



Wagner v. Arizona Municipal Risk Retention Pool (2026)

Key Issue: Can a third-party administrator (TPA) be held independently liable for "bad faith" in handling an insurance claim?

Decided just last month, this case from the Arizona Court of Appeals addressed a complex but common issue in injury cases: insurance handling. The plaintiff, Wagner, was injured and filed a claim through a public entity's risk pool. The claim was handled by a third-party administrator (a separate company hired to process claims), which Wagner alleged had acted in "bad faith" by intentionally delaying or denying valid benefits.

The TPA argued that it could not be sued for bad faith because it was not the actual insurance company—it only had a contract with the insurance provider, not with the person injured. Historically, Arizona law has generally held that only the insurance company itself (which has the "contractual privity") can be sued for bad faith.

The Court of Appeals refined this, exploring whether the TPA exercised such total control over the claim that it essentially "became" the insurer for the purposes of the law. This case has sent ripples through the industry, as it opens the door for injury victims to sue the specific companies managing their claims if they engage in predatory or intentionally harmful processing tactics.

Application: This is a vital development for "bad faith" litigation. It means that when an injured person is being "stonewalled" by a claims adjuster, they may have legal recourse not just against the insurance company, but also against the specific management firm handling the file. It provides more leverage to ensure insurance claims are handled fairly.