

Get clarity on coverage options.

ABOUT CLAIMS-MADE VS. OCCURRENCE COVERAGE Before making the important decision to purchase medical professional liability insurance, you should be fully informed on what coverage type will best protect you and your practice. The two primary types of coverage are claims-made and occurrence. The most notable difference between these two coverage types is timing—when the incident in question occurs and when the claim is filed.

	CLAIMS-MADE	OCCURRENCE
COVERAGE	The coverage will respond to incidents arising on or after the policy retroactive date and which are reported during the policy period. While it is always extremely important for claims to be filed with the insurance carrier as quickly as possible, it is critically important that claims insured under claims-made policies <u>be reported in accordance with the detailed requirements of the policy in order to preserve coverage.</u>	The coverage will respond to incidents that occur during the policy period regardless of when the claim is filed with the insurance company.
POLICY LIMITS	Under claims-made coverage, the insured has <u>one rolling limit of liability.</u> If several claims are reported during the same policy year, or after the insured has retired, there is the possibility that the insured might have inadequate limits.	Under occurrence coverage, there is a <u>restoration of limits each and every policy year.</u> If several claims are reported during the same policy year, or after the insured has retired, the policy that responds to each claim will be the policy that was in force when the incident happened. As a result, there is less potential for the insured to be faced with inadequate limits should several claims come in during the same year, or after the insured has retired.
PRIOR ACTS	The policy may be endorsed to respond to incidents which occurred before the policy start date, also referred to as the policy retroactive date. The Prior Acts coverage is available only to certain applicants subject to underwriting restrictions and conditions.	No Prior Acts coverage is needed.
TAIL COVERAGE	Tail coverage responds to cover incidents that occurred during the policy period, but have not yet been reported to the insurance company. The South Carolina JUA will offer a free tail at retirement, subject to certain conditions.	No tail coverage is needed because the policy will respond to incidents that occurred during the policy period, regardless of when the claim is reported.
COST	Claims-made coverage involves a step process with premium increases over the first five years of coverage in increments proportional to the claims reporting for that experience. The initial premium and subsequent years' premium are lower than an occurrence policy. However, as of the fifth year, the claims-made premium reaches a mature level and is comparable to premiums for an occurrence policy. Tail coverage is required to provide protection against claims that are filed after the claims-made policy has been discontinued.	Unlike claims-made coverage, occurrence coverage provides protection regardless of when a claim is filed. For this reason, occurrence policies are not discounted the first four years like claims-made policies are. In the years following the initial discount period, premiums for both coverage forms are comparable. Premium savings in the first years of a claims-made policy need to be weighed against the potential cost of tail coverage. Should the insured ever change carriers, sell his or her practice, or move away from his or her current claims-made carrier for other reasons, tail coverage may be required.