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INSIGHT: Are Insurers Collaterally Damaged by New State ‘Child Victims Acts’? Bloomberg Law

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States retroactively enlarging the civil statute of limitations in child sexual abuse cases effectively increase insurers’ exposure beyond what they initially agreed to assume, Kaufman Dolowich & Voluck LLP attorneys say. The impact could be severe for insureds with substantial exposure to these claims, like the Boy Scouts, Catholic dioceses, daycare centers, and other facilities that oversaw operations involving minors.

Boy Scouts of America filed for voluntary Chapter 11 bankruptcy Feb. 28 in the U.S. Bankruptcy Court for the District of Delaware, citing an influx of childhood sexual abuse lawsuits—indeed hundreds have been filed to date in various federal and state courts, with well over a thousand more anticipated.

The direct factor contributing to the sudden increase of these lawsuits is legislation recently enacted by many states allowing previously time-barred child sexual abuse claims to go forward, i.e., revival statutes, usually entitled “Child Victims Act.”