

North Carolina Guidelines for Claims-Made Policies

1. When a policy provides both claims-made and occurrence coverages, the declarations page must indicate which coverages are claims-made and which coverages are occurrence.
2. All claims-made policies must offer the insured, upon cancellation or nonrenewal, the option to purchase an extended reporting period in accordance with the standards provided below.
 - A.) Extended Reporting Period for Non-Medical Claims

In the event of a cancellation or nonrenewal by the insured, or by the insurer as permitted by General Statute 58-41-15 and 58-41-20, except for non-payment of premium, there shall be a 30-day period after the effective date of the cancellation or nonrenewal during which the insured may elect to obtain an endorsement providing an extended reporting period of at least one year covering non-medical claims first reported during the extended reporting period and arising from acts, errors or omissions committed during the policy period and otherwise covered by the policy.
 - B.) Extended Reporting Period for Medical Malpractice Claims

In the event of a cancellation or nonrenewal by the insured, or by the insurer as permitted by General Statute 58-41-15 and 58-41-20, except for non-payment of premium, there shall be a 30-day period after the effective date of the cancellation or nonrenewal during which the insured may elect to obtain an endorsement providing an extended reporting period of unlimited duration covering medical malpractice claims first reported during the extended reporting period and arising from acts, errors or omissions committed during the policy period and otherwise covered by the policy.
3. Within 45 days after the mailing or delivery of the written request of the insured, the insurer shall mail or deliver the following loss information covering a three-year period:
 - A.) Aggregate information on total closed claims, including date and description of occurrence, and any paid losses;
 - B.) Aggregate information on total open claims, including date and description of occurrence, and amounts of any payments;
 - C.) Information on notice of any occurrence, including date and description of occurrence.

4. Application and Declarations Page must contain a notice, conspicuously displayed in bold face type or stamp stating that the policy is, or identifying those portions of the policy that are, written on a claims-made basis. Suggested wording is as follows: "This is a Claims-Made Policy - Read Your Policy Carefully."
5. A claims-made insurer cannot advance an existing retroactive date without written consent from the insured.
6. An unlimited extended reporting period for medical malpractice claims must be provided if the insured:
 - A.) dies;
 - B.) becomes permanently disabled and is unable to carry out his or her practice;
or
 - C.) retires permanently from his or her practice after attaining the age of 65 or older an accumulating five or more consecutive years of claims-made coverage.
7. The limit of liability in the policy aggregate for the extended reporting period shall be one hundred percent (100%) of the expiring policy aggregate.