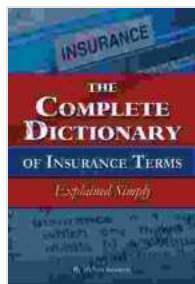


The Complete Dictionary of Insurance Terms Explained Simply



The Complete Dictionary of Insurance Terms Explained Simply by Melissa Samaroo

★★★★☆ 4.5 out of 5

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Navigating the world of insurance can be a daunting task, especially when faced with a plethora of unfamiliar terms and jargon. To help you overcome this challenge, we have compiled a comprehensive dictionary of essential insurance terms, providing clear and concise explanations that will empower you to understand your policies and make informed decisions.

A

Actuary

A professional who uses mathematical and statistical techniques to assess risk and determine insurance premiums.

Adjustable rate mortgage (ARM)

A type of mortgage with an interest rate that can fluctuate based on market conditions.

Agent

A representative of an insurance company who sells and services insurance policies.

Annuity

A contract that provides regular payments to an individual for a specified period or for the rest of their life.

B

Beneficiary

The person or entity who receives the proceeds of an insurance policy.

Binder

A temporary agreement that provides coverage until a formal policy is issued.

Broker

An independent agent who represents multiple insurance companies and helps clients find the best coverage for their needs.

C

Casualty insurance

Insurance that covers losses or damages caused by accidents, such as car crashes or property damage.

Claim

A request for payment from an insurance company under a policy.

Coinsurance

A provision in an insurance policy that requires the policyholder to pay a percentage of the loss.

Collision coverage

Insurance that covers damages to your own vehicle in a car accident.

Comprehensive coverage

Insurance that covers damages to your vehicle from events other than collisions, such as theft, vandalism, or natural disasters.

Consequential loss

A loss that indirectly results from a covered event, such as loss of income due to property damage.

Contingency insurance

Insurance that covers unforeseen events or expenses.

Coverage

The specific risks or losses that an insurance policy protects against.

Deductible

The amount of money that the policyholder must pay out-of-pocket before insurance coverage kicks in.

Disability insurance

Insurance that provides income replacement if you are unable to work due to illness or injury.

Dividend

A payment made to policyholders by mutual insurance companies.

E

Endorsement

A modification or addition to an insurance policy.

Excess insurance

Insurance that provides coverage above the limits of a primary policy.

Exclusion

A specific event or risk that is not covered by an insurance policy.

F

Face amount

The maximum amount payable under an insurance policy.

Federal flood insurance

Insurance provided by the government for flood damage.

Fidelity bond

Insurance that protects businesses against financial losses caused by employee theft or fraud.

Fire insurance

Insurance that covers losses or damages caused by fire.

Flood insurance

Insurance that covers losses or damages caused by flooding.

G

Grace period

A short period after a premium payment due date during which coverage remains in effect.

Group insurance

Insurance that is provided to a group of people, such as employees of a company.

H

Hazard

A potential event or condition that could cause a loss.

Health insurance

Insurance that covers medical expenses.

Homeowners insurance

Insurance that covers losses or damages to your home and personal belongings.

I

Indemnity

The principle that an insurance company will restore the policyholder to their financial position before the loss occurred.

Individual insurance

Insurance that is purchased by an individual, as opposed to a group.

Insurance policy

A contract between an insurance company and a policyholder that outlines the terms of the coverage.

Insurer

An insurance company that issues insurance policies.

L

Liability insurance

Insurance that covers financial losses caused by your actions or negligence.

Life insurance

Insurance that provides a death benefit to beneficiaries.

Loss

The financial or physical damage that is covered by an insurance policy.

Loss adjustment

The process of determining the amount of an insurance claim.

M

Malpractice insurance

Insurance that protects professionals, such as doctors and lawyers, against liability for errors or negligence.

Medical payments coverage

Insurance that covers medical expenses for you and others involved in an accident, regardless of who is at fault.

Mortgage insurance

Insurance that protects the lender in the event that a borrower defaults on their mortgage.

Mutual insurance company

An insurance company that is owned by its policyholders.

P

Peril

An event or condition that could cause a loss, such as fire, theft, or storm damage.

Personal property insurance

Insurance that covers your personal belongings, such as clothing, furniture, and electronics.

Premium

The amount of money that you pay to an insurance company for coverage.

Primary insurance

Insurance that provides coverage for the first layer of losses.

Proceeds

The amount of money that is paid out by an insurance company after a claim has been approved.

R

Reinsurance

Insurance that an insurance company purchases to protect itself against large or catastrophic losses.

Rider

An optional addition to an insurance policy that provides additional coverage.

Risk

The potential for financial loss or damage.

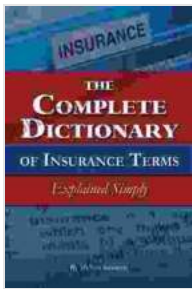
Risk management

The process of identifying, assessing, and mitigating risks.

S

Settlement

An agreement between an insurance company and a policy

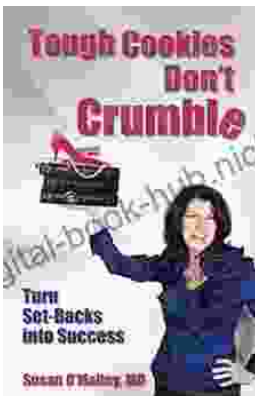


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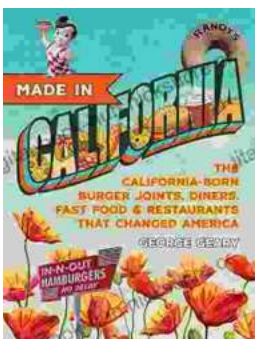
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