

Statute of Limitations Reforms are Reshaping SAM Liability Coverage

As the casualty insurance market continues to harden, public entities are facing a legal environment that is transforming quickly. Across the country, states are passing new legislation limiting or significantly broadening the statute of limitations for claims of childhood sexual abuse. For most public organizations, this means increased vulnerability to suits on decades-old allegations.

This legal shift, however, isn't happening in isolation. It's unfolding at a time when carriers are already retreating from sectors they perceive as high-risk. Liability markets for public entities have experienced significant rate increases in recent years, and the emergence of newly opened abuse claims threatens to further intensify this trend. Insurers are responding by imposing higher retentions, reducing capacity and even declining coverage outright.

CONTACT

To learn more about how Amwins can help you place coverage for your clients, reach out to your local Amwins broker.

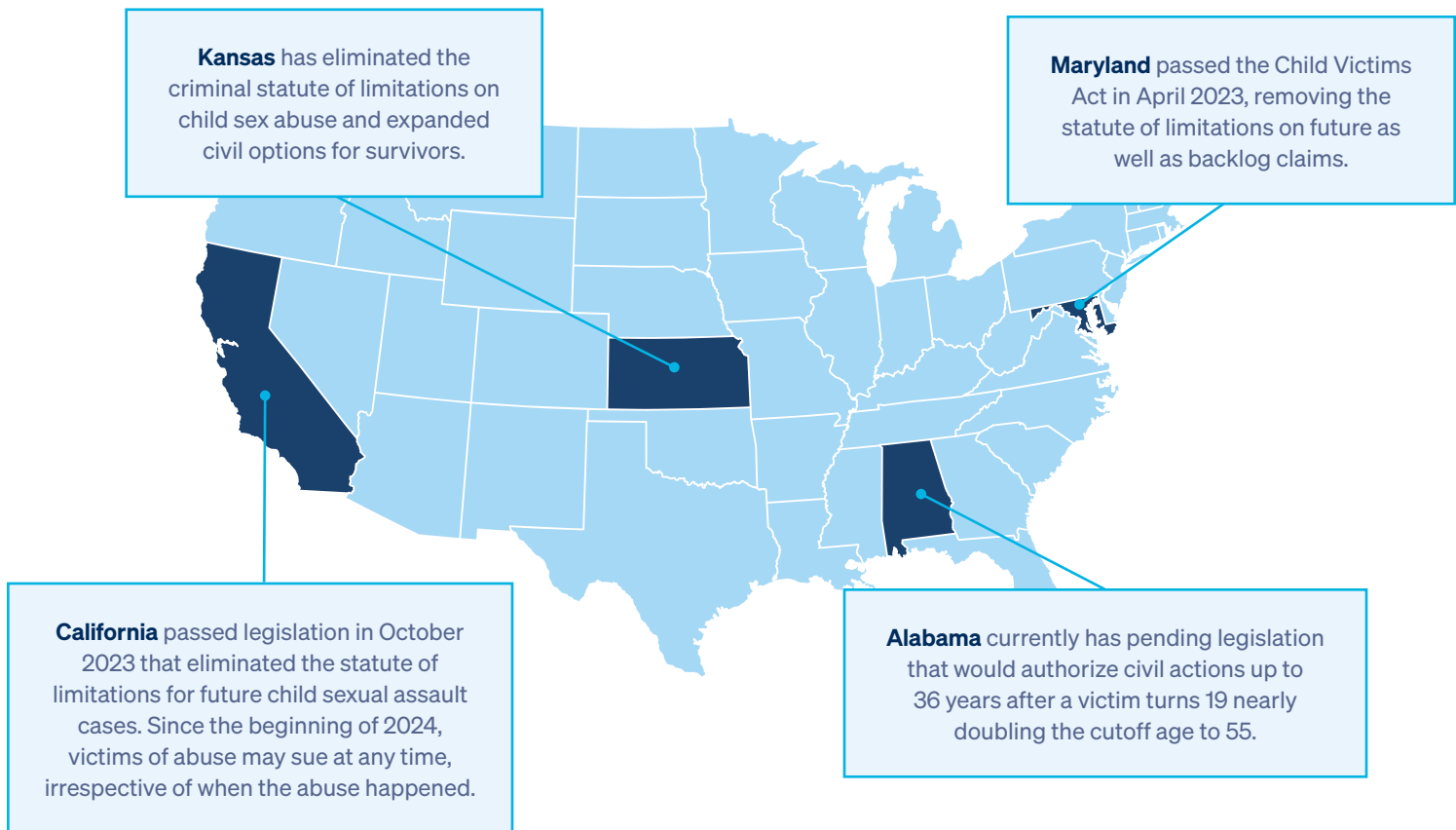
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Widespread legislative reform

It's widely acknowledged and understood that survivors of sexual abuse face emotional and psychological trauma that can delay their willingness to come forward. Over the past two years, there has been a wave of statute of limitations reforms across the country.



Coverage and policy impacts

As more states take legislative action, the legal arena for public institutions is becoming more complex and costly. Social inflation is also playing a key role, resulting in nuclear verdicts of up to nine-figures (e.g., [Boy Scouts of America](#), [Michigan State](#)).

Carriers are feeling the sting and responding to the growing risk landscape with more restrictive limits for sexual abuse and molestation, including shortened aggregate limits. These lower limits combined with higher self-insured retentions have prompted some organizations to turn to alternative risk financing models such as joint powers authorities or self-insurance mechanisms.

In addition, carriers are redefining retained limits, often shifting from per-perpetrator to per-victim applications. This can significantly increase exposure, particularly in cases involving multiple victims tied to a single individual.

There is also greater reliance on claims-made triggers rather than occurrence-based policies, with some policies incorporating sunset clauses that limit the period during which a claim can be made. This can leave public entities vulnerable to allegations stemming from incidents that occurred years in the past. For example, [the Los Angeles Unified School Board \(LAUSD\) has been confronted with more than 370 sexual abuse claims allegations that go back decades](#) with another approximately 250 pending misconduct claims.

Standalone coverage options

As more carriers limit and even exclude SAM (sexual abuse and molestation) liability, the standalone marketplace for this type of coverage is expanding. Standalone SAM liability policies can serve as primary coverage or sit in excess of sub limits in a GL policy – an added benefit at a time when carriers are looking to limit their SAM exposure. These markets also offer additional risk management services to insureds, including training materials, discounted background checks, help creating employee policies and assistance during a potential incident or crisis.

Standalone policies are crucial as contractual and licensure coverage requirements for SAM liability intensify. For example, 1099 employees in many public organizations are required to carry their own SAM liability coverage. Similarly, school systems, childcare and daycare facilities, healthcare entities and other public entities are demanding higher limits for licensing purposes. Mandates of \$2M coverage with \$4M aggregate and \$3M with \$6M aggregate are not uncommon.

Excess capacity in the space is also on the rise. Whether it sits in excess of a \$100,000 limit or helps round out a layered policy – stacking coverage of \$15M to \$20M outside of a GL policy is not unheard of – this excess coverage can be instrumental in helping insureds address nuclear verdicts and the general increase in claims severity.

Standalone coverage options

It's always a good practice to evaluate current policies. Many entities work closely with their loss control or risk management teams, as well as local law enforcement, to proactively mitigate potential risks.

In response to rising premiums and coverage limitations, many organizations are also working more closely with underwriters and actuaries to better understand and explain these changes to their boards of directors. This helps enable boards to make more informed decisions and approve renewal quotes with full awareness of financial and legal implications.

One key area of focus has been improving the hiring process. Human Resources departments are taking a more deliberate and thorough approach, asking critical interview questions and waiting for the completion of criminal background checks, fingerprinting and verification of information on employment applications before making hiring decisions.

Orientation and training procedures have also become more robust. New employees are undergoing comprehensive onboarding processes and employers are documenting participation through signed acknowledgments. In addition to reinforcing core organizational values, these sessions increasingly emphasize the legal and ethical responsibilities of all employees.

Mandatory reporting training is being prioritized, and both new and existing staff are being reminded regardless of their role that they are mandatory reporters. Many organizations are supplementing this with additional training to clarify what that role entails.

As the workforce evolves and new employees replace outgoing ones, more new hires are attending professional conferences where issues related to SAM are regularly addressed. Furthermore, organizations are engaging more actively with their legal counsel to conduct annual reviews and updates of administrative and board policies.

What's next

As the number of statute of limitation cases continue to rise, public entities must take proactive steps now to protect themselves from future litigation. This begins with a review of any previously closed claims to assess whether they may be reopened under new legal standards. It also involves identifying areas of historical exposure, evaluating how complaints were handled in the past and thoroughly reviewing internal documentation.

Entities should work closely with their broker or underwriter to reconstruct their insurance history, especially for occurrence-based coverage that may still respond to long-tail claims. This process can be time-consuming but is essential to mounting an effective response to revived lawsuits. Organizations are also increasingly working more closely with their claims teams, whether internal or through third-party administrators (TPAs), to ensure historical claims data is complete and accessible, and that potential exposures are clearly understood.

Takeaway

Understanding legal changes, securing adequate insurance coverage and investing in prevention are no longer optional. These essential tools help protect both the entity and those it serves.

At Amwins, we understand this constantly evolving landscape. It requires more than just awareness – it demands action. We are uniquely equipped to work alongside you, delivering tailored insurance solutions, deep industry expertise and proactive risk management strategies quickly and efficiently.

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