

Terms – The Basics of Insurance

Adjuster	A person who investigates claims and recommends settlement options based on estimates of damage and insurance policies held
Agent/Broker	An individual who sells, services, or negotiates insurance policies either on behalf of a company or independently
Claim	A request for a benefit or payment of an insured expense
Exposure	Risk of possible loss
Hazard	Circumstance which tends to increase the probability of loss
Insurance	An economic device transferring risk to an insurer to reduce the uncertainty of risk
Insurer	A company or carrier authorized to write insurance
Limits	Maximum value to be derived from a policy
Named Insured	The individual(s) identified as the insured in the policy contract
Peril	The cause of property damage or bodily injury loss
Policy	A contract between the insured and the insurer
Premium	Money charged for the insurance coverage
Risk	Uncertainty concerning the possibility of loss by a peril
Transfer of Risk	Risk of loss is transferred to another party, typically to an insurance company
Underwriting	The process by which an insurance company examines risk and determines whether the insurer will accept the risk or not, classifies those accepted and determines the appropriate rate for coverage provided.