



INSURANCE GLOSSARY

Abandonment: As used in property insurance, prohibits the insured from abandoning damaged property to the insurance company for repair or disposal

Accelerated Benefits Rider: An adjustment (rider) to a life insurance policy that allows for the early payment of some portion of the policy's face amount should the insured suffer from a terminal illness or injury.

Accidental Death Benefit Rider: An adjustment (rider) to a life insurance policy that provides for payment of an additional cash benefit when death occurs by accidental means. This amount depends on the value of the policy.

Accidental Death Insurance: An Insurance policy that provides payment if the insured's death occurs as a result from an accident.

Accounts Receivable Coverage: Covers loss of sums owed to the insured by its customers that are uncollectible due to damage by an insured peril to accounts receivable records

Actual Cash Value (ACV): Cost to repair or replace damaged property with materials of like kind and quality, less depreciation

Additional Insured: A person or organization for whom insured status is arranged by endorsement

Advertising Injury: General liability coverage that insures against libel, slander, invasion of privacy, copyright infringement and misappropriation of advertising in connection with the insured's advertising of its goods or services

Agent: An authorized representative of an insurance company.

Aggregate: The maximum amount an insurance company will pay during the policy

All Risk Coverage: Property insurance covering loss arising from all causes of loss except those that are specifically excluded

Annually Renewable Term: Term insurance that provides coverage for one year and allows the policy owner to renew his or her coverage each year.

Application: A form with the information needed for an insurance company to underwrite and rate a specific policy

Assignment: The transfer of ownership of a Life Insurance policy from one person to another.

Attained Age: Your current age. Your attained age is a factor life insurance companies use to determine premiums.

Audit: A verification of the financial records, usually payroll or receipts, of an organization to determine exposures

and premiums

Automobile: A land motor vehicle, trailer or semi-trailer designed for travel on public roads, not including 'mobile equipment'

Backdating: Making the effective date of a policy earlier than the date of application. Backdating is often used to make the age of the applicant lower than it actually was at the time of application so that he/she can get a lower premium. State laws often set limits to this.

Bailee Coverage: Coverage on property left in the care of the insured for storage, repair or servicing

Basic Cause of Loss Form: Property coverage for named perils: Fire, Lightning, Explosion, Smoke, Windstorm, Hail, Riot, Civil Commotion, Aircraft, Vehicles, Vandalism, Sprinkler Leakage, Sinkhole Collapse and Volcanic Action

Basic Limits: The minimum limits of liability that can be carried by an insured

Beneficiary: The designated person set to receive the death benefit if the insured should die.

Best's Rating: A rating system by A.M. Best Company giving the financial condition of insurance companies

Binder: A temporary insurance policy that expires at the end of a specific time period or when a permanent policy is written. A binder is given to an applicant for insurance during the time it takes the insurance company to complete the policy paperwork.

Bodily Injury by Accident Limit: The most an insurer will pay under Part Two of a Workers' Compensation Policy for claims arising out of any one accident, regardless of how many employee claims arise out of the accident

Bodily Injury by Disease, Each Employee : The most an insurer will pay under Part Two of a Workers' Compensation Policy for damages due to bodily injury by disease to any one employee

Bodily Injury by Disease-Policy Limit : The most an insurer will pay under Part Two of a Workers' Compensation Policy employee bodily injury by disease claims during the policy period regardless of the number of employees who make such claims

Bodily Injury Liability Limit: The insured is legally liable for damages due to bodily injury, sickness, or disease, including resulting death

Boiler & Machinery Insurance: Coverage for loss caused by mechanical or electrical equipment breakdown, including damage to the equipment

Bond: A written agreement in which one party, the surety, guarantees the performance or honesty of a second party, the principal (obligor), to the third party (obligee) to whom the performance or debt is owed

Brands and Labels Endorsement: Property insurance coverage that allows the insured to remove labels from damaged goods or mark the items as 'salvage,' provided the goods are not damaged in the process

Broad Causes of Loss Form: Property coverage for the named perils: Fire, Lightning, Explosion, Smoke, Windstorm, Hail, Riot, Civil Commotion, Aircraft, Vehicles, Vandalism, Sprinkler Leakage, Sinkhole Collapse, Volcanic Action, Breakage of Building Glass, Falling Objects, Weight of Snow, Ice or Sleet, Water Damage (in the form of leakage from appliances) and Collapse from Specified Causes

Building Ordinance Coverage: Covers against loss caused by enforcement or ordinances or laws regulating construction and repair of damaged buildings

Burglary: Theft of property by forcible entry, which is evidenced by visible signs, in a premises, by a person

Business Auto Policy: Auto Policy for businesses that includes auto liability and auto physical damage coverage's

Business Income Coverage: Insurance covering loss of income by a business when operations are interrupted due to property loss that is a covered cause of loss

Business Interruption Coverage: See Business Income Coverage

Business Owners Policy (BOP): A policy that combines property and liability coverage's for special types of small businesses

Cancellation: The termination of an insurance policy usually before its expiration

Care, Custody or Control: An exclusion of liability insurance which eliminates coverage for damage to property in the insured's care, custody or control

Carrier: The insurance company which provides coverage

Cash Benefits: The Money that is paid to the policy holder upon settlement of a covered claim.

Cash Value: The equity amount or "savings" accumulation in a whole life insurance policy.

Casualty Insurance: Insurance that covers loss caused by injuries to persons and the legal liability imposed on the insured for injury or for damage to property of others

Catastrophe: A severe loss causing sizable financial loss

Causes of Loss Forms: The commercial property forms that define the covered causes of loss for which coverage is provided. Commonly, there are 3 Cause of Loss Forms: Basic, Broad and Special

Certificate of Insurance: A document providing evidence that insurance has been purchased

Claim: A request by a policyholder or a claimant for payment under a policy of insurance

Claim Expense: Expenses of settling or investigating a claim

Claimant: The person presenting a claim

Claims Reserve: An amount of money set aside to meet claims reported but not paid

Class: A group of businesses who have common or similar exposures and are grouped together for rating purposes

Classification: The arranging or establishing of business groups or categories for rating purposes

Coinsurance Provision: An insurance provision for property coverage's in which the policyholder must carry an amount of insurance that is at least equal to a set percentage of the value of the property in order to receive full payment of a loss

Collapse: Collapse of a building and collapse of personal property within a building due to specified causes (such as weight of snow, ice or rain). Does not include collapse due to design error or due to faulty workmanship or materials if the collapse occurs after construction is complete

Collision Insurance: Provides for payment to a covered automobile resulting from the striking of another object by

a moving vehicle

Commercial General Liability Policy (CGL): A coverage which protects business organizations against liability claims for bodily injury and property damage. Those claims may be the result of events at your place of business, from your business operations, the products or services you make or do, communications or advertisements your business broadcasts

Competitive State Funds: State-owned and operated facilities that write Workers' Compensation Insurance solely for that state

Completed Operations: A General Liability coverage for the work of the insured that has been completed away from the business premises

Comprehensive Auto Coverage: Covers an automobile for loss or damage for all causes except for those specifically excluded

Compulsory Insurance: Insurance that is required by law

Concealment: Failure to disclose facts which may void an insurance policy

Conditional Receipt: Given to policy owners when they pay a premium at the time of the application. These receipts bind the insurance company, provided your policy is approved, but are subject to any other conditions stated on the receipt.

Conditions: Things agreed upon in an insurance policy that state the rights and the requirements of the insured and the insurer

Consequential Loss: An indirect loss such as the reduction in value of property that is the result of a direct damage loss

Constructive Total Loss: Term used when damage to property is more than the value of the property

***Contestable Clause:** A provision in an insurance policy setting forth the conditions or time period under which the insurance company may contest or void the policy. After this time has lapsed, typically two years, the policy cannot be contested. Example: Suicide.

Contingent Beneficiary: Person or persons designated to receive the value of an insurance policy in case the original beneficiary is not alive.

Contract: An agreement between two or more parties with characteristics of mutual assent, competent parties, a valid consideration and legal subject

***Coverage:** Coverage is just another term for Insurance. It can be used to mean either the dollar amounts of insurance purchased (\$500,000 of liability coverage), or the type of loss covered (coverage for theft).

Convertible Term: A policy that may be changed to another form by contractual provision and without evidence of insurability. Most term policies are convertible into permanent insurance.

Countersignature: The signature of a licensed agent or representative on a policy that is required to validate the policy

Cross-Purchase Plan: An agreement that provides that upon a business owner's death, surviving owners will purchase the deceased's interest, often with funds from life insurance.

Cumulative Injury: A type of injury which occurs from the repetition of tasks over an extended length of time

Data Processing or EDP Coverage: All risk property insurance for electronic data processing equipment (computers), computer programs and data including mechanical breakdown, electrical injury and changes in temperature and humidity

Death Benefit: The amount of money paid to the beneficiary when the insured person dies.

Decreasing Term Insurance: Term life insurance on which the face value slowly decreases in scheduled steps from the date the policy comes into force to the date the policy expires, while the premium remains level. The intervals between decreases are usually monthly or annually.

Debris Removal: The cost of removal of debris from covered property damaged by an insured peril

Deductible: The amount of loss which is paid or absorbed by the insured prior to determining the insurance company's liability

Deposit Premium: The amount of premium required at the beginning of a policy prior to the actual premium being determined

Depreciation: The reduction in value of property over a period of time. Usually as a result of age, wear and tear, or economic obsolescence

Direct Damage: Causes of loss that produce direct and straightforward property damage (without interruption in time or deviation in space) from the cause of the event to the damaged property

Double Indemnity: Payment of twice the basic benefit in the event of loss resulting from specified causes or under specified circumstances.

Driver Other Car Endorsement: An endorsement that can be added to an automobile policy that gives protection while the insured designated in the endorsement is driving a car other than the one named in the policy

Drop Down Provision: A clause used in Umbrella policies providing that the Umbrella will 'drop-down' over underlying policy aggregate limits when they have been reduced or exhausted

Earned Premium: The amount of premium that has been used for certain periods of time

Earth Movement or Earthquake Exclusion: An exclusion found in most property insurance policies eliminating coverage for earth movement or earthquake, except ensuing fire

Effective Date: The date on which an insurance binder or policy goes into effect

Electrical Damage or Injury Exclusion: An exclusion usually contained in property insurance policies eliminating coverage for damage to electrical appliances caused by artificially generated currents, except for ensuing fire or explosion

Employee Dishonesty Coverage: Coverage for theft of money, securities or property by an employee

Employee Leasing: A staffing method which an employee leasing company provides all or most of its client's employees

Employers Excess Indemnity Insurance: Insurance coverage purchased by employers that do not subscribe to the

Texas Workers' Compensation law

Employers Liability Coverage: Part 2 of the Workers' Compensation policy which pays on behalf of the employer all sums that the employer becomes legally obligated to pay because of bodily injury by accident or disease sustained by any employee of the insured arising out of and in the course of his employment by the insured

Employment Practices Liability Insurance: A form of liability insurance covering wrongful acts arising from employment practices such as wrongful termination, discrimination and sexual harassment

Endorsement: A document attached to an insurance policy that changes the original policy provisions

Equipment Floater: A property insurance coverage for equipment that is often moved from place to place

Estimated Premium: A preliminary premium amount that could be adjusted based on a variance in exposures

Evidence of Insurability: Any statement or proof of a person's physical condition, occupation, etc., affecting acceptance of the applicant for insurance.

Excess and Surplus Lines Insurance: Coverage that is provided by insurers not licensed in the states where the risk is located

Excess Liability Policy: A policy that provides additional limits in excess of an underlying liability policy

Exclusions: Specified hazards listed in a policy for which benefits will not be paid.

Expected or Intended: An exclusion for injury or damage that is expected or intended

Expediting Expense Coverage: Coverage providing reimbursement of expenses for temporary repairs and costs incurred to speed up the permanent repair or replacement of covered property or equipment

Expense Constant: A small flat expense charged to Workers' Compensation policies

Experience Modifier: A debit or credit factor developed by measuring the difference between the insured's actual past experience and the expected or actual experience of the class of business

Expiration: The ending date of an insurance policy

Exposure Base: The basis of rates that are applied to determine premium. Some exposures may be measured by payroll, receipts, sales, square footage, area, man-hours or per unit

Extra Expense Coverage: Coverage for reimbursement of expenses in excess of normal operating expenses that are incurred to continue operations after a direct damage loss

Extraterritorial Coverage: The coverage for extending workers' compensation law to provide benefits for workers hired in one state but injured while working in another state

Face Amount: The amount covered by the terms of an insurance contract, usually found on the first page of the policy.

Fiduciary Liability: The liability placed on trustees, employers, fiduciaries and professional administrators with respect to errors and omissions in the administration of employee benefit programs

Final Expenses: Expenses incurred at the time of a person's death. These include but are not limited to: funeral

costs, court expenses, current bills or debt, mortgages, loans and taxes.

Fine Arts Coverage: Property insurance for works of art

Fire Department Service Charge Coverage: Coverage in a property insurance policy for charges incurred by the insured from a fire department for their services in fighting a fire

Fire Legal Liability Coverage: Liability coverage for the insured's legal liability for fire damage to premises rented by the insured

Fire Wall: A wall designed to prevent the spread of fire from one part of a building to another

Firewall: A computer that protects a company's private network from outside internet users

Fixed Benefit: A death benefit, the dollar amount of which does not vary.

Flat Cancellation: The full cancellation of a policy as of the effective date of coverage which requires the return of paid premium in full

Flood Coverage: Coverage for damage to property caused by flood

Flood Exclusion: A provision in most all property insurance policies eliminating coverage for damage by flood and possibly other types of water damage, such as seepage and sewer backup

Follow Form: An umbrella policy provision that follows the underlying policy for coverage's and policy provisions

Forgery or Alteration Coverage: Covers loss due to the dishonesty of writing, signing or altering of checks and bank drafts

Fortuitous Event: An event that is subject to chance without the implication of suddenness

Free Look: Trial period required in most states where policy owners have up to 20 days to examine their new policies with no obligation.

Frequency: The number of times that a loss will occur within any given period of time

Full Coverage: Any form of insurance that provides payment in full of all losses caused by the perils insured against without applying a deductible or depreciation

Funeral Expenses: Expenses including casket, vault, grave plot, headstone and funeral director.

Garage Liability Insurance: Insurance coverage for the legal liability of automobile dealers, garages, repair shops and service stations for bodily injury and property damage arising out of their business operations

Garage keepers Coverage: Provides coverage to owners of storage garages, parking lots and body and repair shops for their liability of damage to automobiles left in their custody for safekeeping or repair

General Aggregate Limit: The maximum amount of insurance payable during the policy period for losses (other than those arising from the products - completed operations hazards as covered under the standard commercial general liability policy)

General Liability Insurance: Insurance protecting businesses from most liability exposures other than automobile

and professional liability

Glass Insurance: A property insurance policy covering breakage of building glass regardless of cause

Governing Classification: In Workers' Compensation Insurance, the classification that best describes the workers' compensation exposure of an employer's business

Grace Period: Period of time after the due date of a premium during which the policy remains in force without penalty.

Graded Premium Policy: A type of whole life policy designed for people who want more life coverage than they can currently afford. They pay a lower premium rate that increases gradually over the first three to five years and then remains constant over the life of the policy.

Gross Negligence: Willful and wanton misconduct

Gross Vehicle Weight (GVW): The weight specified by a manufacturer for the maximum total loaded weight of a single vehicle

Guaranteed Term: A form of renewable term insurance that remains in force as long as the premiums are paid on time. With guaranteed term insurance, the insurance company cannot terminate the policy during the term.

Hired Automobile: An automobile whose exclusive use has been temporarily given to another for a monetary sum or other consideration. The business auto definition of 'hired autos,' however, includes autos borrowed except those borrowed from employees or partners

Hold Harmless Agreement: A contractual agreement that requires one contracting party to assume certain legal liabilities of the other party

Host Liquor Liability: Liability coverage for hosts of business or social functions arising out of the serving or distribution of alcoholic beverages by a party not engaged in this activity as a business enterprise

Improvements and Betterments: Additions or changes made by a lessee at his own expense to property that may not legally be removed. Usually covered under the tenants property coverage

Incontestable Clause: A clause in a policy providing that a policy has been in effect for a given length of time (two or three years), the insurer shall not be able to contest the statements contained in the application. In life policies, if an insured lied as to the condition of his health at the time the policy was taken out, that lie could not be used to contest payment under the policy if death occurred after the time limit stated in the incontestable clause.

Incurred Losses: The amount of paid claims and loss reserves within a particular period of time, usually a policy year. Customarily computed as losses incurred during the period, plus outstanding losses at the end of the period, less outstanding losses at the beginning of the period

Independent Adjuster: A claims adjuster who provides adjustment services to insurance companies but is not employed by them

Independent Contractor: An individual or company who has agreed, in writing, with another party to perform a job or function on behalf of that party

Inflation Guard Provision: A provision that increases the limit of insurance by a specified percentage over a specified period of time to offset inflation costs

Insurability: The condition of the individual wishing to be insured, including their health, susceptibility to injury

and life expectancy.

Insurance: A formal social device for reducing risk by transferring the risks of several individual entities to an insurer. The insurer agrees, for a consideration, to pay for the loss in the amount specified in the contract.

Insurance Policy: The printed form which serves as the contract between an insurer and an insured.

Insurance to Value: Insurance written in an amount equal to the value of the property or which meets coinsurance requirements

Insured: The party who is being insured. In life insurance, it is the person because of his or her death the insurance company would pay out a death benefit to a designated beneficiary.

Insurer: The insurance company; Party that provides insurance coverage, typically through a contract of insurance.

Irrevocable Beneficiary: A beneficiary that cannot be changed without that beneficiary's consent.

Increasing Term Insurance: Term life insurance in which the death benefit increases periodically over the policy's term. Usually purchased as a cost of living rider to a whole life policy.

Joint Venture: A business relationship when two or more persons join their labor or property for a business undertaking and share profits

Lapse: Termination of a policy due to the policy owner's failure to pay the premium within the grace period.

Leasehold Interest: Property insurance covering the loss suffered by a tenant due to termination of a lease because of damage to the leased premises by a covered loss

Lessee: The person to whom a lease is granted

Lessor: The person granting the lease

Liability: The legal obligation to pay a monetary award for injury or damage caused by one's negligent or statutorily prohibited action

Liberalization Clause: A provision within an insurance policy that broadens the coverage if the insurance company offers a broader coverage form within the first 45 days of coverage

Lien: An obligation that can be held by an individual who has an interest in a particular matter or property

Life Expectancy: The average number of years a person is expected to live based on a national average per age group, and other factors.

Life Insurance: Insurance coverage that pays out a set amount of money to specified beneficiaries upon the death of the individual who is insured.

Limit of Liability: The most an insurance company agrees to pay in the case of loss

Limited Pay Policy: A type of whole life insurance designed to let the policyholder pay higher premiums over a specific time period such as 10 or 20 years so that they won't have to pay any premiums for the rest of his or her life.

Longshore and Harbor Workers' Compensation Act: A federal law that provides workers' compensation benefits to employees of a vessel injured in maritime employment - usually in loading, unloading, repairing or building a

vessel - but not applicable to crew members

Loss: The amount an insurance company pays for damages under the terms of a policy

Loss Adjustment Expense: The cost assessed to a particular claim for investigating and adjusting that claim

Loss Constant: A flat charge added to the premium of small workers' compensation policies to offset higher loss ratios

Loss Control: A technique that is put in place to reduce the possibility that a loss will occur or reduce the severity of those that do occur

Loss Payable Clause: An insurance clause that authorizes loss payments to a person or entity having an insurable interest in the covered property

Loss Ratio: Percentage of losses incurred against earned premiums

Loss Report: A form showing reported claims which provides information such as the date of occurrence, type of claim, amount paid and amount reserved for each loss

Loss Reserve: An estimated amount set aside for a particular claim that has not yet been paid

Lost Policy Release: A signed statement by the named when the insured wishes to cancel the policy, but has lost or mislaid the policy, which releases the insurance company from all liability or losses

Medical: A document completed by a physician or another approved examiner and submitted to an insurer (insurance company) in order to provide medical information. This is usually done to determine insurability (or lack of insurability) or is sometimes done in relation to a claim.

Medical Expenses: Reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices, and funeral expenses. What is considered reasonable is outlined in a policy.

Medical Payments, Auto: Coverage, which is optional, under an auto policy to pay for medical expenses for bodily injury caused by an auto accident, regardless of fault. Coverage for persons other than the named insured and his or her family members is typically restricted to circumstances when they are occupants of the insured auto

Medical Payments, General Liability: A general liability coverage that reimburses others, regardless of fault, for medical or funeral expenses incurred as a result of bodily injury or death sustained by an accident

Mexico Coverage: Coverage which is sometimes provided under automobile policies for the operation of an insured motor vehicle within Mexico, usually limited to a stated number of miles from the U.S. border

Minimum Premium: The lowest amount of premium to be charged for providing a particular insurance coverage

Misrepresentation: The act of knowingly presenting false information.

Mobile Equipment: Equipment such as earthmovers, tractors, diggers, farm machinery, forklifts, etc., that even when self-propelled, are not considered as automobiles for insurance purposes

Monopolistic State Funds: States or Jurisdictions where an employer must obtain workers' compensation insurance from a state fund or qualify as a self-insurer, as is allowed in five of the states: North Dakota, Ohio, Washington,

West Virginia, Wyoming, Puerto Rico and the U.S. Virgin Islands

Mortality Rate: The number of deaths in a group of people, usually expressed as deaths per thousand.

Mortality Table: A table showing the incidence of death at specified age groups.

Mortgage Clause: Property insurance provisions granting protection for the mortgagee named in the policy. It establishes that loss to mortgaged property is payable to the insured and to the mortgagee named in the policy

Named Perils Coverage: A property insurance term referring to exact causes of loss specifically listed as covered

National Flood Insurance Program: A federally funded program established to make flood insurance available to properties located in participating communities
National Flood Insurance Program: A federally funded program established to make flood insurance available to properties located in participating communities

Nonadmitted Insurer: An insurance company that is not licensed to do business in a specific state. The insurers may write coverage through an excess and surplus lines broker that is licensed in these jurisdictions

Nonowned Automobile: In commercial auto policies, coverage for autos that are used in connection with the named insured's business but are neither owned, leased, hired, rented or borrowed by the named insured. The term specifically applies to vehicles owned by employees and used for company business

Nonsubscription: A Workers' Compensation term used in Texas that refers to employers who choose to be out of the workers' compensation system. Firms that are proven negligent in causing a worker's injury, can be held liable in tort, since nonsubscribing employers waive the traditional common law defenses available to employers subject to workers' compensation laws

Original Age: The age you were when you bought an insurance policy.

Other Insured Rider: The temporary addition to an insurance policy, usually a member of the direct family.

Ownership: All rights, benefits and privileges under life insurance policies are controlled by their owners. Policy owners may or may not be the insured. Ownership may be assigned or transferred by written request of current owner.

Occupational Hazard: A condition in the workplace that increases the chances of the accident, sickness, or death. It usually will mean higher premiums.

Occurrence: A continual, gradual or repeated exposure to substantially the same general harmful conditions. General liability policies insure liability for bodily injury or property damage that is caused by an occurrence

Package Policy: A policy providing several different coverages combined into one policy. Refers to a policy providing both general liability insurance and property insurance

Payroll Limitation: A limit on the amount of payroll for certain classifications used for the development of premium

Peril: Cause of loss such as fire, windstorm, collision, etc.

Personal Auto Policy (PAP): A policy insuring private-passenger autos owned by individuals

Personal Injury: A General Liability coverage for insurable offenses that cause harm, other than bodily injury, such as false arrest, detention or imprisonment, malicious prosecution, wrongful eviction, slander, libel and invasion of privacy

Personal Injury Protection (PIP): An automobile insurance coverage mandated by law in some states. The statutes typically require insurers to provide or offer to provide first-party benefits for medical expenses, loss of income, funeral expenses and similar expenses without regard to fault

Personal Property: All tangible property not classified as real property such as contents

Policy: The printed document given to the insured, outlining the terms and conditions of the Insurance coverage.

Policy Fee: A one-time charge per policy that does not change with the size of the premium

Policy Holder: The person who owns a life insurance policy. This is usually the insured person, but it may also be a relative of the insured, a partnership or a corporation.

Policy Period: The term or duration of a policy including the effective and expiration dates

Pollutant: An irritant or contaminant, whether in solid, liquid, or gaseous form, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste

Preferred Risk: A positive characteristic of someone seeking to be insured. Usually means a better likelihood for long life, and usually means a lower premium.

Premises: The location where coverage applies

Premises-Operations: A category of hazard ordinarily insured by a general liability policy which is composed of those exposures to loss that fall outside the defined 'products-completed operations hazard,' including liability for injury or damage arising out of the insured's premises or out of the insured's business operations while such operations are in progress

Premium: The agreed upon, payment made to keep an insurance policy in force, usually a monthly payment.

Premium Flexibility: The policy holder's right to vary the amount of premium paid each month.

Primary Beneficiary: In life insurance, the beneficiary designated by the insured as the first to receive policy benefits.

Primary Policy: The insurance policy that pays first when you have a loss that's covered by more than one policy.

Pro Rata Cancellation: The cancellation of an insurance policy with the return premium being the full proportion of premium for the unexpired term of the policy, without penalty for early cancellation

Product: Items manufactured, sold, handled, distributed or disposed of by the named insured or others involved with the named insured in the course of their business. Includes containers, parts and equipment, product warranties and provision of or failure to provide instructions and warnings

Product Liability: The liability for bodily injury or property damage a merchant or manufacturer may incur as a consequence of some defect in the product sold or manufactured

Products-Completed Operations: General Liability coverage for liability arising out of the insured's products or business operations conducted away from the insured's premises once those operations have been completed

Professional Liability: Coverage designed to protect professionals such as physicians and real estate brokers, against liability incurred as a result of errors and omissions in performing professional services

Property Damage: In the general liability policy, a physical injury to property, resulting in the loss of use

Property Insurance: First-party insurance for real and personal property against physical loss or damage

Provisions: Details of an insurance policy which explain the benefits, conditions and other features of the insurance contract.

Real Property: Real estate including buildings and vegetation

Re-entry Option: An option in a renewable term life policy under which the policy owner is guaranteed, at the end of the term, to be able to renew his or her coverage without evidence of insurability, at a premium rate specified in the policy.

Reinstatement: Putting a lapsed policy back in force by producing satisfactory evidence of insurability and paying any past-due premiums required.

Renewal Policy: A policy issued to replace an expiring policy

Rents or Rental Value Insurance: Insurance that reimburses a building owner for loss of rental income due to damage by an insured peril

Replacement: A new policy written to take the place of one currently in force.

Representation: Statements made by applicants on their applications for insurance that they represent as being substantially true to the best of their knowledge and belief but that are not warranted as exact in every detail.

Return Premium: The amount of premium due the insured should the actual cost of a policy be less than the insured previously paid

Rider: An attachment to a policy that modifies its conditions by expanding or restricting benefits or excluding certain conditions from coverage.

Risk: The chance of injury, damage, or loss.

Robbery: Theft of property while force is used or threatened

Secondary Beneficiary: An alternate beneficiary designated to receive payment, usually in the event the original beneficiary predeceases the insured.

Short-Term Cancellation: Cancellation of an insurance policy prior to the expiration date in which a penalty in the form of a less than full pro-rata premium refund is allowed

Single Premium Policy: A whole life policy for people who want to buy a policy for a one-time lump sum, and

then be covered for the rest of their lives without paying any additional premiums.

Special Causes of Loss Form: A cause of loss form providing coverage from all causes of loss unless specifically excluded or limited

Specified Causes of Loss Coverage: Auto physical damage coverage only for losses caused by the perils listed in the policy

Sprinkler Leakage Coverage: Coverage for property damage caused by the accidental discharge or leakage of water from automatic sprinkler systems or other fire prevention devices

Surplus Lines Insurance: Insurance written by insurers not licensed in the states where the risks are located and placed with such insurers under the surplus line laws of the various states. Before such placements can be made through specially licensed surplus line agents and brokers, state laws generally require evidence reported before some predetermined future date ('sunset')

Time Element Insurance: A term referring to property coverage for loss of earnings or income resulting from the inability to put damaged property to its normal use

Term Insurance: Protection during limited number of years; expiring without value if the insured survives the stated period, which may be one or more years but usually is five to twenty years, because such periods usually cover the needs for temporary protection.

Term: Period for which the policy runs. In life insurance, this is to the end of the term period for term insurance.

Third-Party Owner: A policy owner who is not the prospective insured. The policy owner and the insured may be, and often are the same person. If for example, you apply for and are issued an insurance policy on your life, then you are both the policy owner and the insured and may be known as the policy owner-insured. If, however, your mother applies for and is issued a policy on your life, then she is the policy owner and you are the insured.

Transit Coverage: Coverage on the insured's property while in transit from one location to another, over land

Umbrella Liability Policy: A policy designed to provide additional protection against catastrophic losses covered under liability policies, such as the business auto policy, commercial general liability policy, watercraft and aircraft liability policies and employers liability coverage. It provides excess limits when the limits of the underlying liability policies are used up by the payment of claims and it drops down and picks up where the underlying policy leaves off when the aggregate limit of the underlying policy in question is exhausted by the payment of claims. It also provides protection against some claims not covered by the underlying policies, subject to a self-insured retention

Underinsured Motorists Coverage: Provides coverage for bodily injury, and in some states property damage, for losses incurred by an insured when an accident is caused by a motorist who does not have sufficient insurance limits

Underlying Coverage: The insurance or coverage in place on the same risk that will respond to loss before the excess policy is called on to pay any portion of the claim

Underwriter: Company receiving premiums and accepting responsibility for fulfilling the policy contract. Also, company employee who decides whether the company should assume a particular risk; or the agent who sells the policy

Uninsurable Risk: A person who is not acceptable for insurance due to excessive risk.

Universal Life: An interest-sensitive life insurance policy that builds cash values. The premium payer has control over how the policy is structured. He has the flexibility to eliminate the premiums (essentially pay up the policy and pay no more premiums) or have the premiums continue for life. It is a matter of juggling three variables: the assumed interest rate, the cash value and the premium payment plan. The policy is interest-sensitive, and if interest rates change from the assumed interest, it will affect the other two variables. In the past, many Universal Life Policies were structured assuming a higher interest rate than was actually received; therefore, most of them have under performed. If you have a Universal Life Policy, you should have it evaluated to see if it needs to have the premiums adjusted to get it back on track. A fourth variable that has not been a factor but could be in the future, and the owner should be aware of, is the Mortality variable. Universal Life policies are usually structured assuming current mortality rates. The insurance companies reserve the right to change those rates.

Unearned Premium: That portion of the policy premium that represents the unexpired policy term

Uninsured Motorist Coverage: Provides coverage for bodily injury, and in some states property damage, for losses incurred by an insured when an accident is caused by a motorist who is not insured

Utility Service Interruption Coverage: Coverage for the loss to an insured due to lack of incoming electricity which was caused by damage from a covered cause of loss, such as a fire or windstorm, to property away from the insured's premises - usually the utility generating station. Also referred to as 'off-premises power coverage'

Vacancy Provision: Property insurance provision found in commercial property policies that restrict coverage in connection with buildings that have been vacant for a specified number of days, usually 60 days

Valuable Papers and Records Coverage : Coverage that pays the cost to reconstruct damaged or destroyed valuable papers and records and usually includes almost all forms of printed documents or records except money or securities; data processing programs, data and media are usually excluded

Waiver of Premium: Rider or provision included in most life insurance policies exempting the insured from paying premiums after he or she has been disabled for a specified period of time, usually six months.

Waiver of Subrogation: Also known as 'transfer of rights of recovery,' the relinquishment by an insurer of the right to collect from another party for damages paid on behalf of the insured

Whole Life Insurance: Life insurance that is kept in force for a person's whole life as long as the scheduled premiums are maintained. All Whole Life policies build up cash values. Most Whole Life policies are guaranteed as long as the scheduled premiums are maintained. The variable in a Whole life Policy is the dividend which could vary depending on how well the insurance is doing. If the company is doing well and the policies are not experiencing a higher mortality than projected, premiums are paid back to the policy holder in the form of dividends. Policyholders can use the cash from dividends in many ways. The three main uses are: it can be used to lower or vanish premiums, it can be used to purchase more insurance or it can be used to pay for term insurance.

Workers' Compensation: Protection which provides benefits to employees for injury or contracted disease arising out of and in the course of employment. Most states have laws which require such protection for workers and prescribe the length and amount of such benefits provided