

Claims Made policies Comparison Chart

Claims made is different from occurrence defined General Liability. There is little standard coverage form in use today, so coverage will vary between carriers. Common examples of options include full [prior acts](#) protection or defense outside limits. Common exclusions include intentional acts, acts of known fraud, or those which began before you had insurance. This chart identifies the most important areas for comparing terms between carriers.

Term:	Company A	Company B
<u>Claims Made vs. Occurrence:</u> Claims-made policies are triggered when a claim (a lawsuit) is brought during the policy term. Under “occurrence” form, the policy is triggered by when the negligent act actually occurred. Occurrence policies have a long tail, since many lawsuits are brought long after the insurance policy has expired. Under a claims made policy, the insurance company has no further obligation to defend (unless “tail” coverage is purchased) after the policy term expires. View our blog on this subject HERE .	Claims Made	Claims Made
<u>Retro Date:</u> In a claims-made policy, only acts occurring after this date (usually the date insurance was first purchased) are covered, claims still need to be initiated during the policy term (see above).	inception	inception
<u>Hammer Clause:</u> if your insurance company reaches a settlement with the party who is suing you, this option allows you to accept or disagree with the offer. In these cases, the insurance company then allows you to continue on your own, but will pay only up to a specified limit.	125%	100%
<u>Defense “within limits” or “outside limits”:</u> Defense costs can be more expensive than actual judgments. Defense within limits means these defense costs are part of your overall insurance. A \$300,000 defense under a \$1,000,000 policy leaves \$700,000 for a judgment. Defense outside limits means the amount of insurance you buy is all for judgments... defense costs don’t count against your limit.	Within limits	Within limits
<u>Extended Reporting Period (Tail coverage):</u> the period AFTER the policy’s expiration, for a tort that had occurred during the policy term, but not reported, may still be filed and honored. Most policies provide 30 or 60 day mini tail automatically, additional periods may be purchased for a pre-agreed amount (usually a proportion of the policy’s annual premium). Read our blog explaining tail coverage and prior acts HERE .	12 mo 100%	6 mo 100%
<u>Loss Prevention Services:</u> Whom can you call for guidance on potential losses? Service BEFORE the claim.		
<u>Retention:</u> The amount you pay before the insurance company begins to pay. Similar to deductibles. Higher retentions lower your cost.	5000	5000
<u>Duty to Defend, or reimbursement:</u> When the insurance company has a “duty to defend” they must defend you when a “Wrongful Act” is alleged. Reimbursement requires that you make payments to defense team, and are subsequently reimbursed for acceptable expenses.	reimburse	reimburse
<u>Annual Cost:</u>		

Note: the chart above is intended as a tool for comparing different many Claims made liability policies and is not complete. Always engage a knowledgeable professional especially for non-standardized kind of insurance. Consult competent legal counsel for all legal matters.