

**193E—19.1(543B) Insurance definitions.**

*“Aggregate limit”* is a provision in an insurance contract limiting the maximum liability of an insurer for a series of losses in a given time period such as the policy term.

*“Claims-made”* means policies written under a claims-made basis will cover claims made (reported or filed) during the year the policy is in force for incidents which occur that year or during any previous period the policyholder was insured under the claims-made contract. This form of coverage is in contrast to the occurrence policy which covers today’s incident regardless of when a claim is filed even if it is one or more years later.

*“Extended reporting period”* is a designated period of time after a claims-made policy has expired during which a claim may be made and coverage triggered as if the claim had been made during the policy period.

*“Licensee”* is any active individual broker, broker associate, or salesperson; any partnership; or any corporation.

*“Per claim limit”* means the maximum limit payable, per licensee, for damages arising out of the same error, omission, or wrongful act.

*“Prior acts coverage”* applies to policies on a claims-made versus occurrence basis. Prior acts coverage responds to claims which are made during a current policy period, but the act or acts causing the claim or injuries for which the claim is made occurred prior to the inception of the current policy period.

*“Proof of coverage”* means a copy of the actual policy of insurance, a certificate of insurance or a binder of insurance.

*“Retroactive date”* is a provision found in many claims-made policies. The policy will not cover claims for injuries or damages that occurred prior to the retroactive date even if the claim is first made during the policy period.

*“Umbrella type coverage”* means a policy that provides insurance coverage for the broker or firm and all licensees assigned.