

ELECTRICAL AND ELECTRONICS ENGINEERS PROFESSIONAL LIABILITY INSURANCE INSIGHTS

Making Sense of Claims-Made-and-Reported Policies

Many insurance policies are written on what is called a “claims-made-and-reported” basis. The jargon can be confusing, but once broken down, these policies are all about timing. In this bulletin, we help explain what a claims-made-and-reported policy means.

What is a claims-made-and-reported policy?

- The answer is in the name. Under a claims-made-and-reported policy, any claim must be first made and reported during the same policy period.
- Professional Liability/E&O policies and D&O policies are typically written on this basis.
- Note: This is different from the typical “occurrence” policy (for example, a general liability policy), which responds so long as the underlying damage (for example, bodily injury or property damage) takes place during the policy period.

So, what is a claim?

- Generally, a “**claim**” in a claims-made-and-reported policy means not only receipt of a lawsuit (or institution of an arbitration proceeding) against you, but also any pre-suit demand for money or services.
- Many claims-made-and-reported policies also address potential claims – matters for which there is not yet a demand for money or services, but which the insured reasonably believes may develop into a claim. Such policies usually state that if the insured provides the necessary details on the potential claim, and a claim later develops, it is treated as “first made” when the details were first reported. It doesn’t matter when the claim is ultimately made.

What about extended reporting periods?

- An extended reporting period is a length of time after the policy expires when an insured may still report claims that were “first made” during the policy period.
- Many policies will contain an automatic extended reporting period. These provide the insured with more time after the policy period expires to report a claim (provided certain conditions are met), typically at no additional cost.
- Many policies will also offer an optional extended reporting period, which provides a longer period of time, post-policy expiration, to report the claim.

What happens if the claim is reported after policy expiration/after the extended reporting period expires?

- **Timing is key.** Claims-made-and-reported policies are specifically written so that only matters reported timely (within the policy period or, if applicable, an extended reporting period) are potentially covered.



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