

The following are general definitions for common insurance terms. Please refer to your policy for specific definitions and how they are applied.

Actual Cash Value: The amount of money needed to repair or replace damaged property less an allowance for depreciation, obsolescence, or general wear and tear.

Additional Living Expense: Extra charges covered by homeowner's policies over and above the policyholder's customary living expenses.

Adjuster: An individual who is employed by the insurer to review and settle a policyholder's claim. *Note:* Adjusters are different from Public Adjusters and Independent Adjusters.

Agent: A person licensed to sell insurance products.

Coinsurance: In property insurance, requires the policyholder to carry insurance equal to a specified percentage of the value of property to receive full payment on a loss. For health insurance, it is a percentage of each claim above the deductible paid by the policyholder. For a 20 percent health insurance coinsurance clause, the policyholder pays for the deductible plus 20 percent of his covered losses. After paying 80 percent of losses up to a specified ceiling, the insurer starts paying 100 percent of losses.

Coverage A: The coverage provided for the primary residence or building. Review your policy for details.

Coverage B: The coverage provided for other structures such as garages, storage sheds, sauna. Review your policy for details.

Coverage C: The coverage provided for personal property. Review your policy for details.

Covered Damage: Damage that was caused by a covered loss.

Covered Loss: A loss covered under the Terms and Conditions of the policy.

Covered Peril: The perils for which coverage is provided by the policy.

Covered Property: Property covered under the policy.

Debris Removal Coverage: An additional coverage for the expense to remove debris of covered property resulting from a covered loss. Please review your policy for details.

Deductible: The portion of a covered loss that the insured is responsible for paying.

Denial: The refusal of an Insurer to provide coverage for a loss, for reasons supported by the circumstances of the loss and the conditions within the policy.

Depreciation: The decrease in the value of the property over a period of time due to use, wear and tear, exposure to the elements, lack of maintenance or obsolescence.

Endorsement: An attachment to a policy that changes, broadens or restricts coverage.

Independent Adjuster: A person or organization hired by an Insurer to represent them in the settlement of a claim.

Limit: The maximum payable under the policy for a type of property, or type of loss. Also known as the limit of liability.

Mortgagee: The financial institution that had granted a mortgage on a property.

Mortgage Clause: A provision is in the policy that grants certain rights to your Mortgagee. One of these rights is to be named as a payee on any payment for damage to the real property.

Perils: Are things that cause losses, such as fire, hail, wind or water. Read your policy to determine what are covered perils under your policy.

Public Adjuster: A person or organization hired by an Insured to represent them in the presentation of their claim. Generally Public Adjuster will receive a percentage of the claim.

Recoverable Depreciation: The maximum amount of depreciation an individual can recover once they have provided the insurer with proof that they have replaced the item or made the repairs. The policy must be a replacement cost policy for recoverable depreciation to be allowed.

Replacement Cost Coverage: Property Insurance that provides coverage up to the current cost to replace damaged property with property of like kind and quality. Generally a payment for the ACV amount will be made initially and a check for the difference or depreciated amount will be made once proof of replacement (such as receipts of purchase) have been provided. There usually is a 180 day time frame in which an insured must provide the proof of replacement to the Insurer or request and be granted an extension.

Term: The length of time that the policy remains in force.

The above definitions were taken from the Insurance Information Institute.