



Live Assured

by understanding your insurance

Insurance Terminology 101: Defining the Basics

While purchasing an insurance policy is the first-step to protecting yourself and your property against potential risks, it's only the beginning. After all, how can you be confident of your coverage if you don't know what it means? Here are some terms, as defined by the International Risk Management Institute, to help you understand the technical concepts outlined in your personal policy.

- **Aggregate:** a limit in an insurance policy stating the most the provider will pay for all covered losses sustained during a specified period of time.
- **Claim:** a formal, written request to an insurance provider asking for payment or reimbursement after a sustained loss based on the terms of a pre-negotiated contract (policy).
- **Collision:** coverage that provides reimbursement for damages to your vehicle that resulted from either directly colliding with another vehicle or object or from the overturn of your own automobile.
- **Comprehensive:** coverage that provides reimbursement for physical damages to your vehicle resulting from incidents other than collision, such as theft, vandalism, falling objects, fire, natural disasters, etc.
- **Deductible:** a predetermined amount of money that the insured must pay out of pocket before his or her insurance provider will pay a claim.
- **Endorsement:** a provision added to the insurance



policy that either alters or adds to the preexisting coverage.

- **Liability:** coverage that requires an insurance carrier to provide financial reimbursement to a third party in the event that the carrier's insured is found legally responsible for losses sustained by the third party.
- **Negligent:** failure to use a degree of care considered reasonable under a given set of circumstances, including acts of omission.
- **No-Fault:** a type of auto insurance coverage mandated by some states; it requires insurers to reimburse medical expenses, loss of income, funeral expenses, and similar expenses without regard to fault.
- **Premium:** the amount of money an insurer charges a policyholder to provide reimbursement in the event that an agreed-upon loss causes damage to the policyholder's property.

While this is a great start to understanding the basics, a one-on-one meeting with your independent agent is the best way to understand your insurance policy and the unique coverage it provides. For more tips and helpful information, log-on to www.preferredmutual.com. At Preferred, we believe in giving you the tools and resources you need to make confident decisions and *live assured*.

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