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INSURANCE LAW BULLETIN

Re: The Duty Of Good Faith And Fair Dealing Does Not Obligate An Insurer To Complete A Blank Check To Avoid A Lapse In Life Insurance Coverage

The United States District Court for the District of Maryland recently ruled the implied duty of good faith and fair dealing imposed no obligation on an insurer to complete a blank check to avoid a lapse in life insurance coverage.

An insured signed and sent a blank check to an insurer, along with handwritten notes on a notice of pending termination. The insurer returned the check and requested a completed check, but the policy had already lapsed. The insured's application for reinstatement was denied, and the insured died two months later.

Plaintiffs filed a complaint alleging breach of the implied duty of good faith and fair dealing. Plaintiffs argued the insurer breached this duty by failing to complete or timely return the blank check. The Court granted the insurer's motion for summary judgment, holding the insurer had no duty or authority to complete the check. The Court further held no basis existed for inferring bad faith from the fact the insurer returned the check the day after the policy lapsed.

For further information, please contact **Bryan D. Bolton** (410.659.7754 or bbolton@fblaw.com) who represented the insurer in this matter. To learn more about our firm or review other law bulletins, please visit www.fblaw.com.

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