

What Is A Claims Made Policy?

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When you purchase insurance, you might notice that you have a **claims made policy** – but what exactly does that mean?

In a claims-made policy, an insurance claim must be made during the policy period or the extended reporting period (ERP). Basically, there are two types of claims-made forms:

- Claims-Made & Reported Form
- Pure Claims-Made Form

The most widely used is the **Claims-Made & Reported Form**, which requires that the claim be lodged during the policy period, and reported during this same period of the policy. It's important to look for the word "reported" in the policy; such wording stipulates that a claim must be reported during a designated time frame.

A Pure Claims-Made form also requires that a claim be made during the policy period; however, it allows the insured to report the claim "as soon as practicable," or promptly, and not necessarily during the policy term.

A claim is defined as a formal request to an insurance company asking for a payment based on the terms of the insurance policy. Insurance claims are reviewed by the company for their validity and then paid out to the insured or requesting party (on behalf of the insured) once approved.

The bottom line is it is important to know your policy: know what you need to do and when it needs to be done. A delay in reporting an insurance claim could put your coverage in jeopardy. Even when in doubt: report it or call your insurance representative.