

Glossary of Insurance Terms

Actual Cash Value (ACV)	Fair market value of stolen or damaged property at the time of the loss.
Additional Living Expense	An insurance coverage found in all homeowner's policies. It provides indemnity for expenses incurred for usual living expenses more than the amount normally expended. It does not pay all living expenses, only the expenses over the insured's normal expenses.
Adjuster	A person or organization licensed by the State of California to evaluate the amount of damage to your property.
Adjustment	The determination of the amount of loss, the cause of the loss, and the final settlement in cash value after all factors have been considered.
Agent	A person or organization licensed by the State of California to sell insurance by or on behalf of an insurance company
Appraisal	The resolution of a dispute as to the amount of a claimant's loss by two disinterested parties (the appraisers), with both sides being bound by the appraisers' decision.
Arbitration	The resolution of a dispute by a person chosen by the opposing parties, who have agreed in advance to abide by the decision of the third party.
Attorney in Fact	One who is authorized to perform certain acts for another under a power of attorney. The power of attorney may be general or limited to a specific act or acts.
Average	A term used in settlement of claims. It may have originally come from the French word <i>avarie</i> , meaning loss or damage. There are both general and particular average clauses. Average clauses are the precursor of co-insurance clauses. They refer to any partial loss or damage due to insured perils. It requires the insured to maintain coverage equal to a stated percentage of the actual cash value of the subject of the subject of the insurance, otherwise the insured must pay a part of the loss.
Average clauses	Clauses in a property policy that determine the

amount of particular average loss recovery. Average clauses are seldom found in modern property or inland marine policies but are often found in marine policies.

Bad Faith	A tort created by judicial decision that allows an insured to recover tort damages (bodily injury, emotional distress, loss of use, trouble and inconvenience, and punitive damages) if an insurer intentionally, or in willful disregard of the rights of the insured, does something that deprives the insured of the right to recover the benefits of the policy.
Broker	A person or organization licensed by the State of California, retained by you, to obtain insurance for you.
Cancellation	The termination of your insurance coverage during the period in which your policy is in effect
Claim	Notice which you give to your insurance company when you suffer a loss which may be covered by the terms of your insurance policy.
Claimant	Any person who asserts the right to recover losses under a policy
Co-insurance or Average Clauses	A provision in an insurance policy where the insured promises to purchase insurance equal to the value, or a stated percentage of the value of the property, the risk of loss of which is insured, or face a penalty equal to a percentage of the loss that is the same as the amount he or she failed to insure.
Company Adjuster	An employee of an insurance company who negotiates and settles claims against the insurer.
Concealment	The failure to advise an insurer of facts known by the insured to be material to the decision of the insurer to insure or not insure.
Declarations Page	Usually the first page of a policy or any page that sets out the name of the insured, the name of the insurer, the effective dates of the policy, the policy limits, the premium charged, and the property or liability the risk of loss of which is insured. It identifies the forms or policy working applicable to the insurance coverage. Often it includes material representations made by the insured regarding the risk.
Deed	The written instrument which, when properly executed and delivered, conveys title to real

	property.
Deed of Trust	An instrument which is evidence of a pledge of real property as security for a debt, where the title to the real property is held by a third party in trust, while the debtor repays the debt to the lender. The debtor is known as the trustor, the lender is known as the beneficiary, the third party is known as the trustee.
Demurrer	A pleading filed in response to a complaint or lawsuit. The demurrer assumes that everything alleged in the complaint is true and contends that even if the plaintiff proves everything he claims true, he will still lose the suit. Although demurrers are often sustained the court will usually allow the plaintiff the opportunity to amend the complaint to make it better.
Denial	The insurance company's refusal of the insured's claim.
Deductible	The amount of loss for which the insured is responsible before the benefits from the insurance company are payable.
Depreciation	The decrease in the value of your property due to age or wear and tear.
Dwelling	A dwelling is a building occupied principally by people as a home. A dwelling policy will sometimes restrict the number of families allowed coverage (usually one to four families).
Endorsement	An amendment to the policy which adds or deletes coverage under the terms of the policy.
Exclusion	Certain damage or causes of damage identified in the policy, for which there is no insurance coverage.
Grace Period	A period after the premium due date, during which an overdue premium may be paid without penalty. During this time, there is no lapse in coverage and the policy is still in force.
Homeowners Insurance	Coverage for the risk of owning a home, including losses due to fire, burglary, vandalism, earthquake or other perils.
Independent Adjuster	A person, firm, or corporation that holds itself out for employment to more than one insurance company, is not a regular employee of the company, does not work exclusively for one company and is paid in each case assigned for time consumed and expenses incurred.

Insurance Adjuster	A person who, for any consideration whatsoever, engages in business or accepts employment to furnish, or agrees to make, or makes, any investigation for the purpose of obtaining, information in the course of adjusting or otherwise participating in the disposal of, any claim under or in connection with a proof of loss or engages in soliciting insurance adjustment business.
Insurance Agent	A person authorized, by and on behalf of an insurer, to transact insurance
Insurance Broker	A person who, for compensation and on behalf of another person, transacts insurance other than life with, but not on behalf of, an insurer.
Insured	The policyholder. The person(s) or entity protected in case of a loss.
Insurer	The insurance company
Litigation	The act of contesting the law.
Mediation	To arbitrate or settle through an intervening party.
Mortgagee	The mortgage company
Mortgager	The insured
Non-Waiver Agreements	When an insurer investigates a loss, it must be careful not to indicate by any of its actions, especially by its adjusters, that the company is admitting liability. A Non-waiver agreement is a legal statement by which both parties have agreed that the investigation of the loss shall in no way be construed as an admission of an admission of liability on the part of the insurer.
Peril	The cause of a loss
Policy	The actual written insurance contract
Policy Limit:	The maximum amount which the insurance company is obligated to pay under the terms of an insurance policy. The limit can be either for the entire policy or for a specific coverage.
Premium	The amount of money which the insurance company charges to provide insurance coverage.
Proof of Claim	Written proof, such as claims forms, medical bills or any material and relevant documentation in the claimant's possession that supports the magnitude or the amount of the claimed loss.
Proof of Loss	The sworn statement of the insured, as required by the conditions of a policy of insurance, setting forth the insured's knowledge and belief as to the date, time and cause of loss; the encumbrances on the property; the persons with interest in the

	property; the value of the property; the amount of loss; and the amount of claim.
Replacement Cost	The actual cost to repair or replace damaged property which is covered under the terms of the policy. Some insurance companies deduct depreciation from this amount when making payment or only pay the fair market value of the damaged property until the work is actually completed or the item replaced.
Replacement Value	The actual cost to repair or replace damaged property.
Rider	An amendment or endorsement to the insurance policy which adds or deletes coverage
Scope of Loss	An agreement between the insured and the insurer as to the extent of loss.
Statute of Limitations	The period of time between the date of loss and the deadline for you to file a lawsuit for a claim.
Umpire	A neutral third party selected by the two opposing appraisers for a property appraisal who resolves any differences between the two appraisers.