INSURANCE DICTIONARY

Actuary – An actuary is a professional who uses statistical data to assess risk and calculate dividends, financial reserves, and insurance premiums for a business or insurer.

Agent – An agent is a manager or expert who engages in financial or business activities and is authorized to act on behalf of third parties.

Annuitant – An annuitant is an individual who receives benefits in the form of a pension or annuity periodically and under a contract.

Annuity – An annuity is a special type of contract offered by insurers that provides variable payments or a fixed annual amount upon retirement. The money is tax-deferred.

Appraisal – An appraisal is an assessment of an asset such as a home or property to determine its market price. It is usually done to calculate insurance premiums, get financing, and for sales and tax purposes.

Appraiser - An appraiser is a professional who appraisers assets to determine their fair value. Appraisers use industry research, comparisons, and analyses to prepare valuations.

Auto Insurance – Auto insurance is a policy bought for different types of vehicles, including trucks and cars. It covers medical, replacement, and repair costs in the event of a road accident.

Beneficiary – A beneficiary is an estate, trustee, institution, business, or individual who is entitled to receive distributions (money and estate) from a policy, will, or trust.

Benefit – Benefit is an entitlement or compensation under an insurance policy, annuity, public assistance program, employment agreement, or pension plan.

Business Insurance – Business insurance is a policy that protects companies from financial and other losses that may occur as a result of employee injuries, damage, and their normal operations.

Cash Surrender Value – Cash surrender value is money offered to annuity and policyholders when the policy is cancelled or in the event of death.

Claim – A claim is a request for payment made to an insurer and under the terms of the contract. Payment is made upon offering evidence of proof.

Coinsurance – Coinsurance is a type of insurance under which the policyholder and the company share the costs. The insured is required to pay a certain dollar amount.

Death Benefit – Death benefit is paid to family and other beneficiaries in the event of death of the annuity or policyholder.

Deductible – A deductible is a specified amount of money that policyholders pay upon making claims so that they receive payment by the insurance company.

Dental Insurance – Dental insurance is a policy that covers dental expenses, including x-rays, cleanings, gum care, and restorative procedures.

Disability Insurance – Disability insurance is a plan that protects policyholders in the event of an accident that causes permanent disability or prolonged illness.

Double Indemnity – Double indemnity is a provision or clause under a policy, according to which the insurance company makes an additional payment if the policyholder passes away in an accident.

Endorsement – Endorsement is a provision under a policy that protects tenants and homeowners from property damage that is the result of unauthorized access.

Endowment Insurance – Endowment insurance is a policy under which the insurer makes payment to the beneficiaries or the policyholder if he/she is still living.

Escrow – Escrow is a payment that goes toward taxes and insurance and is deposited in an account and paid by the financial institution.

Group Insurance – Group insurance is a policy that covers two or more people and is offered to trade associations, union members, and employees. It may also cover dependents.

Hazard Insurance – Hazard insurance is a coverage that protects policyholders against property damage due to fires, floods, strong winds, and other hazards and natural disasters.

Health Insurance – Health insurance is a policy that offers protection against injury and serious illness, including medical costs, hospital stays, and visits to the emergency room.

Health Maintenance Organization – A health maintenance organization is an entity that offers insurance plans that combine the features of different coverages, including self-funded and managed care plans.

HMO – An HMO is an insurance plan for out-of-network medical assistance. It is offered to policyholders that either work or live in the area or region serviced.

Home Insurance – Home insurance is a policy that offers coverage for physical damages done to residential properties. Specific plans protect home owners against earthquakes, floods, and other insured events.

Indemnify – Indemnifying is the act of compensating a policyholder for injury, illness, or damage under a policy agreement.

Insurability – Insurability is the ability to obtain an insurance policy and meet the criteria without having to go through a physical examination or submit additional documents.

Insurable Interest – Insurable interest is interest in a thing, event, or individual that allows companies to issue a policy.

Insurance – Insurance is an agreement and the promise of compensation of holders and their beneficiaries in the event of death, loss of job, prolonged illness, disability, and property damage.

Insurance Agent – An insurance agent is a professional who offers and sells policies to businesses and individuals.

Insurance Broker – An insurance broker is an agent who does comparison shopping to find the right policy for clients. Brokers work independently of insurance companies.

Insurance Claim – An insurance claim is a notification or request by a policyholder, stating that an insured event has occurred, for which payment is due.

Insurance Policy – An insurance policy is an agreement that specifies the premium, conditions, insured events, exclusions, deductibles, and other details.

Insurance Premium – An insurance premium is a payment made by policyholders to insurers on a regular basis. The premium depends on factors such as age, medical history, coverage, and others.

Insurance Quote – An insurance quote is offered by insurers and agents to inform customers of the terms and costs associated with a particular policy.

Insurance Rate – An insurance rate or premium is a payment made by a policyholder to an insurer.

Insured – An insured is a group, individual, or real estate that is protected under the terms of a policy and against injury and physical damages.

Insurer – An insurer is a company that offers policies and indemnifies holders when an insured event occurs (disability, death, property damage).

Liability Insurance – Liability insurance is a policy that protects businesses and individual holders against claims arising from negligence, inappropriate actions, and malpractices.

Life Expectancy – Life expectancy is the number of years a policyholder is expected to live. It is used by insurers to calculate premiums.

Life Insurance – Life insurance is a policy that pays out a certain amount of money after a set period or in the event of death of the policyholder. The money is paid out to the designated beneficiaries.

Medicaid – Medicaid is a state and federally funded program that covers the healthcare costs of low-income families and individuals, disabled persons, and the elderly.

Medical Insurance – Medical insurance is a policy that covers surgical and medical expenses incurred as a result of illness or injury. Expenses are covered up to a certain limit.

Medicare – Medicare is a federal program that offers insurance plans and covers the medical expenses of disabled individuals and elders aged 65 and older.

Moral Hazard – Moral hazard is a risk that insurance companies face when policyholders provide misleading information or engage in risky behaviours.

Penalty – A penalty is a punishment or a fee for violating the terms of an insurance contract, i.e. when the beneficiary or policyholder fails to distribute the required amount. A penalty tax is assessed.

Performance Bond – A performance bond is a security issued by an insurer as to ensure that another party will meet its contractual obligations.

Peril – A peril is a danger that increases the risk of loss and the probability of a payout by the insurer. Insurance companies specify which perils are uninsurable.

Policy – A policy is a contract that describes the terms, deductibles, premiums, and contractual obligations of the insurance company and the policyholder.

Policyholder – A policyholder is an insured person who owns a policy and has certain privileges, except in cases in which restrictions apply.

Premium – A premium is a payment made by a policyholder to an insurer, which is the cost for being insured. It is payable in instalments or as a lump sum.

Reimbursement – Reimbursement is a refund for expenses incurred due to damages or losses and money spent on them.

Reinsurance – Reinsurance is a policy whereby a second insurer shares the risk of damage or injury with the primary insurer. This reduces the risk for both companies.

Risk – An insurance risk is the probability that an insured event such as death or injury will occur. Companies assess risk to adjust premiums.

Term Insurance – Term insurance is a renewable policy that offers coverage within a specified period. Some policies are convertible and insured are required to renew them.

Travel Insurance – Travel insurance offers protection when travelling at home or abroad. Insured events include trip cancellation and medical expenses.

Viatical Settlement – A viatical settlement is the act of buying the policy of a terminally ill person at a discount.
