

# SEXUAL ABUSE COVER

## Information Sheet

### Occurrence versus Claims Made

#### About Our Sexual Abuse Cover

Ansvar's standard approach is to provide cover on an "Occurrence" rather than "Claims made" basis since we believe this provides the best possible protection for our clients.

Ansvar's Sexual Abuse Cover provides protection for organisations should there be allegations of sexual abuse committed by either an employee or volunteer against a member of the public whilst in their care. Whilst many of our competitors are unwilling to provide cover against this risk we have a long history of supporting our clients with cover in this important area of risk. This is offered as an extension to the General Public and Products Liability policy to organisations with robust risk management procedures in place. It offers peace of mind for a serious risk that is very real for organisations that provide care to vulnerable people including children, the disabled and the elderly.

#### Occurrence Wording – What does it mean?

When Sexual Abuse cover is written on an Occurrence basis, the insured is protected against liability for incidents that occur during the currency of their insurance policy. Importantly after the policy has expired and even if it is not renewed, the insured continues to be protected if claims are made in the future, provided the incident of abuse occurred when their policy was in force.

For example, if a claim is reported 5 years after a policy has expired but the incident of abuse occurred during the insurance period, the insured continues to be protected.

With this in mind the Occurrence wording works in favour of the insured because the insurer will always be on risk for the period of insurance. This is known as a long-tail claims exposure for insurers.

#### Claims Made Wording – What does it mean?

When Sexual Abuse cover is written on a Claims Made basis, cover is provided for claims made and notified to the insurer during the period of insurance. Irrespective of when the abusive incident occurs. There is a notification period but if the insured fails to notify the insurer of any incident it is aware of during the period of insurance, the insurer may be able to deny the claim. The insured will also require an adequate retroactive period on the policy to ensure protection for incidents that have occurred in the past that the insured is not yet aware of.

A major issue with claims made policies is that they are not guaranteed to be renewed by the insurer. For instance, if the insured has a number of incidents notified, the insurer may elect to cancel the cover to avoid future claims liabilities. To find another insurer willing to provide cover again with an adequate retroactive date may prove difficult. It is unlikely a new insurer would be willing to provide retroactive cover for a risk with a questionable history. This will mean the insured may end up unprotected for incidents that have occurred in the past that the insured is not even aware of yet.

A Claims Made wording can be seen to work in favour of the insurer, not the insured, because the insurer is only on risk for an agreed time and if there is adverse claims development they can elect to avoid any future exposure. This is known as a short-tail claims exposure for insurers.

## What happens if a client moves from a Claims Made to an Occurrence wording?

Problems may occur when a combination of the two policy formats are used over different periods of insurance, this creates a “gap” in the insured’s cover.

Insurance provider	Insurer X	Insurer Y
Period of insurance	2003 to 2010	2010 to 2015
Cover type	Claims Made	Occurrence
Incident of abuse	2009	
Claim		Claim notified 2013

Because the abuse occurred in 2009 when the insured was under a Claims Made policy and the claim was made in 2013, after the policy expired, the insured can’t rely on insurer X to cover their claim. The fact that they are now covered on an Occurrence basis is no help either – this is the “gap”.

## Ansvar’s “gap” Solution – Retroactive Claims Made Extension

Ansvar can offer a Retroactive Claims Made Extension to prevent the “gap” if a client is changing from a Claims Made wording to an Ansvar Occurrence wording.

This means that Ansvar will cover claims for incidents of abuse that occurred when the client had Claims Made cover with another insurer. Therefore, the client is insured with Ansvar for incidents that have occurred prior to insuring with Ansvar, back to an agreed retroactive date subject to underwriting criteria.

## About Ansvar

Established in Australia in 1961, Ansvar has built a reputation for providing expert risk management advice to clients within our core segments of Faith, Community (including Not-for-Profit), Care, Education and Heritage.

Ansvar is a subsidiary of Ecclesiastical Insurance Office plc. (Ecclesiastical), established in the UK in 1887. Ecclesiastical is owned by a charity and all available profits are distributed for the benefit of the church and the community.



1300 650 540 [www.ansvar.com.au](http://www.ansvar.com.au)

This advice does not take into account any of your objectives, financial situation or needs. For this reason, before you act on this advice, you should consider the appropriateness of the advice taking into account your own objectives, financial situation and needs. Before you make a decision about whether to acquire the policy, you should obtain and read the Product Disclosure Statement and Policy Wording available at [www.ansvar.com.au](http://www.ansvar.com.au).  
Insurance Products are issued by Ansvar Insurance Ltd. ABN 21 007 216 506 AFSL 237826 Member of the Ecclesiastical Insurance Group