FLASTER GREENBERG
Attorneys at Law | A Professional Corporation

Best Practices for Responding to Reservation of Rights Letters

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Overview

Through a "reservation of rights letter", an insurance company will agree to defend a policyholder against a lawsuit while reserving the right to deny coverage later. While receiving a defense is positive, that defense is conditional and not without risk. Through reservation of rights letters, an insurer will often appoint defense counsel. But what if this "panel" counsel is not appropriate in light of the complexity of the underlying case? And what if the overall exposure to the policyholder is far in excess of the policy limits? If there are covered and uncovered claims in the case, must the insurance company defend both? Does that create a conflict? If so, what options does the policyholder have to ensure its rights are protected? If an insurance policy does not permit the insurance company to seek reimbursement of defense costs in the policy, can they still "reserve" this right in a letter? The answers may surprise you. The course will address these issues (and more) and discuss best practices for responding to a reservation of rights letter.

Learning Objectives:

- Evaluate a reservation of rights letter and identify any "red flags"
- Identify circumstances that present conflicts of interest and understand a policyholder's options
- Provide a strategy to best protect the policyholder's rights under the policy and in the underlying litigation

Topics covered in this course:

- Insurance

Credits:

- 1.0 General CLE

Speaker:

Arthur R. Armstrong, *Flaster Greenberg PC*