Life Sciences Extended General Liability
Solving the Claims-Made Dilemma for Life Sciences Companies

Product liability claims can be complex, particularly for life sciences firms. Months or even years can elapse as a sequence of events unfolds:

- An injury happens
- A life sciences company becomes aware of that injury
- A product liability claim is made

This sequence doesn’t typically align with insurance policy periods—potentially creating gaps in claims-made product liability insurance. For instance:

- How will your insurance program address claims involving the same person, the same occurrence, or a “reported circumstance,” when those claims are tied to injuries that occur in multiple policy periods over many years?
- What if you change insurers while these claims are coming in?
- How do extended reporting periods apply in these situations?

Chubb’s *Extended General Liability for Life Sciences* is designed to address this “claims-made dilemma” by providing more certainty about how claims for future injuries or damage will be handled. Consider the following scenario.

**Manufacturing error leads to prosthesis recall**

**Insurer notified of circumstance.** During the first policy period, a device company recalls several shipments of knee joint implants because they did not meet design specifications. The company also reports a “circumstance” during this policy period, believing that any unrecovered product could be implanted and potentially cause injury to patients. Unfortunately, that concern materializes. A patient with the defective implant is injured after the circumstance is reported and before the end of this first policy period.

**First patient sues device company.** The policy is renewed with the same insurer, and during this second policy period the patient sues the device company. This is the first notice that the device company has of this claim.

**Second patient sues device company.** In the third policy year, another carrier insures the company. During this policy period, a second person is injured by one of the recalled products and makes a claim against the device company.
How are these claims handled?

If you have Chubb’s Extended General Liability for Life Sciences policy, both claims would be brought back and handled in the first policy—when the circumstance was reported—as long as there continues to be a coverage relationship with Chubb (that includes an extended reporting period) and there is no other insurance available. See the timeline below.

But if you have a typical claims-made policy, your insurer would likely deny both of these claims due to various limitations built into these claims-made forms. See the chart below.

<table>
<thead>
<tr>
<th>Claim #1</th>
<th>Extended General Liability for Life Sciences</th>
<th>Typical Industry Claims-Made Policy for Life Sciences</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Insured in first policy period (when the circumstance is reported), if no other insurance is available</td>
<td>Not insured in first policy period since claim wasn’t made during policy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Not insured in second policy period because insured knew of, and reported, a circumstance in first policy period</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Claim #2</th>
<th>Extended General Liability for Life Sciences</th>
<th>Typical Industry Claims-Made Policy for Life Sciences</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Insured in first policy period (when the circumstance is reported), if no other insurance is available</td>
<td>Not insured in first policy period since claim wasn’t made during policy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Not insured in second or third policy periods because insured knew of, and reported, a circumstance in first policy period</td>
</tr>
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Unparalleled certainty

This scenario illustrates the unparalleled certainty Chubb offers its life sciences customers when they face complex claim situations. Features of the Extended General Liability for Life Sciences policy include:

- In certain situations, injury or damage does not have to occur before the end of the policy period in order for coverage to apply
- The claims for those future injuries or damage are addressed in a single, easy-to-identify policy period
- Fewer endorsements are needed—many key features are built right into the base contract

Learn more

Contact your agent or broker or your local underwriter to learn more about Chubb’s insurance solutions designed specifically for life sciences firms.