

What is Claims-Made Coverage?

Claims-made insurance is a type of liability coverage that protects you **when a claim is made against you during the policy period**—not necessarily when the incident occurred.

In simple terms:

- **When is the claim reported?** That's what matters most.
 - If someone files a claim against you while your policy is active (and the incident happened after your "retroactive date"), your insurance will respond—even if the event itself took place years ago.
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How It Works

1. Policy Active + Claim Filed

- If your claims-made **policy is active** and someone files a claim during that period, you're covered (as long as the incident happened after your retroactive date).

2. Retroactive Date

- This is the date back to which your coverage applies. Any incident that occurred before that date won't be covered.
- Example: If your retroactive date is January 1, 2020, and a claim is filed today for something that happened in 2019, it won't be covered.

3. Continuous Coverage Matters

- **You must keep your policy active to maintain protection.** If your coverage lapses or is canceled, you may lose coverage for past work—even if the incident happened while you were insured.

4. Tail Coverage (Extended Reporting Period)

- If you retire, sell your business, or switch policies, you can purchase "tail coverage" to extend the time you can report claims for work you did in the past. This way, you're still protected if a claim arises later.
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Example Scenario

- You had a claims-made policy starting in 2020 with a retroactive date of January 1, 2020.
- In 2023, a client files a claim for work you did in 2021.
- Because the claim was made while the policy is active—and the incident happened after the retroactive date—you're covered.

But if you canceled your policy in 2022, you would not be covered for that 2021 work, unless you bought tail coverage.

Key Takeaways for Clients

- Claims-made coverage protects you based on **when the claim is made**, not just when the event happened.
- **Retroactive dates** and **continuous coverage** are critical.
- **Tail coverage** helps protect you even after you stop practicing or switch insurers.
- **If you switch insurers**, be sure that the new insurer picks up your current retro active date