accountable for conduct that goes beyond hard bargaining.

With over $1 billion recovered for Georgia families, our firm has the experience to identify the pattern, build the documentary record, and pursue the statutory penalties and fee-shifting that make bad faith claims economically viable.

We accept bad faith and personal injury cases on a contingency arrangement, which means the firm's fee comes only from the recovery obtained, never from your pocket while the case moves forward.