



Risk Management Considerations for Occurrence and Claims-Made Policy Forms

Occurrence Policy Forms

The policy provides coverage for claims arising out of incidents that occurred during the policy period. The response trigger is when the event occurred that gave rise to the claim. The policy does not have to be in effect when the claim is made. The policy that was in effect when the claim occurred is the responding policy. Occurrence policies never end.

Example: A third party suffers bodily injury in 2017. Notice is served upon the entity in 2019. The 2017 policy would be triggered and would be the responding policy not the current 2019 policy.

The onus is on the “insured” to be able to identify the policy that was in place when the event occurred that gave rise to the claim.

Claims-Made Policy Forms

A claims-made policy is triggered when the claim is first reported. Therefore, there must be a policy in place when the claim is made.

If there is no current policy in force, there is no coverage for the claim.

Example: A third party suffers an injury in 2017. Notice is served upon the entity in 2019. The 2019 policy would be triggered and would be the responding policy. If the policy was not renewed in 2019, there is no coverage for the claim.

Important Considerations

Retroactive Date: A date that is stipulated in all claims-made policies. It is the first date of incidents covered by the policy. The retro date provides coverage for incidents that have occurred prior to the current policy term. The retroactive date is usually the first date that a claims-made policy is purchased. The date is carried forward with each subsequent policy.

Extended Reporting Period: Claims-made policies usually allow a period for the reporting of incidents that could give rise to a claim. The extended reporting period is purchased upon policy termination and extends the policy period for a specified amount of time. The period of time varies and usually an additional premium is charged.

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