

[Grayson v. Allstate Ins. Co.](#)

Year: 2014

Court: U.S. Court of Appeals, 9th Circuit

Case Number: 14-55959

Under California law, the duty of good faith and fair dealing is implied in all insurance contracts. When an insured purchases insurance, they expect that their insurance carrier will act in good faith when they themselves tender a claim and also where an injured third-party attempts to settle a claim. As such, insurers owe a duty of good faith to both their insured and injured third parties. In its brief, UP argued that insurers may not play fast and loose during settlement negotiations because it has the potential to expose their insureds to excess tort liability. When an insurer acts in bad faith and exposes their insured to tort liability, the insurer should be liable for that excess judgement.

UP's brief was authored by Executive Director Amy Bach, Esq. and Staff Attorney Dan Wade, Esq.