



INSURANCE TERMINOLOGY AND THEIR MEANINGS

This document contains a list of 45 common insurance terms
And a brief description of what each term means.



COMMON TERMS

With so much about insurance to understand, it can be hard for consumers to know where to start. That's why we're here to help!

Below are some basic terms that you might want to know about before you take out a policy. In addition, if there is anything else you'd like to know, please feel free to ask your advisor for assistance.

1. Actual cash value. Your policy may be set up in different ways that impact how much you are paid for filing a claim. Actual cash value is one such method, and it is calculated by subtracting the amount of depreciation from the initial cost of the property. Depreciation is usually calculated by subtracting a certain percentage from the property per year. While not every insurance company uses the same depreciation calculation, they are all subject to state regulations regarding how much they can charge per year.

Actual cash value coverage is a less-expensive insurance option than replacement cost coverage. We will cover both in more detail later on.

2. Actuary. An actuary analyses the likelihood of a risk and estimates the potential loss that might result from it. An actuary often works for an insurance company to help set rates for insurance products.

3. Adjuster. An adjuster is someone who investigates a claim. They determine if the loss is covered by the policy, estimate damages, and often write a check to the insured.

4. Agent. An insurance agent is someone who sells insurance policies for an insurance company or carrier. The insurance agent can be exclusive to one company, or they can work with multiple companies.

5. Asset. Assets are the things you own that have monetary value, or can generate monetary value in the future. For example, your house, car, savings account and investments are all considered assets when it comes to purchasing certain kinds of insurance policies like life insurance and liability insurance.

6. Assured. An individual who has an insurance policy is called an "assured" and is another word for "insured" or "policyholder."

7. At-fault. "At-fault" refers to the person who is liable for damages. For example, in a car accident, this would be the person who caused the accident or is otherwise legally responsible for it.

8. Beneficiary. A beneficiary is the person designated to receive payment of a life insurance benefit.

9. Bodily injury. Bodily injury liability coverage is a type of auto insurance that can pay for expenses resulting from an auto accident, such as medical bills.

10. Carrier. Carrier is a term for the insurance company that provides your coverage.

11. Cause of loss. Losses caused by certain factors, such as theft or fire.

12. Collision. Collision coverage, also known as comprehensive coverage, covers damage to your car from on-collision incidents, such as vandalism or theft. If you have an auto loan or lease, your lender may require collision coverage.



WHY CHOOSE US

At Straker Financial Services, we take pride in our family-run business and the fact that we do not approach business from a corporate point of view. We understand that when you work with us, you're not just buying insurance—you're buying peace of mind.

We know that if you're reading this, then you've probably been looking for ways to protect yourself and your family. So we'll make it easy for you: just pick up the phone and give us a call at [phone number]. We'll talk with you about what kind of coverage makes sense for your situation, and we'll set up an appointment so that one of our representatives can come out to your home or office and explain everything in person.

When you contact us, we will:

- Answer all your questions—including those that we have already answered on our website—in a friendly manner
- Ensure that all the information presented is clear and easy to understand
- Help ensure that your policy is tailored specifically to fit your needs

13. Claim. A claim is a request for payment within the scope of an insurance policy. For example, if you have homeowners insurance and hail damages your roof, you would file a claim with your insurance carrier requesting that the company check into the damage and issue a payment if it deems necessary.

14. Claimant. Claimant is a term insurance companies use to refer to anyone who has filed a claim on an insurance policy, including an insured person, beneficiary or other entity.

15. Commercial. If you own a business, you'll need commercial insurance. Commercial auto insurance, for example, is different from personal auto coverage in that it's designed to protect you from financial loss if an employee drives your car or if you're involved in an accident while driving a company vehicle. Commercial general liability insurance protects your company from lawsuits related to your products or services.

16. Comprehensive. Some insurance carriers refer to OTC (over-the-counter) coverage as comprehensive coverage.

17. Coverage. A policy's coverage is a description of the different kinds of protections included in an insurance contract. These can be found in a contract's declarations page.

18. Damage. Damage is any loss, destruction, or harm to a person or property, such as a vehicle or home. For example, if someone breaks the windows of your car during an attempted theft, that would be considered damage.

19. Damages. Damages refers to the monetary compensation one individual or party is required to pay another.

20. Declarations page. A declarations page is a summary of the most important information regarding your insurance policy. It includes information such as your name, address, and policy number. It also lists coverage, limits, premiums, deductibles and dates of coverage.

21. Deductible. A deductible is the amount of money that you, the insured, must pay out-of-pocket before your insurance policy kicks in. For example, if you have a £500 deductible on your auto insurance policy and are involved in an accident that results in £5000 in damages, you would pay £500 and the policy would pay £4500 (or up to its limit).

22. Dwelling. A home insurance policy will list the dwelling as the structure being insured. The dwelling is your house, specifically referring to the structure itself, as well as attached structures such as a deck or garage. Other structures like barns and workshops are often listed separately from the main house. It is important to know what is covered and not covered by your policy so you can choose appropriate coverage amounts.

23. Electronic Funds Transfer (EFT). Electronic Funds Transfer (EFT) is a method of payment where the insurance company deposits the claim amount into your bank account electronically. If the claims process takes place using a mobile app (as opposed to an in person inspection), you may be able to have funds deposited directly via EFT.

EFT may also stand for electronic funds transfer, which is a process through which policyholders can pay premiums electronically.

24. Endorsement. An endorsement is a change added to an insurance policy. For example, you can add an endorsement to your basic home insurance policy to cover additional perils.



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So don't wait! Let us help you today!

25. Estimate. This refers to the amount of money required to repair or replace the damaged property. This is usually determined by a claims adjuster after they have examined and evaluated the damage.

26. Exclusion. Some insurance policies have exclusions, which are exceptions to the general coverage provided. An exclusion can be a defined scenario or event that an insurance policy does not cover, or it can be a way for the policyholder to customise their coverage. For example, if a policyholder wants to remove coverage from their policy that do not apply to them, they can use an exclusion.

27. Insured. An "insured" is the person(s), organisation or entity that a particular insurance policy provides coverage for. For example, if you have an auto insurance policy then you are considered to be the insured in that contract.

28. Insurer. An insurer is a company or organisation that provides insurance policies to the insured. Insurer and carrier are synonymous terms when referring to insurance companies.

29. Liability. When you cause damage, injury, or loss to another party, you may be held legally responsible for the damages. If you hit someone from behind and their car is damaged, and the driver and passengers are injured, your liability coverage would pay for the damages up to the limit of your policy.

30. Limits. A limit is the maximum amount a specific insurance company will pay for any given claim. This amount is agreed upon before you receive your policy, and can be found on your policy declaration page.

31. Loss. Loss is damage to an insured item caused by an insured incident. A covered loss means any damage or injury that a homeowner's policy specifically covers. For example, hail damage is a common covered loss for many homeowners' policies, but flood damage is not typically covered by a home insurance policy.

32. Medical Payments. Medical payments are only included in a policy if the expenses are related to a particular incident. You'll usually see this listed in an auto policy, but it may also be covered under a liability policy.

33. Named insured. In general, the term "insured" refers to a named individual or entity that an insurance policy covers. However, there are circumstances where the two can differ. For example, if a company has general liability insurance, that company would be the "named insured" as listed on the declaration page. Its employees would technically be insured under that policy, but only while they are performing their duties as an employee. In other words, they are insured by the policy but are not officially named as insured by it.

34. Named Peril (Named Peril Policy). A named peril insurance policy covers specific dangers and losses—such as fire, theft, and vandalism—that are listed in the policy. The opposite of a named peril policy would be an open peril policy, which covers almost all other causes of loss except those specifically excluded in the policy.



35. Other than collision (OTC). You can add protection against things like hail, fire, vandalism and more to your personal auto policy with an optional add-on called OTC. It covers most non-collision damages that occur outside of your car.

36. Peril. Perils are the things that cause damage to your insured property. Some common perils are fire, lightning, windstorms and hail. A basic policy will cover a certain group of perils, and additional endorsements can add to that.

37. Policyholder. This term refers to the person or entity that an insurance policy covers, and you'll see it on the declarations page.

38. Policy Jacket. The policy jacket is an essential component of any insurance policy. It contains all of the details about the policy, including terms, conditions, coverage and exclusions. It does not include endorsements or a declarations page.

39. Premium. The premium is the amount of money you pay to an insurance company for coverage. Depending on the policy, it can be paid in a variety of ways, such as monthly payments or in a single upfront payment. The premium amount is determined by a variety of factors, including the type of policy, individual or entity and deductibles.

40. Quote. When you're buying a new insurance policy, an insurance agent or carrier will provide you with a quote, which is an estimate of the premium you will pay for the policy. This estimate is based on certain pieces of information that you provide to the agent or carrier.

41. Replacement cost coverage. Instead of actual cash value, replacement cost refers to the price it would take to replace property without deducting for depreciation. For example, if you have boat insurance and your boat is a write-off in a hurricane, replacement cost coverage will pay to replace it with an identical model or one of comparable quality.

42. Rider. Although the word "rider" can be used to describe a number of different kinds of additions, such as endorsements, it is most commonly used to describe an amendment that can be added to a basic policy to modify it, typically for an additional premium.

43. Risk. It's the possibility that something will happen, whether bad or good. For example, you could lose your home or car or have a piece of property stolen. Risk is used to calculate coverage costs and premiums, and the level of risk can determine whether, or not, coverage is offered.

44. Umbrella Insurance. Umbrella coverage is a type of insurance that offers additional liability protection above and beyond what's provided by an underlying policy.

45. Underwriting. Underwriting is a process used by insurance companies to determine how much risk they are willing to cover and whether or not they will offer coverage. The underwriting process also helps determine rates based on various factors found in an application.





WE ARE ALWAYS AVAILABLE TO PROVIDE ASSISTANCE

Do you have any questions about a particular type of policy ? We're here to help!

Please feel free to contact us if you have any queries. Our team is always ready to provide free, friendly advice, with no obligation.



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