

4.02-Insurance Terms

Annual Deductible-a portion of a covered loss not paid by the insurer during the insured's annual 12 month policy period. Deductible amount resets each policy year period.

Cancer Insurance Coverage-Cancer insurance pays benefits only if you're diagnosed with cancer -- not for other illnesses -- and it doesn't cover all your treatment costs. It's designed to supplement, not replace health insurance

Claims-notice by the insured to the insurance company that a loss has occurred and demand for payment for the loss

Collision Coverage-covers your vehicle for damage caused by impact with another vehicle or object or overturn of your vehicle.

Comprehensive Coverage-Other than Collision-provides protection from theft, fire, windstorm, hail, flood, falling objects, collision with a bird or animal. (Exceptions- road damage to tires, mechanical breakdown or wear and tear on a vehicle)

Deductibles-a portion of a covered loss that is not paid by the insurer

Dental Insurance Coverage- available in group and individual plans. May have restrictions on certain services, such as orthodontic work. Many dental plans also have a maximum benefit of around \$1,000 to \$2,000 per year. May restrict coverage of pre-existing conditions

Disability Insurance Coverage-disability income insurance provides monthly benefits to a disabled wage earner to reimburse the wage earner's income during a period of total or partial disability.

Earth Movement-includes earthquakes, landslides, mudslides etc.

Exclusions-provision in an insurance policy eliminating coverage for certain risks or limiting coverage

Fire Insurance-Coverage for losses to insured property resulting from fire or lighting, as well as any resulting smoke or water damage

Group Insurance Coverage- coverage provided by a group which is normally the insured's employer or other inclusive group. Coverage rates are based on the group's "experience rating" so that each group pays according to its actual claim experience. Almost sixty percent of Americans have group health insurance

Hazard-A hazard is a condition that makes a peril more likely to happen or that increases the seriousness of a loss

HMO-(POS)-The POS plan is like a combination of the HMO and PPO plans. You are required to designate an in-network physician to be your primary health care provider. You may go out-of-network if you choose, but in doing so, you will have to pay most of the cost yourself

HMO-Health Maintenance Organization-group managed health insurance where you will need to receive most or all of your health care from a network provider. HMOs require that you select a primary care physician (PCP) who is responsible for managing and coordinating all of your health care

Homeowners Insurance-is designed to protect the physical assets owned, leased, rented or used by individuals and families.

Individual Insurance Coverage-is available from most of the same insurer's that provide group coverage at much higher rates. Less than nine percent of Americans purchase individual health insurance.

Insurable Interest-Financial Responsibility-is said to exist whenever the occurrence of a specific event such as fire or theft, results in a financial loss to a person or organization.

Insurance- is a social and contractual device that transfers the risk of financial loss from individuals or businesses to an insurer.

Insurance Policy- is a document issued by an insurance company to its policyholder that provides details about what is covered

Insured-one for whom insurance is written (named insured)

Insurer-An individual or company who, through a contractual agreement, undertakes to compensate specified losses, liability, or damages incurred by another individual

Liability Coverage- provides protection when you are held legally responsible. Coverage for Bodily Injury and Property Damage caused by an auto accident

Long Term Medical Coverage-provides for the daily custodial care as well as the long-term nursing care that an individual may need outside of the hospital.

Loss-Loss is simply a decline in value. When there is a reduction in quantity, quality, or value of something, a loss is said to occur.

Major Exclusions for Coverage-Provision in an insurance policy eliminating coverage for certain risks or otherwise limiting the scope of coverage. Certain causes and conditions listed in the policy that are not covered. Maternity coverage, major elective surgeries are some examples.

Medicaid-(Federal-State)-provides health insurance coverage to low income groups. Coverage varies by each State.

Medical Payment Coverage(Med Pay)-pays for medical expenses for you,

Medicare-(Federal)-is part of the federal Social Security program. Covers most individuals that are age 65 or older. Can also pay benefits to qualified disabled individuals under age 65. Covers individuals under age 65 who need long term kidney dialysis treatment or kidney transplants

Medigap (Supplemental Coverage of 20%)-Medicare supplement (Medigap) insurance, sold by private companies, can help pay some of the health care costs that Original Medicare doesn't cover, like copayments, coinsurance, and deductibles.

Miscellaneous Coverage-Towing, Rental Vehicle, Custom Coverage- This coverage is elective coverage by the insured that provides specific coverage for incidents requiring towing of the insured vehicle(s), provides coverage for one of a kind vehicles, classic autos or other special vehicles. Rental coverage provides coverage for covered accidents to the insured's vehicle. Custom insurance provides for document

Neglect-if the insured fails to use reasonable means to protect the insured property from damage, the loss would not be covered.

Peril-A peril is the cause of a loss such as a fire, flood, theft and earthquake that can cause a loss of life to property and people.

Personal Auto Policy (PAP)-automobile insurance policy introduced in 1977. Other policies prior, however the PAP is written in plain language without technical terms and is easier to understand.

Possible lengthy waiting periods-is the time that elapses after the insured's policy is active, before specific exclusions will be covered. (Ex. Maternity coverage)

Power Failure-if a utility interruption takes place that is not at the insured's home, coverage is not provided.

PPO-preferred provider organization (PPO) is a health plan that has contracts with a network of "preferred" providers from which you can choose. You do not need to select a PCP and you do not need referrals to see other providers in the network.

Premiums – the fee paid to an insurance company in return for the insuring of property and casualty insurance and life and health insurance to individuals or businesses.

Property Coverage A-Dwelling-located on the residence premises including any attached structures.

Property Coverage B-Other structures (such as a detached garage, workshop, swimming pools, fences and gazebos)

Property Coverage C-Personal Property Coverage-is anything other than real property (land or anything attached to it). Basically clothing, furniture, televisions. *Exceptions: Special items such as money, jewelry, firearms, silverware and other high value metals have loss value limits.*

Property Coverage D-Loss of Use-Provides money for you and your family to live elsewhere when you cannot live in your home because of a covered loss.

Property Damage Coverage-Physical injury to or destruction of or loss of use of tangible property such as other vehicles, buildings, telephone poles, fences etc.

Renters Insurance-offers the same protection as a homeowners policy. Roommates each must have their own renters insurance policy.

Risk-a risk exists whenever there is uncertainty about the outcome

Traditional Health Insurance (Major Medical Coverage)- Contains basic coverage if a catastrophic loss occurs. To prevent the insured from having financial ruin from a long term illness or injury. Characterized by very high deductibles as high as \$10,000 and low premiums

Underinsured Motorist Coverage-pays from your coverage if you are in an accident with another motorist that has lower liability coverage than your coverage. Your underinsured coverage will pay the difference. Not required in North Carolina, but it is suggested.

Uninsured Motorist Coverage-pays if you are struck by someone who does not have insurance. Also will pay if you are a victim in a hit-and-run accident.

Vision Insurance Coverage-optometrists and ophthalmologists in a provider network offer eye exams, eyewear and other services covered by the vision insurance plan at no charge or at discounted fees compared with doctors outside the network.

Water Damage-damage to the home from flooding. (requires a separate flood insurance policy if the home is in a flood zone)

your family members and passengers in your car as a result of an accident.