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§ 5:58 Release *[New]*

Many cases of alleged Third-Party Insurer Bad Faith involve previous settlement arrangements and Releases with varying effects between liability insurance companies and their policyholders. These situations often arise, for example, in cases involving Director's and Officer's Coverage Claims.

Whenever a Release was previously given by the policyholder or other insured to the insurance company, which arguably bars recovery from the insurance company based upon the same conduct now alleged in a later case, it should of course be raised as a defense in the later Bad Faith case.¹

¹National Heritage Found., Inc. v. Philadelphia Indem. Ins. Co., 2012 WL 5331570 *5-*7 (E.D. Va. October 25, 2012) (previous Settlement Agreement with Release barred policyholder's recovery of *defense costs* from D&O insurer incurred by policyholder in litigation against policyholder, but did not bar recovery of *settlement* amounts paid by policyholder to settle litigation against it).