

Medical Distributors Professional Liability Policies Claims Made vs. Occurrence Form

There are two primary policy forms for Professional Liability Coverage – the Claims-Made Form and Occurrence Form. Many types of professional liability coverage, including Product Liability and Professional Liability (E&O) are only written on a Claims Made Form. Here are the differences between the two forms:

OCCURRENCE FORM

When a policyholder has an Occurrence form, an incident that occurs during the policy period will be covered by that policy, regardless of how many years later the claim is reported. Incidents that occur before the occurrence form policy is issued are not covered.

CLAIMS MADE FORM

When a policyholder has a Claims Made form, a claim that is made against the insured is covered by the policy in force at the time the claim is made. A retroactive date is usually established as the day the very first Claims Made policy is issued. All subsequent renewal policies use the same initial retroactive date. Claims occurring before the original retroactive date are not covered. When a policyholder decides not to renew a Claims Made Form, an Extended Reporting Period (ERP or Tail Coverage) endorsement may need to be purchased. **This endorsement does not need to be purchased if:**

- The policyholder switches insurance companies and remains on a Claims Made Form with the new company keeping the same original retro date.
- **The policyholder switches insurance companies and goes on an Occurrence Form which is endorsed with a “Prior Acts” endorsement as of the original retro date.**

BENEFITS OF AN OCCURRENCE FORM

- **No need to buy Extended Reporting endorsement or Tail Coverage**