

Berkley DP Coverage Highlight

October, 2014

Knowledge of Claim

When your client is considering changing professional liability insurance carriers, it should be a deliberative process that reviews and analyzes several areas to ensure that your client is making the best decision and is minimizing – or, if possible, eliminating – any potential coverage gaps.

Included in this process has to be an analysis of claim/potential claim activity to ensure that all matters have been reported to the incumbent carrier to secure your client's rights under the expiring policy.

One of the questions that arise in this analysis is: Exactly who has to have knowledge of a claim in order to trigger the insured's responsibility to report the matter to the insurance company?

While this question seems simple and innocuous, it is not. Since each carrier writes their own policy form, individual carrier positions on this issue vary greatly.

When Berkley DP wrote its policy, we looked at this issue and decided to take a reasoned and practical approach that we believe is fair. If you look at Item 3 in each of our 4 Insurance Agreements (A, B, C & D), you will see the following language, in relevant part:

"...3. Prior to the Knowledge Date stated in the Declarations, none of the Principal Insureds knew or could have reasonably expected that"

If you go to page 6 of our policy, in the Definitions section, the term "***Principal Insureds***" is defined as:

"...your directors, officers, principals, partners or insurance managers."

We believe that the individuals above should be responsible for knowing what is occurring throughout their firm and, therefore, charged with having knowledge of claims or potential claims.

If you have questions about this topic, please contact our EVP, Chief Claims Officer, Laila Santana at 949-387-2919 or Bob Connor at 405-805-6635.

Limiting the Knowledge of a Claim to Principal Insureds; one more benefit to demonstrate our desire to be ***Better By Design***.