What's Your Coverage Trigger?
**Make No Mistake**
Seemingly small differences among information and network technology Errors & Omissions insurance policies can have a big impact on you and your business at the time of a claim.

Take coverage triggers. Information and network technology E&O policies include one of two triggers: claims made or claims made and reported. Do you know the difference? A claims made policy applies to claims that are made during the policy term, regardless of when the claim is reported to the insurance carrier. Alternatively, a claims made and reported policy applies to claims only if they are made and reported during the policy term (or a short grace period after the policy term).

**Comparison of Coverage Triggers**
In each of the following scenarios, the policy in question:
- has a term of January 1, 2005 to January 1, 2006;
- is written with a January 1, 2005 retroactive date; and
- includes a provision with the claims made and reported policy that requires claims to be reported to the insurer within 60 days following expiration of the policy.

**Scenario #1**

In this scenario, both the claims made and claims made and reported policies would apply to the claim because the wrongful act took place after the retroactive date, the claim was made against the insured during the policy period, and the claim was reported to the insurer within the 1/1/05-06 policy period.

**Scenario #2**

In this scenario, only the claims made policy would apply to the claim. There is no requirement that the claim be reported to the insurer during the policy period following a claim made against the insured. The claim need only be reported as soon as practicable.

The claims made and reported policy would not apply to the claim because the claim was not made and reported during that policy period or within 60 days of the policy expiration date.
Take a Look at the Numbers
When we studied over 1,700 Chubb information and network technology Errors & Omissions claims over the past 20 years, we found that if we had changed the policies under which those claims came in from a claims made coverage trigger to a claims made and reported trigger, 25% of the claims would not have been covered. The delay in reporting the claim to Chubb was even more staggering. For the 420 claims that were reported to Chubb after the policy term had expired, the average delay in reporting the claim was 483 days after the expiration of the policy.

Now That You Know the Facts, It’s Time to Decide
The decision to choose a claims made or a claims made and reported policy is important for two reasons: information and network technology companies may be paying too much for a coverage trigger that they don’t need. Or, they may not be as adequately protected as they thought.

Consider this...
• Are internal controls and protocols mandated throughout the organization? Without a corporate document detailing internal protocols, various departments or units could have different tolerance levels for reporting claims arising from customer disputes and dissatisfaction.
• Do you like to take an active role in resolving or settling client disputes? While it’s admirable to try and satisfy every client, the “back-and-forth” interactions with clients could cause delays that can have severe insurance and financial implications.
• Do you want the peace of mind of having the proper insurance protection? In this age of corporate governance, an uninsured loss would not only be detrimental to your balance sheet, but could ruin your reputation in the eyes of your shareholders.
• Do you want to save money in the long run? While claims made policies cost more upfront, they provide enhanced protection and could wind up saving you thousands, if not millions, of dollars later if a loss occurs.
• Do you need to minimize insurance premium payments? Because they are more restrictive, claims made and reported policies generally cost less than claims made policies.

Chubb Offers a Choice
Most of our competitors provide only the claims made and reported coverage trigger, which can cut off protection prematurely. INTegrity by Chubb Errors & Omissions liability insurance offers both the claims made and claims made and reported coverage trigger options, allowing information and network technology companies to choose the insurance feature that best fits their financial and risk needs. Since we feel the difference in the coverage trigger is significant, if Chubb customers choose a claims made and reported coverage trigger at policy inception, they will receive a 25% premium credit.

It’s your choice. Claims made or claims made and reported? Evaluate your internal controls, protocols and overall operations. Then, make the decision that is best for your company.
To learn more about INTegrity by Chubb, contact your local Chubb underwriter today.
This information is provided for general information purposes only. Actual coverage depends on the particular facts and circumstances of the loss and the language of the policy issued.

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