



# Claims-Made Insurance Made Simple: A Guide for Senior Living Operators

If you run or manage a senior living facility, you understand the importance of protecting your business and staff from legal claims related to the care you provide.

Professional liability insurance is designed to help with this—it offers financial protection if someone alleges that a mistake or negligence occurred in the care or services you delivered.



**With claims-made insurance, the key moment is when the claim is made, not when the incident occurred.**

## What is claims-made professional liability insurance?

Claims-made insurance is a specific type of professional liability coverage that protects you when a claim is reported to your insurance company during the time your policy is active. This is different from occurrence-based insurance, like auto insurance, which cover incidents based on when they happen, regardless of when you report them.



### To put it simply

- With claims-made insurance, the key moment is when the claim is made, not when the incident occurred.
- This matters a lot in senior living because sometimes claims arise months or even years after the event happened.



### Think of it like this

If an incident happened last year but the claim is only reported this year, your claims-made policy will cover it only if your policy is active when the claim is reported.

## Why claims-made coverage works well for senior living

Senior living facilities face unique challenges—like resident care and safety, labor shortages, and ever-changing regulations. Sometimes, problems or complaints don't come up right away. Claims-made insurance lets you protect yourself against these delayed claims, as long as you keep your coverage active and understand the contract.

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**This type of insurance usually costs less initially. But it's really important to avoid any breaks in your coverage, or you might lose protection for past incidents.**

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The alternative format, an occurrence policy that covers claims no matter when they're reported, is rare and usually more expensive for senior living businesses.



## Key things to know about claims-made coverage

### 1 Retroactive date

This is the earliest date an incident can occur and still be covered under your current policy. It means your policy will cover claims for incidents that happened on or after this date—but not before.

**Example:** If your retroactive date is January 1, 2020, and you receive a demand notice in 2024 about something that happened in December 2019, that claim wouldn't be covered because the incident happened before your retro date.

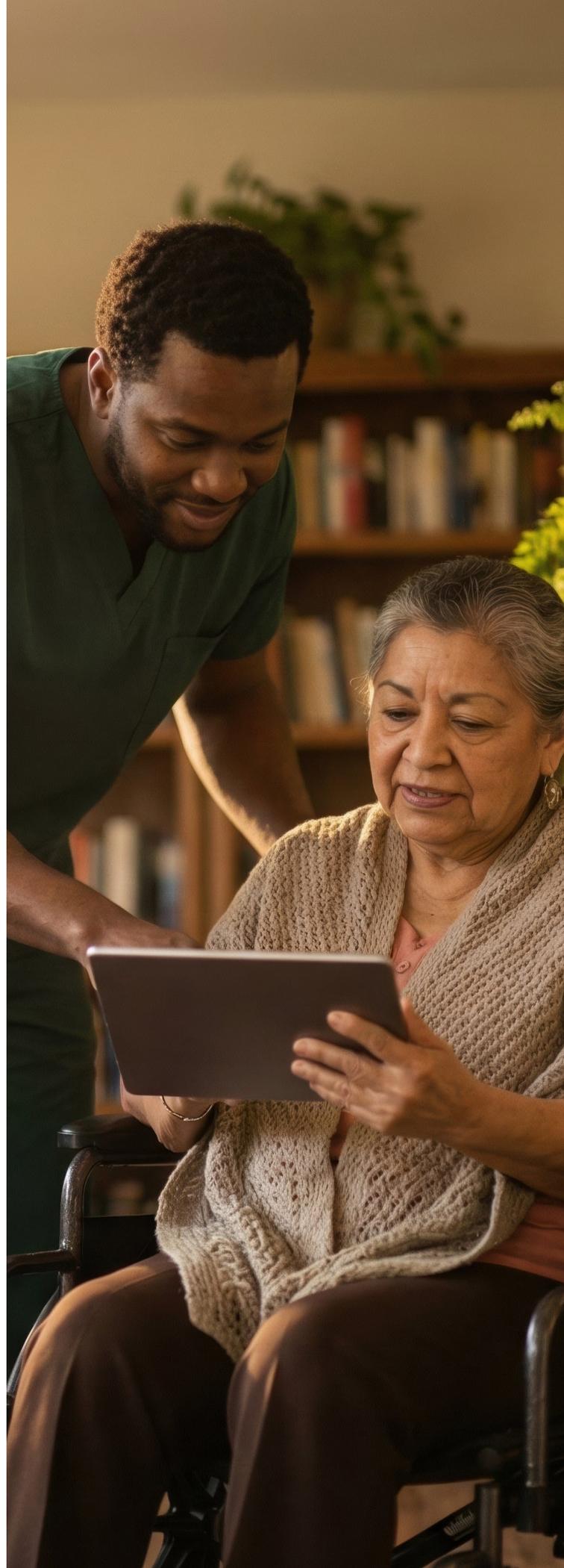
### 2 Extended reporting period (ERP) or “tail coverage”

Sometimes claims pop up after you've stopped your policy—like if you sell your facility or switch insurers. Tail coverage lets you report claims after your policy ends, protecting you from surprises down the road.

You can buy this coverage for different lengths of time—1 year, 3 years, 5 years, or even longer. 1 to 3 years are the most common timeframes in this industry.

**Example:** You sell your senior living facility and cancel your insurance. Two years later, a former resident files a claim about something that happened before the sale. If you bought tail coverage, you're protected. If not, you'd have to handle the claim yourself.

Tail coverage costs extra—usually a percentage of your most recent premium—and the longer the coverage, the higher the cost.





## Tips for senior living operators

- **Keep your coverage continuous:**  
Don't let your insurance lapse. Even a short break can cause you to lose protection for past incidents.
- **Know your retroactive date:**  
Make sure it covers all the time you've been operating. When changing insurers, check that the new policy's retro date matches the old one.
- **Buy tail coverage when needed:**  
Such as if you're selling your business, closing a facility, or switching insurers. It's your safety net for claims that come later.
- **Work with an experienced broker:**  
An insurance broker who understand senior living. Can help you get the right coverage for your specific risks and make sure you're protected.



## Next steps

Contact a member of our senior living practice to implement changes in your senior living organization to achieve measurable results.

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