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Chapter 1 : What is insurance? definition and meaning - calendrierdelascience.com

Insurance definition, the act, system, or business of insuring property, life, one's person, etc., against loss or harm arising in specified contingencies, as fire, accident, death, disablement, or the like, in consideration of a payment proportionate to the risk involved.

Early methods[edit] Merchants have sought methods to minimize risks since early times. Methods for transferring or distributing risk were practiced by Chinese and Babylonian traders as long ago as the 3rd and 2nd millennia BC, respectively. The Babylonians developed a system which was recorded in the famous Code of Hammurabi , c. This allowed groups of merchants to pay to insure their goods being shipped together. The collected premiums would be used to reimburse any merchant whose goods were jettisoned during transport, whether due to storm or sinkage. The first known insurance contract dates from Genoa in , and in the next century maritime insurance developed widely and premiums were intuitively varied with risks. Insurance became far more sophisticated in Enlightenment era Europe , and specialized varieties developed. Property insurance as we know it today can be traced to the Great Fire of London , which in devoured more than 13, houses. Initially, 5, homes were insured by his Insurance Office. In the late s, Edward Lloyd opened a coffee house , which became the meeting place for parties in the shipping industry wishing to insure cargoes and ships, and those willing to underwrite such ventures. By the late 19th century governments began to initiate national insurance programs against sickness and old age. Germany built on a tradition of welfare programs in Prussia and Saxony that began as early as in the s. This gave the British working classes the first contributory system of insurance against illness and unemployment. The insured entities are therefore protected from risk for a fee, with the fee being dependent upon the frequency and severity of the event occurring. In order to be an insurable risk , the risk insured against must meet certain characteristics. Insurance as a financial intermediary is a commercial enterprise and a major part of the financial services industry, but individual entities can also self-insure through saving money for possible future losses. Insurability Risk which can be insured by private companies typically shares seven common characteristics: Since insurance operates through pooling resources, the majority of insurance policies are provided for individual members of large classes, allowing insurers to benefit from the law of large numbers in which predicted losses are similar to the actual losses. However, all exposures will have particular differences, which may lead to different premium rates. The loss takes place at a known time, in a known place, and from a known cause. The classic example is death of an insured person on a life insurance policy. Fire , automobile accidents , and worker injuries may all easily meet this criterion. Other types of losses may only be definite in theory. Occupational disease , for instance, may involve prolonged exposure to injurious conditions where no specific time, place, or cause is identifiable. Ideally, the time, place, and cause of a loss should be clear enough that a reasonable person, with sufficient information, could objectively verify all three elements. The event that constitutes the trigger of a claim should be fortuitous, or at least outside the control of the beneficiary of the insurance. The loss should be pure, in the sense that it results from an event for which there is only the opportunity for cost. Events that contain speculative elements such as ordinary business risks or even purchasing a lottery ticket are generally not considered insurable. The size of the loss must be meaningful from the perspective of the insured. Insurance premiums need to cover both the expected cost of losses, plus the cost of issuing and administering the policy, adjusting losses, and supplying the capital needed to reasonably assure that the insurer will be able to pay claims. For small losses, these latter costs may be several times the size of the expected cost of losses. There is hardly any point in paying such costs unless the protection offered has real value to a buyer. If the likelihood of an insured event is so high, or the cost of the event so large, that the resulting premium is large relative to the amount of protection offered, then it is not likely that the insurance will be purchased, even if on offer. Furthermore, as the accounting profession formally recognizes in financial accounting standards, the premium cannot be so large that there is not a reasonable chance of a significant loss to the insurer. If there is no such chance of loss, then the transaction may have the form of insurance, but not the substance see the U. Financial Accounting Standards Board pronouncement number There are two elements that must be at least estimable, if not formally calculable: Probability of loss is generally an empirical exercise, while cost has more to do with the ability of a reasonable person in possession of a copy of the insurance policy and a proof of loss associated with a claim presented under that policy to make a reasonably definite and objective evaluation of the amount of the loss recoverable as a result of the claim. Limited risk of catastrophically large losses: Insurable losses are ideally independent and non-catastrophic, meaning that the losses do not happen all at once and individual losses are not severe enough to bankrupt the insurer; insurers may prefer to limit their exposure to a loss from a single event to some small portion of their capital base. In the United States, flood risk is insured by the federal government. Such properties are generally shared among several insurers, or are insured by a single insurer who syndicates the risk into the reinsurance market. Legal[edit] When a company insures an individual entity, there are basic legal requirements and regulations. Several commonly cited legal principles of insurance include: Benefit insurance â€" as it is stated in the study books of The Chartered Insurance Institute, the insurance company does not have the right of recovery from the party who caused the injury and is to compensate the Insured regardless of the fact that Insured had already sued the negligent party for the damages for example, personal accident insurance Insurable interest â€" the insured typically must directly suffer from the loss. Insurable interest must exist whether property insurance or insurance on a person is involved. The concept requires that the insured have a "stake" in the loss or damage to the life or property insured. What that "stake" is will be determined by the kind of insurance involved and the nature of the property ownership or relationship between the persons. The requirement of an insurable interest is what distinguishes insurance from gambling. Utmost good faith â€" Uberrima fides the insured and the insurer are bound by a good faith bond of honesty and fairness. Material facts must be disclosed. Contribution â€" insurers which have similar obligations to the insured contribute in the indemnification, according to some method. The Insurers can waive their subrogation rights by using the special clauses. Causa proxima, or proximate cause â€" the cause of loss the peril must be covered under the insuring agreement of the policy, and the dominant cause must not be excluded Mitigation â€" In case of any loss or casualty, the asset owner must attempt to keep loss to a minimum, as if the asset was not insured. Indemnity To "indemnify" means to make whole again, or to be reinstated to the position that one was in, to the extent possible, prior to the happening of a specified event or peril. Accordingly, life insurance is generally not considered to be indemnity insurance, but rather "contingent" insurance i. There are generally three types of insurance contracts that seek to indemnify an insured: If the Insured has a "reimbursement" policy, the insured can be required to pay for a loss and then be "reimbursed" by the insurance carrier for the loss and out of pocket costs including, with the permission of the insurer, claim expenses. Most modern liability insurance is written on the basis of "pay on behalf" language which enables the insurance carrier to manage and control the claim. Under an "indemnification" policy, the insurance carrier can generally either "reimburse" or "pay on behalf of", whichever is more beneficial to it and the insured in the claim handling process. An entity seeking to transfer risk an individual, corporation, or association of any type, etc. Generally, an insurance contract includes, at a minimum, the following elements: An insured is thus said to be " indemnified " against the loss covered in the policy. When insured parties experience a loss for a specified peril, the coverage entitles the policyholder to make a claim against the insurer for the covered amount of loss as specified by the policy. The fee paid by the insured to the insurer for assuming the risk is called the premium. Insurance premiums from many insureds are used to fund accounts reserved for later payment of claims â€" in theory for a relatively few claimants â€" and for overhead costs. Social effects[edit] Insurance can have various effects on society through the way that it changes who bears the cost of losses and damage. On one hand it can increase fraud; on the other it can help societies and individuals prepare for catastrophes and mitigate the effects of catastrophes on both households and societies. Insurance can influence the probability of losses through moral hazard , insurance fraud , and preventive steps by the insurance company. Insurance scholars have typically used moral hazard to refer to the increased loss due to unintentional carelessness and insurance fraud to refer to increased risk due to intentional carelessness or indifference. While in theory insurers could encourage investment in loss reduction, some commentators have argued that in practice insurers had historically not aggressively pursued loss control measuresâ€"particularly to prevent disaster losses such as hurricanesâ€"because of concerns over rate reductions and legal battles. However, since about insurers have begun to take a more active role in loss mitigation, such as through building codes. Watson, is a slapstick silent film about the methods and mishaps of an insurance broker. Underwriting and investing[edit] The business model is to collect more in premium and investment income than is paid out in losses, and to also offer a competitive price which consumers will accept. Profit can be reduced to a simple equation: Insurers make money in two ways: Through underwriting , the process by which insurers select the risks to insure and decide how much in premiums to charge for accepting those risks By investing the premiums they collect from insured parties The most complicated aspect of the insurance business is the actuarial science of ratemaking price-setting of policies, which uses statistics and probability to approximate the rate of future claims based on a given risk. After producing rates, the insurer will use discretion to reject or accept risks through the underwriting process. At the most basic level, initial ratemaking involves looking at the frequency and severity of insured perils and the expected average payout resulting from these perils. Thereafter an insurance company will collect historical loss data, bring the loss data to present value , and compare these prior losses to the premium collected in order to assess rate adequacy. Rating for different risk characteristics involves at the most basic level comparing the losses with "loss relativities"â€”a policy with twice as many losses would therefore be charged twice as much. More complex multivariate analyses are sometimes used when multiple characteristics are involved and a univariate analysis could produce confounded results. Other statistical methods may be used in assessing the probability of future losses. Insurance companies earn investment profits on "float". Float, or available reserve, is the amount of money on hand at any given moment that an insurer has collected in insurance premiums but has not paid out in claims. Insurers start investing insurance premiums as soon as they are collected and continue to earn interest or other income on them until claims are paid out. Some insurance industry insiders, most notably Hank Greenberg , do not believe that it is forever possible to sustain a profit from float without an underwriting profit as well, but this opinion is not universally held. Naturally, the float method is difficult to carry out in an economically depressed period. Bear markets do cause insurers to shift away from investments and to toughen up their underwriting standards, so a poor economy generally means high insurance premiums. This tendency to swing between profitable and unprofitable periods over time is commonly known as the underwriting, or insurance, cycle. Claims may be filed by insureds directly with the insurer or through brokers or agents. The insurer may require that the claim be filed on its own proprietary forms, or may accept claims on a standard industry form, such as those produced by ACORD. Insurance company claims departments employ a large number of claims adjusters supported by a staff of records management and data entry clerks. Incoming claims are classified based on severity and are assigned to adjusters whose settlement authority varies with their knowledge and experience. The adjuster undertakes an investigation of each claim, usually in close cooperation with the insured, determines if coverage is available under the terms of the insurance contract, and if so, the reasonable monetary value of the claim, and authorizes payment. The policyholder may hire their own public adjuster to negotiate the settlement with the insurance company on their behalf. For policies that are complicated, where claims may be complex, the insured may take out a separate insurance policy add-on, called loss recovery insurance, which covers the cost of a public adjuster in the case of a claim. Adjusting liability insurance claims is particularly difficult because there is a third party involved, the plaintiff , who is under no contractual obligation to cooperate with the insurer and may in fact regard the insurer as a deep pocket. The adjuster must obtain legal counsel for the insured either inside "house" counsel or outside "panel" counsel , monitor litigation that may take years to complete, and appear in person or over the telephone with settlement authority at a mandatory settlement conference when requested by the judge.

Chapter 2 : Coinsurance | Define Coinsurance at calendrierdelascience.com

a. the act, system, or business of providing financial protection for property, life, health, etc, against specified contingencies, such as death, loss, or damage, and involving payment of regular premiums in return for a policy guaranteeing such protection.

Terminating an insurance contract before the specified end-date listed in the policy. Claim Request by a policyholder or third party from an insurance company for compensation of losses covered by insurance. Claimant A person requesting an amount for covered losses from the insurer. Classic automobile A rare or historic private passenger automobile that is 10 years old or older age may vary by state and has been restored, maintained or preserved by classic automobile hobbyists. These types of cars are covered by classic car insurance. Classic car insurance A type of automobile insurance designed to provide specialized coverage for classic and antique vehicles that meet certain qualifications. Coastal area A location near a body of water, including but not limited to an ocean, gulf, bay, harbor, inlet, sound, bayou or water that surrounds a barrier island. Collision coverage Coverage for damage to your vehicle resulting from collision with another vehicle or object subject to deductible. Comprehensive coverage also known as Other than Collision Coverage Coverage for damage to your vehicle not caused by collision or upset subject to deductible. Examples may include theft, vandalism, weather events and contact with animals. Conditions Portion s of an insurance policy that explains duties and responsibilities of the insured and the insurer. Construction type Refers to the construction of a building, such as your residence. For example, frame or masonry. Continuous insurance When a policyholder has been insured by one or more insurance companies, without any lapse in coverage, for a specified period of time. Credit based insurance score A number representing the likelihood of loss, assigned to insurance applicants, based on credit history. Like most insurers, Nationwide uses a credit-based insurance score to predict insurance losses. By taking this into account, Nationwide can provide a more appropriate rate for each customer. About half of our existing customers receive a rate decrease based on their good credit scores. This coverage also applies to forged checks and counterfeit money, but does not provide identity theft coverage. Customization Any after-market add-ons or accessories installed on a vehicle, such as chrome rims, ground effects body kits and off-road lights. Customization does not include engine performance accessories or modifications. D Back to Top Declarations page A page in your policy â€” usually the front page â€" with basic information that identifies the policyholder, the property or vehicles covered, the coverages and the premium amounts. Deductible The amount a policyholder agrees to pay before the insurance company covers a loss. In addition to the standard deductible, there can be different deductibles for different types of losses such as wind, hail, hurricane, earthquake, all-peril, collision and comprehensive. Depreciation A decrease in the value of property due to wear, age or other cause. Dwelling fire policy Coverage offered for property that is, at least partially, rented out to others. It is designed to protect against unforeseen increases in the cost of repairs. E Back to Top Endorsement A statement added to an insurance policy that alters, deletes or adds coverage, terms or provisions of the policy. Both forms are official documents showing proof of financial responsibility, but use different titles based on your state of residence. Gated community A housing community with controlled entry access. H Back to Top Hagerty Industry leader in classic car insurance that Nationwide has partnered with to provide premier coverage for classic, vintage and antique vehicles. Hazard A condition that creates or increases the chance that a loss will occur. For example, a wood-burning stove may increase the chance of a loss from a fire. Special terms, conditions and deductibles may apply in certain states. I Back to Top Identity theft coverage Identity theft coverage pays for expenses as a direct result of any identity theft or fraud discovered during the policy period. Indemnification The act of compensating for a loss. Insurable interest A consideration of value that is insured under a policy. Insurable interest must be present in order for an insurance contract to be legal and valid. Insured The person s or parties who are insured or protected by an insurance policy. Insurer The company that provides insurance coverage and services on a policy. K Back to Top Kit Car A type of automobile that is typically sold and made up of separate components that are assembled by the buyer. Kit cars usually require specialized car insurance.

Chapter 3 : Insurance - Wikipedia

Glossary of Insurance Terms. This page provides a glossary of insurance terms and definitions that are commonly used in the insurance business. New terms will be added to the glossary over time.

Acceleration Clause The part of a contract that says when a loan may be declared due and payable. Accidental Death Benefit In a life insurance policy, benefit in addition to the death benefit paid to the beneficiary, should death occur due to an accident. There can be certain exclusions, as well as time and age limits. Active Participant Person whose absence from a planned event would trigger a benefit if the event needs to be canceled or postponed. Activities of Daily Living Bathing, preparing and eating meals, moving from room to room, getting into and out of beds or chairs, dressing, using a toilet. Actual Cash Value Cost of replacing damaged or destroyed property with comparable new property, minus depreciation and obsolescence. For example, a year-old sofa will not be replaced at current full value because of a decade of depreciation. Adjustable Rate An interest rate that changes, based on a published market-rate index. Annual Administrative Fee Charge for expenses associated with administering a group employee benefit plan. Annual Crediting Cap The maximum rate that the equity-indexed annuity can be credited in a year. Annuitization Process by which you convert part or all of the money in a qualified retirement plan or non-qualified annuity contract into a stream of regular income payments, either for your lifetime or the lifetimes of you and your joint annuitant. Annuitization Options Choices in the way to annuitize. For example, life with a year period certain means payouts will last a lifetime, but should the annuitant die during the first 10 years, the payments will continue to beneficiaries through the 10th year. Selection of such an option reduces the amount of the periodic payment. Automobile Liability Insurance Coverage if an insured is legally liable for bodily injury or property damage caused by an automobile. Benefit Period In health insurance, the number of days for which benefits are paid to the named insured and his or her dependents. For example, the number of days that benefits are calculated for a calendar year consist of the days beginning on Jan. Case Management A system of coordinating medical services to treat a patient, improve care and reduce cost. A case manager coordinates health care delivery for patients. Catch-Up Contributions Additional money you can contribute to a Health Savings Account if you have reached the age of 55 before the end of a taxable year. Coinsurance In property insurance, requires the policyholder to carry insurance equal to a specified percentage of the value of property to receive full payment on a loss. For health insurance, it is a percentage of each claim above the deductible paid by the policyholder. Commission Fee paid to an agent or insurance salesperson as a percentage of the policy premium. The percentage varies widely depending on coverage, the insurer and the marketing methods. Common Carrier A business or agency that is available to the public for transportation of persons, goods or messages. Common carriers include trucking companies, bus lines and airlines. Comprehensive Insurance Auto insurance coverage providing protection in the event of physical damage other than collision or theft of the insured car. For example, fire damage or a cracked windshield would be covered under the comprehensive section. Congenital and Hereditary Disorders Disorders present at birth congenital or passed on from parent to offspring hereditary. Some pet insurance covers these disorders, which are likely to be first noticed when the pet is young. The individual cannot be denied coverage or charged an additional premium for any health problems. Copayment A predetermined, flat fee an individual pays for health-care services, in addition to what insurance covers. Copayments are not usually specified by percentages. Coverage Area The geographic region covered by travel insurance. Creditable Coverage Term means that benefits provided by other drug plans are at least as good as those provided by the new Medicare Part D program. This may be important to people eligible for Medicare Part D but who do not sign up at their first opportunity because if the other plans provide creditable coverage, plan members can later convert to Medicare Part D without paying higher premiums than those in effect during their open enrollment period. Death Benefit The limit of insurance or the amount of benefit that will be paid in the event of the death of the covered person. Deductible Amount of loss that the insured pays before the insurance kicks in. Disease Management A system of coordinated health-care interventions and communications for patients with certain illnesses. Elimination Period The time which must pass after filing a claim before policyholder can collect insurance benefits. Also known as "waiting period. Extended Replacement Cost This option extends replacement cost loss settlement to personal property and to outdoor antennas, carpeting, domestic appliances, cloth awnings, and outdoor equipment, subject to limitations on certain kinds of personal property; includes inflation protection coverage. Financing Entity Provides money for purchases. Floater A separate policy available to cover the value of goods beyond the coverage of a standard renters insurance policy including movable property such as jewelry or sports equipment. Future Purchase Option Life and health insurance provisions that guarantee the insured the right to buy additional coverage without proving insurability. Also known as "guaranteed insurability option. Thus, buyers are subject to credit-risk exposure to the insurance company, which is low but not zero. Grace Period The length of time usually 31 days after a premium is due and unpaid during which the policy, including all riders, remains in force. If a premium is paid during the grace period, the premium is considered to have been paid on time. In Universal Life policies, it typically provides for coverage to remain in force for 60 days following the date cash value becomes insufficient to support the payment of monthly insurance costs. Guaranteed Renewable A policy provision in many products which guarantees the policyowner the right to renew coverage at every policy anniversary date. The company does not have the right to cancel coverage except for non-payment of premiums by the policyowner; however, the company can raise rates if they choose. Guaranty Association An organization of life insurance companies within a state responsible for covering the financial obligations of a member company that becomes insolvent. Hazardous Activity Bungee jumping, scuba diving, horse riding and other activities not generally covered by standard insurance policies. For insurers that do provide cover for such activities, it is unlikely they will cover liability and personal accident, which should be provided by the company hosting the activity. Health Maintenance Organization HMO Managed health-care plan that provides medical care to its members through a network of participating health-care providers. Health Reimbursement Arrangement An IRS-approved tax-advantaged benefit that reimburses employees for medical care expenses not covered by the employer-sponsored health plan. It is funded exclusively by the employer. Qualified expenses are paid tax-free. Health Savings Account Plan that allows you to contribute pre-tax money to be used for qualified medical expenses. HSAs, which are portable, must be linked to a high-deductible health insurance policy. Hurricane Deductible Amount you must pay out-of-pocket before hurricane insurance will kick in. Many insurers in hurricane-prone states are selling homeowners insurance policies with percentage deductibles for storm damage, instead of the traditional dollar deductibles used for claims such as fire and theft. Indemnity Restoration to the victim of a loss by payment, repair or replacement. Insurable Interest Interest in property such that loss or destruction of the property could cause a financial loss. Interest-Crediting Methods There are at least 35 interest-crediting methods that insurers use. They usually involve some combination of point-to-point, annual reset, yield spread, averaging, or high water mark. Laddering Purchasing bond investments that mature at different time intervals. Least Expensive Alternative Treatment The amount an insurance company will pay based on its determination of cost for a particular procedure. Lifetime Reserve Days Sixty additional days Medicare pays for when you are hospitalized for more than 90 days in a benefit period. These days can only be used once during your lifetime. For each lifetime reserve day, Medicare pays all covered costs except for a daily coinsurance amount. Living Benefits This feature allows you, under certain circumstances, to receive the proceeds of your life insurance policy before you die. Such circumstances include terminal or catastrophic illness, the need for long-term care, or confinement to a nursing home. Also known as "accelerated death benefits. Noncancellable Contract terms including costs can never be changed. Own Occupation Insurance contract provision that allows policyholders to collect benefits if they can no longer work in their own occupation. Participation Rate In equity-indexed annuities, a participation rate determines how much of the gain in the index will be credited to the annuity. Period Certain When annuitizing a deferred annuity, or when buying an immediate annuity, it is one of several options that define how you want to take your stream of income payments. Period certain means you choose to take them for a special time rather than over your lifetime. Personal Injury Protection Pays basic expenses for an insured and his or her family in states with no-fault auto insurance. No-fault laws generally require drivers to carry both liability insurance and personal injury protection coverage to pay for basic needs of the insured, such as medical expenses, in the event of an accident. Point-of-Service Plan Health insurance policy that allows the employee to choose between in-network and out-of-network care each time medical treatment is needed. Policy or Sales Illustration Material used by an agent and insurer to show how a policy may perform under a variety of conditions and over a number of years. Pre-Existing Condition A coverage limitation included in many health policies which states that certain physical or mental conditions, either previously diagnosed or which would normally be expected to require treatment prior to issue, will not be covered under the new policy for a specified period of time. Preferred Provider Organization Network of medical providers which charge on a fee-for-service basis, but are paid on a negotiated, discounted fee schedule. Qualified High-Deductible Health Plan A health plan with lower premiums that covers health-care expenses only after the insured has paid each year a large amount out of pocket or from another source. High-deductible plans are also known as catastrophic plans. Qualified Higher Education Expenses Expenses for which money in plans may be used tax-free. Generally, these are tuition, room and board, mandatory fees, and books and computers, if required. Pre-paid plans cover tuition and mandatory fees only, though some provide options. When a plan is approved, contributions made by the employer are tax deductible expenses. Re-Entry Re-entry, which is the allowance for level-premium term policyowners to qualify for another level-premium period, generally with new evidence of insurability. Replacement Cost The dollar amount needed to replace damaged personal property or dwelling property without deducting for depreciation but limited by the maximum dollar amount shown on the declarations page of the policy. Residual Benefit In disability insurance, a benefit paid when you suffer a loss of income due to a covered disability or if loss of income persists. This benefit is based on a formula specified in your policy and it is generally a percentage of the full benefit. It may be paid up to the maximum benefit period. Risk Class Risk class, in insurance underwriting, is a grouping of insureds with a similar level of risk. Typical underwriting classifications are preferred, standard and substandard, smoking and non-smoking, male and female.

Chapter 4 : Insure | Definition of Insure by Merriam-Webster

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A Actual Cash Value Fair market value of an item at the time it was damaged, stolen or destroyed. Adjuster Individual employed by an insurance company to settle claims brought by policyholders or claimants. The adjuster evaluates each claim and then makes payment based on the coverage available in its policy contract. Appraisal A professional, formal, written estimation of the value of property. Damage appraisals may be completed by an insurance adjuster or vehicle repair specialist. Assigned Risk Plan State-managed auto insurance plan for individuals who cannot obtain conventional liability coverage because of their poor driving records. These drivers are placed in a residual market with insurance companies assigned to write policies for them at higher prices. Assigned risk plans also exist for health insurance. Attach To seize property or assets, or to obtain a legal writ granting the right to seize the property or assets. This usually occurs when an individual has outstanding debt, is financially unable to pay the debt in cash, and has assets of sufficient value to cover the amount of the debt. Covered losses generally include medical expenses, pain and suffering, and lost income. C Carrier Insurance company that actually underwrites and issues the insurance policy. The term refers to the fact that the company carries or assumes certain risks for the policyholder. Casualty Liability or loss resulting from an accident. Claim Request by an insured for the insurance company to cover an incurred loss. A claim may be filed online, by phone or in writing. Claimant One who submits a claim for an incurred loss. Collateral Asset pledged to a lender until a loan is repaid. If the borrower defaults, the lender has the legal right to seize the collateral and sell it to pay off the loan. Comprehensive and Collision coverages are required by lenders when a car is the collateral for a loan. Community Property Marital property as defined by state law under which spouses own equal interests in property acquired during a marriage. This does not include property brought to the marriage or acquired by gift or inheritance. Bureau of Labor Statistics in the Department of Labor. This index is widely used as a cost-of-living benchmark to adjust Social Security payments and other payment schedules. The cost of insurance is part of the CPI. Coverage Forms Attachments to an insurance policy to complete the coverage provided by the policy. Also know as endorsement forms. D Declarations Page The section of an insurance contract containing such information as the name, description, and location of insured property; the name and address of the policholders; the period for which the policy is in force; premiums payable; and the amount of coverage. Also know as a "dec page" or "dec sheet. Many states have specific rules that prohbit declination for poor credit or other factors that may be infairly discriminatory. Deductible The amount that must be paid out of pocket by the insured for covered losses before the insurance company pays a claim. Deposit Premium The premium deposit paid by a prospective policyholder when an application is made for an insurance policy. Depreciation In auto insurance, depreciation is used to determine the actual cash value of a vehicle, in the event it is determined to be a total loss. Factors such as miles driven, model year and overall condition will be used to determine the current value of the car. Dollar Threshold In certain states with no-fault auto insurance, the dollar threshold prevents individuals from suing to recover for pain and suffering unless their medical expenses exceed a specified dollar amount, called the threshold. Driver Education Credit Discount on auto insurance premiums for which young drivers become eligible upon completion of a driver education course. Available in certain states. E Endorsement A written agreement attached to an insurance policy to add or subtract coverage. Once attached, the endorsement takes precedence over the original terms of the policy. Exclusions Items that are specifically denied coverage under the terms of an insurance policy. Extended Coverage An endorsement added to an insurance policy, or a clause included in the policy, to provide additional coverage for risks other than those covered under the basic policy provisions. F Fair Market Value The price at which property would change hands between a willing buyer and a willing seller, where both parties have reasonable knowledge of the relevant facts and neither party is under any compulsion to buy or sell. In most states, proof of insurance takes the form of a minimum amount of automobile liability insurance, but some states permit self-insurance or a financial responsibility bond. Free Look Period An insurer may cancel an auto insurance policy for any reason during the Free Look Period, which is usually the first 30 days of the policy. The exact number of days varies by state. G Grace Period Some auto insurance policies have a grace period that allows customers to make a payment after the due date. But, many companies will not accept a payment after the date shown on a cancellation notice. According to this principle, the objective of insurance is to restore the insured to the same financial position after a loss that he or she was in prior to the loss. L Lapse The expiration of a right or privilege when one party does not live up to its obligations during the time allowed. A lapse in auto insurance coverage may result in paying higher premiums for a new policy, because insurers have determined that drivers who maintain continuous coverage are less likely to make an insurance claim that those who let a policy lapse. Liability insurance Coverage for sums that an insured becomes legally obligated to pay because of bodily injuries or property damage, or financial losses caused to other people. M Medical Payments Coverage Part of a standard auto insurance policy that provides coverage of medical expenses and funeral bills incurred by you and your passengers in the event of an accident, regardless of who is at fault. Personal Injury Protection is the basic coverage that pays for your own medical, hospital and funeral expenses, as well as those of your passengers and any pedestrians. Lost wages and other accident-related expenses may also be covered. P Payee An insured individual or a beneficiary who receives a loss payment from an insurer. In the event of a total loss, the insurance company makes payment to the Loss Payee first. Policy Period Time period during which an insurance policy is in force. Auto insurance policy periods begin and end at Premium The payment required for an insurance policy to remain in force. Auto insurance premiums are quoted for either 6 month or annual policy periods. This is required coverage in most states. R Replacement Cost The cost of replacing or repairing lost or damaged property without allowing for depreciation in value or considering the market value. Some auto insurance companies offer Guaranteed Replacement Cost coverage on new cars, if the loss occurs within the first 12 months of ownership or 12, miles driven. Residual Value The expected value of an asset at the end of a specified period, such as the value of a car at the end of the lease. S Split Limit Split limit policies have three separate amounts for liability payment limits: Subrogation The process by which you assign your insurance company the legal right to recover the amount of the loss from another party who is legally liable.

Chapter 5 : Insurance | Define Insurance at calendrierdelascience.com

Kids Definition of insurance 1: an agreement by which a person pays a company and the company promises to pay money if the person becomes injured or dies or to pay for the value of property lost or damaged.

Chapter 6 : Glossary of Common Insurance Terms â€“ Nationwide

insurance meaning: 1. an agreement in which you pay a company money and they pay your costs if you have an accident, injury, etc.: 2. the agreement in which you pay a company money and the company pays the cost if you have an accident, injury, or loss: 3. an agreement in which you pay a company.

Chapter 7 : A.M. Best's Consumer Insurance Information Center

Glossary of Insurance Terms b Limit. The dollar limit for how much of a home's value can be used to determine the amount of money you can get from a federally insured Home Equity Conversion Mortgage reverse mortgage; the name comes from Section b of the National Housing Act.

Chapter 8 : Auto Insurance Term Glossary from calendrierdelascience.com

insurance policies are contracts of "adhesion," because the terms are drawn up by the insurer and the insured simply "adheres" to the policy provisions.

Chapter 9 : Health Insurance Dictionary

Insurance Glossary The following list contains words you may see used on the Federal Benefits Programs website. If you do not see the word you are looking for, please email us at fehb@ calendrierdelascience.com and ask us to add it to the glossary.