

# Why Is Sexual Abuse & Molestation Coverage So Hard To Place?

*By: Charlie Sturm - Healthcare Practice Leader*

***If you've recently tried to place sexual abuse and molestation coverage for a client operating in the healthcare industry, you may have had a difficult time. Securing robust coverage is increasingly difficult and expensive.***

## **The Statute of Limitations Has Been Extended**

One major factor impacting sexual abuse and molestation coverage involves recent changes to the statute of limitations.

Multiple states have extended the statute of limitations for cases involving child sex abuse claims. The Associated Press says that at least 15 states and the District of Columbia have extended or suspended the statute of limitations for these cases since 2018. In eight states, lookback windows have been established to let plaintiffs file a claim no matter how long ago the alleged abuse took place.

How these windows work precisely depends on the state. In California, for example, the three-year window started on January 1, 2020, and damages could be tripled. After the window closes, the statute of limitations will expire when the victim turns 40, whereas it previously expired when the victim turned 26.

## **Coverage Is Needed - We're Here to Help**

Sexual abuse and molestation coverage is increasingly hard to place, but clients in the health and human services still need these policies. The Excess & Surplus marketplace is stepping in to fill some of the primary and excess gaps for these risks.

It's important to start the renewal process early so we have plenty of time to shop the market and identify the best solutions for your clients. We may need to move sexual abuse coverage to a dedicated policy.

## **Occurrence Policies Are Increasingly Rare**

The types of policies that can be purchased for sexual abuse coverage are also changing. There has been a shift away from occurrence policies, which cover claims based on when the alleged incident occurs, and toward claims-made policies, which only cover claims that are filed while the policy is active.

Given the recent changes to the statute of limitations, this shift is not entirely unexpected. Nevertheless, it is increasingly difficult to find occurrence coverage for sexual abuse and molestation insurance. As a result, policyholders who let their coverage lapse - perhaps after retiring - may find themselves uninsured when hit with a claim if they don't purchase tail coverage for this purpose.

## **Prices Are Up; Limits Are Down**

In addition to the statute of limitations changes, commercial insurance rates are increasing across the board. According to Business Insurance, MarketScout reported rate increases in every commercial line of coverage and industry class in the third quarter of 2020, with D&O rates increasing 11.5% and umbrella and excess liability rates increasing 8.5%.

Even workers' compensation rates, which had been resisting the trend of rate hikes, increased 0.5%.

This means that insurance clients should be prepared for rate increases regardless of the line. For sexual abuse and molestation coverage, both rate hikes and lower limits are likely.

**As always, be proactive. Make sure:**

- Outstanding claims have been reviewed and properly reserved.
- Measures have been taken to avoid repeat claim scenarios.
- Clients' policies and procedures are up-to-date.
- Clients engage in frequent and well-documented training.
- We have a good story to share with underwriters.

***Please contact your Socius producer to discuss available coverage solutions.***



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