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When You Get Sued, Don't Forget To Tell Your Insurance Company

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Robert G. Devetski
Partner

Just a reminder that when you learn you have been sued, and the complaint alleges you engaged in wrongdoing resulting in injuries or damages, to notify your insurance company of the claim. Any time you face potential liability, you should look to your insurance to defend and indemnify you – that is one of the main reasons you bought an insurance policy. Nevertheless, there are still situations where companies fail to notify their insurance companies of a new claim in a timely manner and the result can be catastrophic to the company.

Often the jolt and stress created by being sued create so many other reactions that policyholders sometimes forget to tender a claim to their insurance company. Yes, investigating the allegations, avoiding adverse publicity, retaining counsel to defend against the lawsuit, challenging the allegations, etc. are important steps to take. However, failure to provide a timely notice of a claim can result in voiding a policyholder's coverage under a policy that would have otherwise provided a defense and covered the claim.

If your insurance company denies coverage for your claim, for whatever reason, don't assume they have the last word. Sometimes insurance companies are wrong. The law in most states is that when an insurance policy is ambiguous, it must be construed in favor of coverage.