



New Jersey Bad Faith May Be Cemented in Legislation, April 2013

Once again, New Jersey legislators have mobilized to codify a cause of action against insurers for denials of coverage in “bad faith.” The “Consumer Protection Act,” S-2460, was introduced in January. If passed, it will create a private cause of action for insureds and their assignees related to unfair claims-settlement practices, in violation of N.J.S.A. 17:29B-4(9). This cause of action has existed in New Jersey by virtue of common law, with its genesis in the New Jersey Supreme Court decision, *Rova Farms Resort Inc. v. Investors Ins. Co.*, 65 N.J. 474 (1974). Please contact Chris Tellner for further information about how this will impact insurance practices.