

Glossary of Insurance Terms

This is a general Glossary of Insurance Terms, meant to assist you in understanding various insurance coverages and terms. Not all coverages described are necessarily included in your Proposal/Policies.

Coverage Term	Coverage Section	Scope of Coverage
Accounts Receivable	<i>Inland Marine</i>	Covers the cost to reconstruct accounts receivable records and will reimburse for uncollectible accounts resulting from loss by an insured peril. Subject to policy warranties.
Actual Cash Value (ACV)	<i>Property</i>	The cost to repair or replace the damaged property with material of like kind and quality, less depreciation of the damaged property.
Advertising Injury	<i>General Liability</i>	Provides coverage for liability arising out of advertising activities for libel, slander, misappropriation of advertising ideas, or infringement of copyright title or slogan.
Agreed Amount	<i>Property</i>	Sets the maximum limit the Company will pay and waives any co-insurance requirement in the event of a covered loss.
Blanket Additional Insured	<i>General Liability</i>	The "Named Insured" is extended to include any persons or organizations you are obligated by written contract to provide liability coverage for as respects operations performed for them.
Blanket Limit	<i>Property</i>	Combines the values at all locations to obtain one blanket limit for the coverage that will apply to any specific property.
Bodily Injury	<i>Automobile/General Liability</i>	Covers bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
Boiler & Machinery	<i>Property</i>	Pays for damage to "objects" such as steam boilers, compressors, heating, cooling, power generating or power driven machinery and equipment, resulting from "accidents" such as explosion, cracking or bulging, mechanical breakdown, electrical burnout or off premises power failure. Coverage also applies to the resulting damage to buildings, contents and property of others in your care for which you are legally responsible. (Also known as: Comprehensive Equipment Coverage)
Building Ordinance Coverage	<i>Property</i>	Covers loss due to demolition and increased cost of construction due to loss by covered peril if the demolition and increased cost of construction is required by law or ordinance.
Buildings (Real Property)	<i>Property</i>	Coverage for specified buildings and improvements that you own, or are required to insure by reason of contract.

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Business Income/Extra Expense	<i>Property</i>	Covers loss of profits and continuing expenses, such as payroll, mortgage payments and taxes, in the event your business is shut down or disrupted because of a covered loss to buildings or contents. Also includes loss of rental income for owners of tenant-occupied property or for a tenant whose lease requires continuation of rental payments in the event of damage to such property by an insured peril, and the extra costs involved in continuing as nearly as possible, the normal operation of the business.
Business Personal Property	<i>Property</i>	Covers your office contents, inventory, and equipment at the described premises, or within 100 feet of the premises, and tenants' improvements and betterments.
Claims Made	<i>General Liability</i>	For coverage to apply, a claim must be made during the "claims made" policy period (plus extended reporting period) and after the retroactive date.
Coinsurance	<i>Property</i>	Requires you to insure to at least a percentage of value shown, or you must share in the loss. In other words, you will suffer a penalty. The formula is (Did/ Should) x Loss = Settlement Amount.
Collision	<i>Automobile</i>	Provides coverage for damage to your vehicles resulting from collision with an object, or the upset of a vehicle.
Commercial Automobile	<i>Automobile</i>	Covers your legal liability for bodily injury and property damage to members of the public arising out of the ownership, maintenance or use of your vehicles, including loading and unloading. Also covers physical damage to your vehicles on a scheduled basis.
Commercial General Liability	<i>General Liability</i>	Covers your legal liability for bodily injury and property damage sustained by members of the public, arising out of your business operations, excluding automobiles.
Commercial Umbrella Liability	<i>Excess Liability</i>	Provides higher limits of liability protection over and above the primary Commercial General Liability and Commercial Automobile Liability limits.
Comprehensive	<i>Automobile</i>	Provides coverage for any other damage to your vehicles, except for collision. A few uninsurable hazards are excluded, such as freezing, wear and tear, and mechanical breakdown.
Computer Coverage	<i>Inland Marine</i>	Covers electronic data processing equipment, including hardware, software and business income. (Also known as E.D.P. Coverage)

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Contingent Business Interruption	<i>Property</i>	Covers loss of profits and continuing expenses due to a covered physical loss against a business other than yours that you have become dependent on, such as a major supplier, a recipient of your product or a major leader of business to you.
Contractual	<i>General Liability</i>	Provides coverage for tort liability assumed under contracts relating to the conduct of your business, subject to certain limitations for construction within 50 feet of a railroad, professional liability, etc.
Dealers Physical Damage	<i>Automobile</i>	Covers physical damage to vehicles in inventory except those vehicles <u>that</u> are under the flooring entity.
Demolition Coverage	<i>Property</i>	Covers the cost of demolition to damaged property, if required by local governmental authorities.
Directors and Officers Liability	<i>Liability</i>	Covers claims arising out of improper management of the Company or Association by the Directors or Officers.
Drive Other Car Coverage	<i>Automobile/Garage</i>	Provides coverage for your use as an individual of a non-owned vehicle when you are not insured under any other automobile policy. It extends to commercial auto policies some of the benefits provided by personal auto policies.
Earthquake	<i>Property</i>	Covers loss caused by earth movement, including earthquake, landslide, mudflow, earth sinking, and earth rising or shifting.
Employee As Additional Insureds	<i>General Liability</i>	Provides coverage for your employees, if they are named as individuals in a suit against your firm.
Employee Benefits Liability	<i>General Liability</i>	Covers claims arising out of the improper administration of employee benefit programs, such as group life, medical and pension and profit sharing plans. This can be on an occurrence or claims made basis.
Employee Dishonesty	<i>Crime</i>	Covers money, securities, merchandise, and other business property against loss through the dishonest acts of employees.
Employee Tool Floater	<i>Inland Marine</i>	Covers tools owned by your employees which are used in your business. This coverage is sometimes required in union contracts.
Employment Practices Liability	<i>General Liability</i>	Covers claims arising out of employment related practices. Claims include discrimination, wrongful termination, harassment, humiliation or mental anguish. Defense costs are within limit.
Equipment Floater	<i>Inland Marine</i>	Covers mobile equipment either at or away from the designated premises.

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Exhibition Floater	<i>Inland Marine</i>	Covers personal property temporarily on display to the public at premises you do not regularly occupy, including transit to and from.
Extended Bodily Injury	<i>General Liability</i>	Provides coverage for liability for intentionally causing injury while using reasonable force to protect persons, or property.
Extra Expense	<i>Property</i>	Covers the extra cost necessary to continue business after an insured loss.
Fiduciary Liability	<i>Liability</i>	Provides errors and omissions coverage for a manager or administrator of a Trust or Pension Plan.
Fire Damage Liability	<i>General Liability</i>	Covers claims brought by the owner of a building you lease or rent, for fire damage for which you are legally liable.
First Party Pollution Coverage	<i>Property</i>	Covers cleanup to Insured's premises due to pollution losses.
Flood	<i>Property</i>	Covers loss caused by a general and temporary inundation of normally dry land areas from overflow of inland or tidal waters, or rapid accumulation or runoff of surface waters from any source.
Forgery or Alteration	<i>Crime</i>	Covers your bank account for loss by forgery or alteration of outgoing check, drafts, notes, or similar written promises.
Functional Replacement Cost	<i>Property</i>	Allows replacement of property with similar property that performs the same function.
Garagekeepers Insurance	<i>Garage</i>	Covers for physical damage to vehicles left in your care, custody and control.
Garageowners Liability	<i>Garage</i>	Covers your legal liability for bodily injury and property damage sustained by members of the public arising out of your garage operations, including product/completed operations.
General Aggregate	<i>General Liability</i>	The total Dollar Limit available for a policy term (excluding products and completed operations).
Glass	<i>Property</i>	Covers the replacement of glass, including temporary repair and debris removal
Hired Auto	<i>Automobile</i>	Provides liability coverage for the use of rented, leased, hired, or borrowed vehicles used in your business on a temporary basis, other than employee autos. Though coverage is not provided for physical damage to "hired" autos, it can be extended to physical damage for hired autos, on request.

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Host Liquor	<i>General Liability</i>	Provides coverage for claims arising out of the serving of alcoholic beverages at functions incidental to your business, as long as you are not in the business of manufacturing, selling, distributing, or serving alcoholic beverages.
Increased Cost of Construction	<i>Property</i>	Covers increased cost of construction of damaged property due to local building ordinance.
Inflation Guard	<i>Property</i>	Automatically increases the amount of insurance during a specified period by a selected percentage.
Installation Floater	<i>Inland Marine</i>	Covers property to be installed while in transit, at a job site, and until such property is completely installed or until your interest in such property ceases.
Liquor Liability	<i>General Liability</i>	Provides coverage for an insured in the liquor business for liability imposed by law for the selling, or serving of alcohol to a minor, or to someone under the influence of alcohol.
Mechanical Breakdown	<i>Inland Marine</i>	Mechanical breakdown or malfunction, component failure, faulty installation or blowout.
Medical Payments	<i>Automobile</i>	Provides for reimbursement of "reasonable" medical expenses for injuries incurred by occupants of your vehicles.
Motor Truck Cargo	<i>Inland Marine</i>	Covers property of others being transported by owned, leased or rented vehicles.
Newly Acquired Organizations	<i>General Liability</i>	Provides coverage for entities you may acquire or form after the inception of your policy, excluding joint ventures and partnerships. Details of new organizations must be reported within 90 days.
Non-Owned Auto	<i>Automobile</i>	Covers your liability for auto accidents when an employee uses his or her own vehicle in connection with your business.
Non-Owned Watercraft	<i>General Liability</i>	Liability arising out of the use of watercraft under 26 feet in length that you do not own or use to carry persons for a charge.
Occurrence	<i>General Liability</i>	Generally, for coverage to apply in an occurrence policy, the accident must occur during the policy period, but can be reported as a claim at any time, as long as prompt notice is given to the carrier (see also "Claims Made").
Off Premises Power	<i>Property</i>	Provides coverage for loss due to lack of incoming electricity caused by damage from a covered cause to property away from the Insured's premises.

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Per Location Endorsement	<i>General Liability</i>	Modifies the <i>General Aggregate</i> to apply separately to each location, excluding products and completed operations.
Per Project Aggregate	<i>General Liability</i>	Modifies the <i>General Aggregate</i> to apply separately to each of your projects away from premises owned by, or rented to you. This coverage extension excludes products and completed operations.
Personal Injury	<i>General Liability</i>	Provides coverage for liability arising out of false arrest, detention, imprisonment, malicious prosecution, libel, slander, wrongful entry, eviction from premises, or evasion of privacy.
Pollution Liability (Above Ground Only)	<i>Liability</i>	Covers your legal liability for bodily injury and property damage caused by a "pollution incident" including "clean-up costs" because of "environmental damage".
Premises Medical Payments	<i>General Liability</i>	Provides payment of medical bills incurred by a member of the public as a result of bodily injury on your premises. This is "good will" coverage and it is not necessary for negligence to be proven.
Premises/Auto Medical	<i>Garage</i>	Covers reasonable medical and funeral expenses for persons sustaining bodily injury caused by an accident.
Products and Completed Operations	<i>General Liability</i>	Protects against bodily injury and property damage to third parties due to your negligence. This is also the total dollar limit available from your policy for products and completed operations claims, i.e., the aggregate.
Property Damage	<i>Automobile/General Liability</i>	Physical Injury to tangible property, including all resulting loss of use of that property, or loss of use of tangible property that is not physically injured.
Rental Expense	<i>Inland Marine</i>	Pays for the expenses to rent substitute equipment if you sustain a loss to your covered equipment.
Rental Reimbursement	<i>Inland Marine</i>	Pays for your rental obligation for continued rental payments in the event the equipment you rent is damaged or stolen.
Replacement Cost	<i>Property</i>	Extends the coverage to include the full cost to repair or replace without deduction for depreciation.
Robbery	<i>Crime</i>	Theft during which force is used or threatened.
Seepage and Sewer Backup Coverage	<i>Property</i>	This endorsement broadens your Property policy to include coverage for losses caused by seepage, leakage, or sewer backup.

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Self Insured Retention (SIR)	<i>Liability</i>	Functions much the same as a deductible for primary and excess liability except that in addition to any damages, any legal, adjusting, special witness fees/costs are paid for by <u>you</u> , the insured, if they fall within the S.I.R.
Signs	<i>Property</i>	Covers free standing not attached to the building.
Special Form	<i>Property</i>	Provides coverage for all risk physical loss, subject to specific exclusions and conditions. Excluding flood and earthquake
Specified Perils	<i>Automobile</i>	Provides coverage for damage to your vehicles caused by fire, theft, wind, hail, earthquake, explosion, flood, and vandalism.
Stop Gap	<i>Workers' Compensation/General Liability</i>	Provides employers liability coverage for work related injuries arising out of incidental operations or exposure in monopolistic fund states.
Storage Tanks	<i>Property</i>	Covers tanks that are situated above/underground and used for storage of gas, chemicals or other materials.
Theft, Disappearance, & Destruction	<i>Crime</i>	Inside: Covers the loss of money and securities on premises, or banking premises by theft, disappearance, and destruction. Outside: Covers the loss of money and securities in the care and custody of a messenger by theft, disappearance, and destruction.
Third Party Pollution Liability	<i>Liability</i>	Covers your legal liability for bodily injury and property damage sustained by members of the public, arising out of discharge of pollutants
Transit	<i>Inland Marine</i>	Covers your merchandise while being transported by owned, leased or rented vehicles and common carriers.
Uninsured/Underinsured Motorists	<i>Automobile/Garage</i>	Provides coverage for bodily injury, if the injury is caused by a motorist who is uninsured, or your injuries are in excess of the available insurance of the other motorist. Most umbrella policies will not include uninsured/underinsured liability coverage in excess of that provided by your primary policy.
USL&H	<i>Workers' Compensation</i>	Provides no fault workers' compensation benefits to employees engaged in Maritime Operations
Valuable Papers & Records	<i>Inland Marine</i>	Covers the cost of research to reconstruct damaged valuable papers: meaning written, printed, or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages, and manuscripts.

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Voluntary Compensation	<i>Workers' Compensation</i>	Enables an employer to extend workers' compensation benefits to employees who may not be entitled to benefits under workers' compensation law.
Warehousemen's Legal Liability	<i>Inland Marine</i>	Provides coverage for legal liability for personal property of others in your care, custody and control.
Workers' Compensation	<i>Workers' Compensation</i>	Provides no-fault statutory benefits prescribed in state law to an employee due to a job-related injury resulting from an accident or occupational disease
Wrongful Termination Insurance	<i>Liability</i>	Covers claims including defense cost arising out of alleged wrongful discharge or termination and discrimination.