

## Property and Casualty Insurance Terminology

### A

- **Accidental Death and Dismemberment (AD&D) Insurance:** Covers death or injury from accidents.
- **Act of God:** Natural events outside human control.
- **Actual Cash Value (ACV):** Property's value minus depreciation.
- **Additional Insured:** Others covered under a policy.
- **Additional Insured by Endorsement:** Additional parties added to policy.
- **Additional Living Expenses (ALE):** Extra costs during home unavailability.
- **Additional Named Insured:** Other insured entities on policy.
- **Additional Premium:** Extra charge for added coverage.
- **Adjuster:** Evaluates insurance claims professionally.
- **Adverse Selection:** High-risk individuals seeking more insurance.
- **Agent of Record:** Authorized insurance representative.
- **Aggregate Deductible:** Total deductible over a period.
- **Aggregate Excess of Loss Reinsurance:** Reinsurance for aggregate claim amounts.
- **Aggregate Limit:** Maximum payout in policy term.
- **Aggregate Limit of Liability:** Total liability cap in insurance.
- **Aggregate Policy Limit:** Cap on insurance policy payments.
- **Agreed Value Coverage:** Insurance based on agreed property value.

### B

- **Bailee's Customer Insurance:** Covers clients' property with bailee.
- **Binder:** Temporary insurance agreement.
- **Binder Letter:** Written temporary insurance coverage confirmation.
- **Bodily Injury Liability:** Covers injury to others.
- **Building Ordinance Coverage:** Covers building code upgrade costs.
- **Business Interruption Insurance:** Compensates for business income loss.
- **Business Owners Policy (BOP):** Combined property and liability insurance.

### C

- **Cancellation Clause:** Terms for policy termination.
- **Captive Insurance Company:** Subsidiary insurer for parent company.
- **Casualty Insurance:** Covers loss from accidents/liabilities.
- **Catastrophe Bond:** Risk-linked securities for catastrophe coverage.
- **Catastrophic Event:** Large-scale disaster causing significant loss.
- **Ceding Company:** Insurer transferring risk to reinsurer.
- **Certificate of Insurance:** Proof of insurance document.
- **Claim:** Request for insurance payment.
- **Claim Adjuster:** Assesses insurance claim validity.
- **Coinsurance Clause:** Shared risk between insurer and insured.
- **Co-Insurance Clause:** Same as Coinsurance Clause.
- **Coinsurance Penalty:** Penalty for underinsuring property.
- **Collateral Source:** Alternative compensation source for loss.
- **Collateral Source Rule:** Limits claimant compensation for injury.
- **Collision Coverage:** Covers vehicle damage from collisions.
- **Combined Ratio:** Measure of insurance company profitability.

- **Comprehensive Coverage:** Insurance for non-collision vehicle damage.
- **Concurrency Clause:** Aligns coverage terms in multiple policies.
- **Contingent Liability:** Liability depending on future events.
- **Coverage:** Protection extent by insurance policy.
- **Credit Insurance:** Insures against customer non-payment.
- **Cross-Purchase Agreement:** Agreement among shareholders for buy-sell.

## D

- **Data Breach Insurance:** Protects against data security breaches.
- **Debris Removal Coverage:** Covers cleanup after covered event.
- **Declarations:** Policy details page.
- **Declarations Page:** Document listing insurance policy details.
- **Declination:** Refusal to insure.
- **Deductible:** Amount paid before insurance coverage.
- **Deductible Carryforward:** Deductible amount carried to next period.
- **Deductible Carryover:** Same as Deductible Carryforward.
- **Deductible Waiver:** Clause eliminating deductible in certain cases.
- **Depreciation:** Reduction in item's value over time.
- **Dividend:** Insurer's return of premium portion.
- **Drive-Other-Car Endorsement:** Extends auto coverage to certain individuals.
- **Dwelling:** Residence covered by insurance.

## E

- **Employment Practices Liability Insurance (EPLI):** Covers wrongful employment practices claims.
- **Endorsement:** Policy modification or addition.
- **Enhanced Coverage:** Additional coverage beyond standard policy.
- **Errors and Omissions (E&O) Insurance:** Protects against professional errors/mistakes.
- **Excess and Surplus Lines Insurance:** For high-risk, unconventional insurance needs.
- **Excess Insurance:** Additional coverage beyond primary policy.
- **Exclusion:** Specific risks not covered.
- **Exclusion Clause:** Policy terms excluding certain coverages.
- **Face Amount:** Value of insurance policy.

## F-G-H

- **Facultative Certificate:** Document for facultative reinsurance agreement.
- **Facultative Reinsurance:** Single risk reinsurance.
- **Fair Access to Insurance Requirements (FAIR) Plan:** Insurance for high-risk properties.
- **Fire Insurance:** Covers loss/damage from fire.
- **First-Party Claim:** Claim by insured against their policy.
- **Floater:** Additional coverage for specific items.
- **Flood Insurance Rate Map (FIRM):** Maps used in flood insurance.
- **Force Majeure:** Unforeseeable events preventing contract fulfillment.
- **Force-Placed Insurance:** Imposed by lender for uninsured property.
- **Grace Period:** Timeframe for overdue premium payment.
- **Gross Negligence:** Severe carelessness or reckless behavior.
- **Guaranty Fund:** Protects policyholders from insurer bankruptcy.
- **Hard Market:** High demand, high premium market.

- **Hazard:** Condition increasing risk or danger.
- **Hazard Insurance:** Covers physical property damage.
- **Hazardous Activity Insurance:** Covers activities with higher risk levels.
- **Hazardous Materials Coverage:** Insurance for hazardous materials incidents.
- **Hired and Non-Owned Auto Coverage:** Covers business-used, non-owned vehicles.
- **Host Liquor Liability:** Liability for serving alcohol at events.

I

- **Impaired Insurer:** Financially unstable insurance company.
- **Inception Date:** Start date of insurance coverage.
- **Incurred But Not Reported (IBNR):** Claims occurred, not yet reported.
- **Incurred But Not Reported (IBNR) Reserves:** Reserves for IBNR claims.
- **Indemnification:** Compensation for loss or damage.
- **Indemnity:** Security against loss or damage.
- **Indemnity Bond:** Guarantees compensation for loss/damage.
- **Indemnity Clause:** Contractual agreement to cover losses.
- **Indirect Loss:** Secondary financial loss from insured event.
- **Insurable Interest:** Financial stake in insured item.
- **Insurance Pool:** Collective risk-sharing by insurers.
- **Insured:** Entity protected by insurance policy.
- **Insurer:** Company providing insurance coverage.

J

- **Jewelers Block Insurance:** Insurance for jewelers' inventory and equipment.
- **Joint and Several Liability:** Multiple parties liable for entire damage.
- **Joint Underwriting Association (JUA):** Pool of insurers sharing risk.

K

- **Key Person Insurance:** Coverage for vital business individuals.

L

- **Lapse:** Policy termination due to non-payment.
- **Liability Insurance:** Protects against legal liability costs.
- **Lienholder:** Entity with financial claim on property.
- **Liquidity Risk:** Risk of insufficient funds availability.
- **Liquor Liability Insurance:** Covers alcohol-related liability claims.

M-N

- **Malpractice Insurance:** Covers professionals against negligence claims.
- **Manuscript Endorsement:** Custom insurance policy amendment.
- **Manuscript Insurance:** Customized insurance policy.
- **Manuscript Policy:** Tailored policy for specific needs.
- **Monoline Policy:** Insurance covering a single risk.
- **Mortgage Insurance Premium (MIP):** Premium for mortgage insurance.
- **Mortgagee Clause:** Protects mortgagee's interest in property.

- **Named Driver Policy:** Auto insurance for specified drivers.
- **Named Insured:** Main insured entity on policy.
- **Named Perils:** Specific risks covered in policy.
- **Named Storm:** Designated storm for insurance purposes.
- **No-Fault Insurance:** Covers own damages, regardless of fault.
- **Non-Admitted Insurer:** Not licensed in given jurisdiction.
- **Non-Cancellable Policy:** Cannot be canceled by insurer.
- **Non-Renewal:** Not renewing an insurance policy.

## O

- **Occurrence:** Event causing insurance claim.
- **Occurrence Policy:** Covers claims from policy period events.
- **Occurrence Reporting Form:** Document for reporting occurrences.
- **Occurrence-Based Coverage:** Insurance for incidents during policy period.
- **Ocean Marine Insurance:** Covers sea transport risks.
- **Open Perils:** Covers all risks unless excluded.
- **Open Policy:** Flexible, ongoing insurance coverage.
- **Overinsurance:** Excessive insurance coverage.

## P

- **Payroll Deduction Plan:** Premium payment via payroll deduction.
- **Per Occurrence Deductible:** Deductible for each separate incident.
- **Per Occurrence Limit:** Maximum payout per incident.
- **Peril:** Specific risk or cause of loss.
- **Peril Insurance:** Covers specific perils.
- **Period of Restoration:** Time for business recovery post-loss.
- **Personal Articles Floater:** Insurance for valuable personal items.
- **Personal Umbrella Policy (PUP):** Extra liability coverage.
- **Policy:** Contract between insurer and insured.
- **Policy Endorsement:** Change to insurance policy.
- **Policyholder:** Person owning the insurance policy.
- **Policyholder Surplus:** Insurer's financial cushion.
- **Policyholder's Duties:** Responsibilities of the insured.
- **Premium:** Payment for insurance coverage.
- **Premium Credit:** Discount on insurance premium.
- **Premium Financing:** Loan for paying insurance premiums.
- **Premium Rate:** Cost of insurance per unit coverage.

## Q

- **Quota Share Reinsurance:** Shared risk and premiums with reinsurer.
- **Quota Share Treaty:** Agreement dividing risk among insurers.
- **Quotation:** Estimated insurance policy cost.
- **Quote:** Same as Quotation.

## R

- **Rate Class:** Risk category for insurance premiums.

- **Reinstatement:** Restoring lapsed insurance policy.
- **Reinsurance:** Transferring risk from one insurer to another.
- **Reinsurance Pool:** Collective risk-sharing by reinsurers.
- **Reinsurance Treaty:** Agreement between primary insurer and reinsurer.
- **Replacement Cost:** Cost to replace property new.
- **Replacement Cost Value (RCV):** Full cost to replace damaged property.
- **Rescission:** Canceling insurance policy retroactively.
- **Retrocession:** Reinsurer passing risk to another reinsurer.
- **Risk:** Potential for loss or damage.
- **Risk Assessment:** Evaluating potential risks.
- **Risk Management:** Identifying and mitigating risks.

## S

- **Salvage:** Recovered property after a loss.
- **Salvage Value:** Estimated value of salvaged property.
- **Self-Insured:** Retaining own risk instead of insuring.
- **Self-Insured Retention (SIR):** Amount paid by self-insured entity.
- **Special Hazard Insurance:** Coverage for specific high-risk situations.
- **Special Risk Insurance:** Insurance for unusual or high risks.
- **Stop-Loss Insurance:** Protects against high claims.
- **Sublimit:** Limit within overall policy limit.
- **Sublimit Endorsement:** Amendment specifying sublimit in policy.
- **Subrogation:** Insurer's right to pursue third-party recoveries.
- **Subrogation Clause:** Terms for insurer's recovery rights.
- **Surety Bond:** Guarantees performance or payment.
- **Surplus Line Broker:** Brokers non-standard insurance policies.
- **Surplus Lines Insurance:** Insurance for risks not covered by traditional insurers.

## T

- **Temporary Living Expenses:** Covers living costs during home repair.
- **Tenants Insurance:** Insurance for renters.
- **Third-Party Administrator (TPA):** Manages insurance claims and administration.
- **Third-Party Claim:** Claim against another's insurance policy.
- **Third-Party Liability Insurance:** Covers liability to others.
- **Title Defect:** Issue with property title.
- **Title Insurance:** Insurance against title defects.
- **Total Loss:** Damage exceeding property's value.
- **Umbrella Insurance:** Additional liability coverage.
- **Umbrella Liability Insurance:** Extra liability protection.
- **Umbrella Liability Policy:** Broad liability coverage beyond standard limits.

## U

- **Underinsured Motorist:** Coverage for inadequately insured drivers.
- **Underinsured Motorist Coverage:** Protects against underinsured drivers.
- **Underlying Insurance:** Primary insurance before excess coverage.
- **Underlying Policy:** Basic policy beneath excess insurance.
- **Underwriter's Report:** Assessment for insurance underwriting.
- **Underwriting:** Evaluating and pricing insurance risk.

- **Underwriting Guidelines:** Criteria for insurance risk assessment.
- **Underwriting Manual:** Reference for underwriting policies.
- **Underwriting Profit:** Profit from underwriting activities.
- **Unearned Premium:** Premium for future coverage.
- **Uninsured Motorist Coverage:** Covers incidents with uninsured drivers.

#### V-W

- **Vacancy Clause:** Terms for insuring vacant property.
- **Vacancy Permit:** Authorization for insuring vacant property.
- **Valuable Papers and Records Coverage:** Insurance for important documents.
- **Value Reporting Form:** Document for reporting property values.
- **Valued Policy:** Policy with agreed-upon property value.
- **Vandalism and Malicious Mischief Insurance:** Covers property damage from vandalism.
- **Voluntary Compensation Insurance:** Optional worker's compensation coverage.
- **Waiver of Premium:** Exemption from paying insurance premium.
- **Waiver of Subrogation:** Relinquishes insurer's right to recovery.
- **Windstorm Insurance:** Insurance for wind-related damages.
- **Workers' Compensation:** Coverage for injured employees.
- **Workers' Compensation Exclusion:** Excludes worker's comp from policy.
- **Wrap-Up Insurance:** Comprehensive policy for large projects.