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Property & Casualty Insurance Glossary

Home & Umbrella Insurance



■ **Home & Umbrella Insurance**

Homeowners Insurance is a type of insurance policy that covers loss and damage to your dwelling, property, and other owned equipment in the event of a covered loss. In addition, these policies are generally packaged with coverage for personal liability - that is, legal responsibility - for injuries and property damage to others caused by the insured party. Umbrella Policy is liability policy that provides coverage for losses above the liability coverage limits of an underlying policy or policies. Coverages may be the same or broader than those underlying policies and vary according to insurance companies. If the loss is covered by an underlying policy, no deductible applies. The deductible/retention only applies if the Umbrella policy contains coverage that is not covered by an underlying policy

A**Actual Cash Value**

Is the calculation of value of property that pays damages equal to the replacement value of damaged property, minus depreciation, wear and tear, or obsolescence.

Additional Living Expense Coverage

Reimburses for the essential costs, such as temporary housing and food, incurred when a policyholder's home becomes temporarily uninhabitable due to damages, and attributable to a peril-covered insurance.

Additions and Alterations

is the value of materials and supplies used to alter or improve a physical unit, building, or other structure. Coverage for these spaces may be necessary when a policyholder is renting a premise or when a policyholder does not personally own the real property (i.e., building), as in condominium ownership. personally own the real property (i.e., building), as in condominium ownership.

B**Blanket Insurance**

Is a method of combining the value of property of different types (such as the dwelling and the contents of the dwelling) or different locations into a single limit of insurance on a property insurance policy.

C**Condominium Unit Owners Policy**

Is a comprehensive policy, similar to a homeowner policy, providing limits of protection for unit alterations and improvements, personal possessions, loss of use, and liability for damage or injury to others.

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Covered Perils

Are specific risks or causes of loss that trigger the insurance property policy to respond. A homeowners policy may be written on an All Risk (peril is covered unless specifically excluded) or Named Perils (only those perils listed can trigger coverage) basis

Customized Coverage

Is a term used to describe the endorsements available to overcome limitations or exclusions on standard home and auto insurance policies.

D

Declarations Page

Of an insurance policy denotes the time period the policy is in force, the amount of coverage and premium, and the name and address of the insurer and the insured.

Deductible

Is the designated fixed-amount or percentage of an insured loss that is paid for by the insured party.

Depreciation

Is the diminishment of property value due to age and wear. An insurance policy payment for a property loss related to an asset valued on an Actual Cash Value basis will be the depreciated value.

E

Earth Movement

Refers to sudden land shifts such as earthquakes and mudslides; protection for it is usually excluded from

Earthquake coverage

Is property coverage for losses resulting from an earthquake and related earth movement.

Endorsement

Is a term used by an insurer to clarify or to make revisions to particular provisions of a policy. Also referred to as “riders”.

Exclusions

Are policy provisions that eliminate certain protections

F

Fire Insurance

Is a type of property insurance. It provides only for a loss caused by the peril of fire.

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Flood

Is defined by insurance policies as water damage to the property caused by rising surface water that enters the home. (This is different than Water Back Up) Loss due to flood may be excluded from a homeowners policy; if so, it can be purchased separately or endorsed to the current policy.

Identity Theft

Is the appropriation of another person's identity to take financial advantage without that person's authorization.

Inland Marine

is first party coverage for property that is movable or scheduled property including jewelry, fine art, antiques, or collector's value.

Insurance-to-Value

Is the ratio between the value of insurance purchased compared to the replacement cost of the ensured property.

Insurance Score

Is the prediction ranking of likely future accidents or insurance claims based on consumer credit information (which includes confidential information about loan payment history), the number of open credit accounts, bankruptcy, and judgment filings.

L

Loss

Is the amount of the claim as determined by the adjuster; the insurance company will pay the loss less the deductible.

M

Market Value

Is commonly referred to as the selling price, and differs from insuring values such as replacement cost and actual cash value

Master Policy

Is an insurance policy covering multiple members on a group basis, issued to a master or group policyholder. Owners of a condominium unit are part of a master policy that ensures the common property and structure of the condominium or cooperative association.

Medical Payments Coverage

Is limited coverage for injured parties and medical payments due to accident, regardless of fault.

O**Occurrence**

Is an unexpected single accident or event during the policy period that triggers the liability insurance policy to respond with coverage.

Ordinance and Law Coverage

Is property insurance coverage to pay for the increased costs of rebuilding a dwelling or home as a result of revised building codes since the structure was originally built.

Other Structures

Refers to structures on premises that are not attached to the insured building. Examples include detached garages, fences, retaining walls and outbuildings.

P**Personal Injury**

Is liability coverage for those who have been discriminated against, falsely arrested, illegally detained, libeled, slandered, suffered mental anguish, or have had their right of privacy violated.

Personal Liability

Covers many of the personal liability exposures faced by homeowners unless specifically excluded. Coverage is afforded to protect the insured against the financial consequences of the insured's legal liability to other parties for bodily injury and property damage.

Personal Property

Is a class of property distinct from real property or business property. It includes the contents of the insured residence, non-business possessions, not part of land or buildings.

R**Real Property**

Refers to structures and any property attached to the land (e.g., house, pool, outbuildings, etc.).

Rental Reimbursement

Is optional car insurance that covers costs for a temporary replacement vehicle during the time to repair an insured vehicle after a loss.

Renter's Policy

is a personal insurance policy for those who rent apartments or houses and wish to insure their personal property and personal liability.

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Replacement Cost Insurance

Coverage that pays to replace damaged property with like kind and quality (e.g., buildings, possessions, vehicles, etc.) without deducting for depreciation. This amount is usually limited by a maximum dollar or value percentage shown in the insurance policy.

U

Umbrella

liability insurance is protection for the insured(s) above a specific amount set forth in the basic policy issued by the primary insurer. For example, a Personal Umbrella policy limit will respond once the primary Personal Liability insurance limit has been exhausted.

Unit Assessment

Is a portion of an assessment charged to all unit owners as a result of a loss to common areas. It generally applies to condominium insurance.

W

Water Back-Up Coverage

Is supplemental insurance to help pay for water damage from water seeping up from sewers or drains. Many standard home insurance policies do not include it. Coverage can often be obtained through an endorsement to a homeowner policy.

Watercraft

Refers to boat insurance. There are several watercraft coverage limitations in standard homeowner policies. Liability coverage is generally excluded for most watercraft, in most situations, unless the boat is a sailing vessel (under 26 feet), an outboard of 25 horsepower or less, or inboard (and inboard/outdrive) motors of 50 horsepower or less. Also excluded is any business use. Standard coverage for direct damage to watercraft is usually limited to \$1,500, an amount that includes trailers, equipment, and outboard engines. Additional coverage is obtainable through endorsement to a homeowner policy or a separate boat policy.

Windstorm Pools

Or beach plans are insurance coverages devised by coastal states to provide insurance for property damage caused by wind to the insured property. Where windstorm exposure is great, these shared pools are often the only catastrophic wind protection available.

The definitions included here are a generalization. Refer to your insurance policy documents for the insurance