

“THE TERMS”: AN EASY GUIDE TO INSURANCE JARGON AND RELATED LINGO

1. **Additional Insured** – A person or organization that receives the benefits of an insurance policy in addition to whoever initially purchased the policy
2. **Agent** – Insurance Professional that represents an insurance company that acts as liaison between insured and insurer (also known as a Producer)
3. **Aggregate** – The total amount of money that will be paid to an insured over the course of the policy, regardless of the number of claims
4. **All Risk/Perils Form (or Policy)** – Covers all risks except for those that are specifically excluded
5. **Broker** – Insurance Professional not affiliated with any one entity that seeks out insurance and performs other related tasks on behalf of the client (also known as a Producer)
6. **Captive Insurance** – Insurance companies established by a parent group with specific objective of covering the risks to which the parent (or parent's customers) is exposed. A kind of self-insurance
7. **Certificate of Insurance (COI)** – Not a formal part of a policy, acts as proof of insurance, indicates types, limits, coverage dates, etc.
8. **Claims-Made Form** – Responds to claims that are made during the policy period, though the triggering event may occur prior to the policy period (if there is a retroactive date on the policy)
9. **Conditions** – The duties of an insurer and insured in the event of a loss
10. **Declarations (Dec Pages)** – Executive summary of a policy. Most commonly referred to by insured
11. **Deductible** – The amount of a claim the insured is responsible for paying before the insurance policy is obligated
12. **Definitions** – Shows how words are used in policy with regards to exclusions and coverage
13. **Endorsements** – Amendments to a policy added after inception date that either restrict or broaden coverage
14. **Exclusions** – Lists perils that the policy does *not* cover
15. **Form** – Another term for policy or coverage contract
16. **Insurance** – Financial protection for organizations that transfers the financial hazard of risk to the insurance carrier in exchange for a premium
17. **Insured** – the person purchasing insurance, who will be covered under a policy in the event of a loss
18. **Insurer** – the entity providing insurance, who will pay out covered claims in the event of a loss
19. **Insuring Agreement** – The heart of the agreement – the insurance company's promise to pay in exchange for a premium
20. **Limit** – The most an insurance company will pay for any one covered claim (occurrence limit) or for the total number of claims in a policy period (aggregate limit)
21. **Monoline Policy** – A policy with a single line of coverage (e.g. a policy that is only written to cover Homeowner's insurance)
22. **Mutual Insurance Company** – A company owned entirely by its policyholders. Profits are rebated in the form of dividends or future premiums.
23. **Occurrence** – An accident or loss. An occurrence limit is the maximum carrier will pay for that one occurrence
24. **Occurrence Form** – Responds to events that occur during the policy

period, regardless of when the claim is made

- 25. Package Policy** – Multiple lines of coverage combined (e.g. Property, Auto, and Liability all in one policy)
- 26. Parties** – 1st party = insured, 2nd party = insurer, 3rd party = responsible for insured's loss or claim against insured (liability coverage involves 3rd parties)
- 27. Peril** – cause of loss, damage, injury
- 28. Pool/Pooling** – A group of entities with similar risks who share premiums and losses to spread risk and share resources that may be unavailable to them on their own. Self-insure manageable and predictable losses and purchase excess coverage for catastrophic claims
- 29. Retroactive Date (Retro Date)** – Date to which claims made coverage can be extended into the past to cover occurrences that may have taken place but have not yet been addressed
- 30. Self Insurance** – Payment and control of losses through one's own resources

31. Specific Perils – Only includes coverage for risks that are specifically listed, all others are excluded

32. Statement of Values (SOV) or Schedules – statement from insured attesting to the value of property to be covered under a policy. Lists individual items with specific limits such as buildings, vehicles, and equipment

33. Third-Party Administrator (TPA) – Organization that manages the administration of a pool on a contract basis. Provides services such as loss control, underwriting, risk management, etc.

34. Umbrella – A form of excess insurance intended to cover claims that exceed the limits of underlying policies in the event of a catastrophic claim

35. Underwriter (UW) – Evaluates and rates risks based on applications in order to determine if the company is willing to provide coverage to applicant, and at what premium

TYPES OF COVERAGE

- 1. Property (Business and Personal Property or Contents)** – Coverage for items used by a business or person for the production of income/personal items
- 2. Auto Liability & Auto Physical Damage** – Covers damage to another person from an accident insured caused/insurance that pays for damage to insured's vehicle
- 3. Crime or Employee Dishonesty** – covers money, securities, and other property against criminal acts such as employee theft robbery, forgery, extortion, and computer fraud
- 4. General Liability (GL)** – Coverage for bodily injury, property damage, and personal injury
- 5. Directors & Officers Liability (D&O)** – Reimbursement for legal costs involving third party claims against an organization's directors and officers
- 6. Wrongful Acts (WA)** – Coverage for acts or omissions related to mismanagement and workplace/employment practices claims
- 7. Professional Liability** – Coverage for negligence claims made by clients related to a professional service received
- 8. Special Events** – coverage for events or activities that fall outside the scope of an organizations regular day-to-day services
- 9. Data Compromise** – Coverage for losses due to data breaches. Can be combined with Cyber Liability
- 10. Volunteer Accident** – Coverage for occurrences involving volunteer injuries
- 11. Kidnap and Ransom** – coverage designed to protect individuals operating in high risk areas around the world.
- 12. UIM** – Underinsured Motorists coverage