

3 Differences Between Claims Made & Occurrence Based Coverage

As a professional medical practitioner, expertise has to be developed in many areas to effectively provide care within your field. You've earned your degree after years of study; you concentrate on providing the best care to your patients, in addition to winding your way through all of the other areas of your life. And then you get to the professional liability insurance end of things and you've hit a wall. Claims made? Occurrence? What? Which one is right for me?

Insurance 101, the lesson on occurrence versus claims made:

An occurrence policy provides coverage for “*alleged incidents*” (injuries) that happened during the policy year regardless of when the claim is reported to the carrier. It provides a separate coverage limit for each year the policy is in force. It doesn't matter if the policy is active when the claim is reported. It only matters that the policy was active when the alleged incident occurred.

Conversely, a [claims-made policy](#) covers the insured for an incident that occurred during the policy period and was reported as a claim while the policy remained in force.

At [CPH and Associates](#), we believe the occurrence policy's lifetime coverage provides better coverage for practitioners.

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Claims Made Insurance Policy:

- Covers only claims that occur and are reported while the policy is in effect
- The premium generally increases for about five years until policy is “mature”
- Requires a “Tail” to provide coverage if a claim is reported after the expiration date

Occurrence Insurance Policy:

- Lifetime coverage for the policy period, regardless of when a claim is reported
- No increase in premium unless there is a change in occupation or rating category
- No “Tail” necessary as policy provides lifetime coverage

[Tail coverage](#) is required by claims-made professional liability insurance, especially if:

- The claim occurred while the practitioner was practicing on behalf of the practice
- The practitioner was notified that the claim was pending while the practitioner was engaged in that practice.

Tail coverage will be necessary if you leave the practice and acquire a new insurance carrier in your new place of employment.

Understanding the claims made and occurrence policies and major their differences will help you navigate the choice of which is best for your professional needs.

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