

Accident	An unforeseen and unintended event.
Accident and health policy	A type of short-term insurance or reinsurance policy where the contract covers a disability, health or death event contemplated in the contract.
Accidental death benefit	An additional benefit included in, or added to, a life insurance policy providing for payment of an additional death benefit in event of death as a result of accident. Also known as double indemnity.
Acquisition costs	Costs incurred in the acquisition of new (and renewal of) insurance contracts. Acquisition costs include those costs that vary with, and are primarily related to, the acquisition of insurance contracts (for example, commissions, certain underwriting and policy issue costs and inspection fees).
Act of God	An event caused by the forces of nature.
Additional premium	The premium due from the insured arising from an endorsement.
Adjuster	A person who acts on behalf of an insurer, or an insured, to investigate the circumstances of a loss and to recommend the amount to be paid. Also known as a loss assessor or loss adjuster.
Adjustable policy	An insurance contract where a provisional premium is payable at inception and adjusted after expiry.
Adjustment premium	The premium determined after expiration of the policy based on the declaration of details such as wages, stock values, etc, or the losses experienced under the policy. The original premium charged on such policies may be referred to as the advance premium, the base premium, the initial premium or the deposit premium. Also known as a declaration premium.
Agent	A representative of an insurer who obtains business for the insurer. He may be an independent contractor or an employee.
Aggregate limit	The total amount of money an insured company will pay under an insurance policy for claims which arise.
All risks	An all risks policy covers the insured against all risks of loss or damage to the property insured other than loss or damage specifically excluded.
Allied perils	Risks associated with a fire policy including flood, earthquake and landslip. See property insurance.
Annual premium	The amount of premium which must be paid annually to meet the contractual requirements of the policy and keep it fully in force.
Apportionment	Where more than one insurance contract covers a loss, the determination of the extent to which each insurer is liable to meet the loss.

Arbitration clause	A clause in an insurance contract which is designed to resolve differences between an insurer and the insured without litigation. It usually provides for the appointment of two arbitrators (each party having the privilege of appointing one), who in turn appoint an umpire (usually agreed upon before arbitration proceedings begin). The wording of the clause may vary, but its general purpose is to enable difficulties to be settled equitably rather than on a strictly legal basis.
Arson	The malicious or fraudulent burning of property.
Assignment	The transfer of an interest under an insurance policy from one entity to another. Assignment may require the consent of the insurance company concerned.
Assured	Used alternatively to insured to designate a person who takes out a life insurance policy on his life or the life of someone else.
Average clause	A clause in a policy requiring that, where assets are insured for less than their full value, the insured is required to bear a proportion of any loss. The proportion is the amount by which the assets are under insured, expressed as a percentage of its indemnity value, at the time of the loss. In marine insurance it refers to loss.
Beneficiary	A person named in an insurance policy to receive all or part of the benefits provided by the policy upon the death of the insured. The beneficiary can, under certain circumstances, be the insured's estate, a creditor, or a corporation.
Benefit	The amount payable by the insurer to a claimant, assignee, or beneficiary when the insured suffers a loss covered by the policy.
Benefit payments	Includes all amounts paid or accrued in terms of policy contracts to the persons entitled to those benefits.
Bodily injury liability	Responsibility arising from injury or death to another person.
Broker	An agent who acts on behalf of the insured in effecting and servicing an insurance policy.
Brokerage	The commission deducted by an insurance broker from premiums paid to him by his clients. The premiums less commission are then forwarded to the insurance company.
Business interruption insurance	Insurance that will protect the owner of a business from losses sustained during a period of suspended business caused by fire or other hazard. See loss of profits insurance.
Cancellation	A complete termination of an existing policy prior to its expiration. Usually only the insured may cancel a policy if all premiums due have been paid.
Cancellation clause	Clause in a policy which allows the insurer to cancel after due notice.

Cargo insurance	This may be either marine or aviation cargo. This covers the risk of damage or loss of goods while in transit.
Casualty	Insurance covering liability or third-party business; or A loss, notably a marine sinking.
Certificate	A statement of coverage issued in connection with group insurance. Each insured member of the group is issued a certificate certifying that a master policy or contract has been issued by the insurance company to cover the group. A summary of the terms of the policy applicable to an individual member is shown in the certificate.
Civil damages	Amount payable to a winning plaintiff by a losing defendant in terms of a court order.
Civil Liability	Liability of persons for negligent acts and/or omissions other than breach of contract.
Claim file	All data relating to each loss or claim are placed together and are referred to as a claim file.
Claimant	The party making a claim under an insurance policy. The claimant may be the insured. Under liability policies the claimant is a third party.
Claims incurred	These are the claims costs for an accounting period made up of: <ul style="list-style-type: none"><li>• claims paid for the period, including claims handling expenses,</li><li>• less outstanding claims at the end of the preceding accounting period including IBNR,</li><li>• plus outstanding claims at the end of the current accounting period including IBNR.</li></ul>
Claims made basis	See losses made basis.
Claims occurring basis	See losses occurring basis.
Claims ratios	Ratios expressing the relationship between claims and premiums. Two ratios in common usage are: <ul style="list-style-type: none"><li>• The paid claims ratio: paid claims divided by earned premiums and;</li><li>• The incurred claims ratio: incurred claims divided by earned premiums.</li></ul>
Claims reported	Claims resulting from accidents or occurrences which have taken place and have been recorded in the insurers accounts.
Collision	Physical contact of a motor vehicle with another object (including another vehicle) resulting in damage.
Collision damage waiver	Cover provided to a person renting a motor vehicle for motor vehicle comprehensive insurance where the renting company has waived the right to proceed against the vehicle driver for damage caused while the vehicle was rented.
Collusion	Agreement between two or more parties to commit fraud.

Commercial insurance	An insurance contract entered into in respect of the assets and liabilities of business enterprises as opposed to individuals. Also referred to as corporate insurance.
Commission	Commission is the fee paid to an agent for the agent's services and is calculated as a percentage of the premium generated on the insurance policy.
Comprehensive motor vehicle insurance	Primarily insurance which covers any loss of, or damage to an insured motor vehicle (including motor cycles, caravans and trailers) arising from an accident, fire or theft. Also included in this class of business is third party and property damage arising from motor vehicle accidents.
Compulsory third party insurance	Third party insurance providing for compensation for death or injury caused by motor vehicles provided for in the Compulsory Motor Vehicle Insurance Act 56 of 1972.
Conditions	The clauses in an insurance policy which specify what may or may not be done by the insured before and after the occurrence of a loss in terms of the policy.
Consequential loss	A loss not directly caused by damage to property, but arising as a result of such damage. For example, lost production and loss of profits following a factory fire. See loss of profits insurance.
Contractors all risks insurance (CAR)	This is a class of insurance sometimes known as contractors works insurance. CAR covers the insurance of materials, buildings, structures, works and other property in the course of construction. The policy can be extended to include the contractor's plant and equipment on site. This class of business is normally classified as engineering for regulatory reporting purposes.
Contributory negligence	Lack of care on the part of the individual injured or suffering loss which helped to cause or aggravate the accident or loss.
Cover	The scope of the protection provided by an insurance.
Crop insurance	Insurance in respect of damage to crops in the event of hail, fire, flood, wind and lightning.
Date of attachment of risk	The date with effect from which an insurer accepts liability under an insurance policy. The starting point for calculating earned and unearned annual premiums. Also referred to as the policy inception date.
Death	Termination of life. Usually a death certificate is required to prove this in the event of a claim.
Death benefit	Amount payable under a life insurance contract on the death of the insured.
Declarations	Statements by the insured that provide information about the risk insured. These statements form the basis on which the policy is issued and the premium determined.

Deductible clause	A clause in an insurance contract which provides for an insurer to pay only that amount of any loss which is in excess of a specified amount.
Demurrage	Amount payable to a ship owner where a ship has been delayed for reasons beyond his/her control. The amount relates to loss of earnings.
Deposit premium	Certain policies are written under conditions which provide that the final premium is not determined until the policy has expired. The premium charged at the inception of cover is the deposit premium. The term is also used to refer to the initial premium paid by an applicant for life insurance which is held in suspense by the life company pending its acceptance or rejection of the proposal. The term is also used in reinsurance policies to describe the minimum premium payable on an excess of loss contract.
Depreciation	The extent to which property decreased in value due to use, wear and tear or other factors.
Direct response marketing	Selling insurance directly to insureds through the mail, by telephone, through the press or through electronic networks.
Directors and Officers	Insurance of directors and officers in respect of claims made against them for actual or alleged wrongful acts arising from negligence, omission or misleading statements.
Disability	<p>A physical or mental condition that makes an insured person incapable of performing one or more duties of his or her occupation.</p> <p>Such a disability may be partial (a disabled person can perform a material part of their occupation), permanent (the disability is expected to be for the life of the person), temporary (a disability from which the person is expected to recover) or total (a disability which is sufficient to prevent the person from performing any of the duties of their occupation).</p>
Disability event	The event whereby the functional ability of the mind or body of a person has become impaired.
Discovery period	The period allowed to the insured after termination, under certain bond and policy provisions, to report a loss that occurred during the period covered by the contract.
Domestic insurer	In Singapore, an insurer incorporated in the Republic.
Duty of disclosure	The duty on the insured and the insurer to disclose every material fact in relation to the policy. See uberrimae fidei.
Effective date	The date and hour on which a policy or endorsement becomes effective; the inception date of the cover provided by a policy contract.
Electronic equipment insurance	Insurance against damage or loss of computers and other electronic equipment.

Endorsement	Documentary evidence of a change to an existing policy, for example, change of address, increase in sum insured, etc. An endorsement may result in an additional premium, a return premium or no premium adjustment.
Engineering policy	A type of short-term insurance or reinsurance policy where the contract covers specified risks relating to the use of business machinery and equipment, excluding machinery and equipment for the conveyance of persons or goods, or the erection of buildings or structures and the installing of machinery or equipment.
Excess	A policy condition whereby the insured is required to pay a portion of the loss, as stipulated in the policy (for example the first S\$1,000 of a motor vehicle damage claim). The insurer would pay the balance over that amount.
Exclusions	Provisions in a policy that excludes certain types of risk from coverage under the policy.
Expiry date	The date and hour stated in the policy or endorsement on which the insurance policy ceases to be in force.
Expire	To 'expire a policy' is to allow a policy to run until the expiry date and then retire from the risk by not renewing the policy.
Fidelity Guarantee	This offers cover to the employer against dishonesty of an employee. This is also known as a fidelity bond.
Fire insurance	See property insurance.
Fire protection	Various measures taken by the insured to reduce the risk of damage from fire. This includes fire resistant contraction material, fire walls (walls separating parts of a building) and fire proof materials.
Forcible and violent clause	A clause used to limit the scope of cover in the case of theft from fixed property. Both force and violence must be used to gain entry and exit.
Franchise	A policy condition whereby no claim is admissible until the loss exceeds a specified amount, at which point the insurer pays the full amount of the claim.
General average	A term used to indicate losses resulting from voluntary sacrifices on the part of the master of the ship for the purpose of preserving the safety of the ship and remainder of its cargo. Such losses must be borne proportionately by all owners of the ship and its cargo.
Gross negligence	Reckless action without regard to life or limb.
Highly protected risk	Risks where steps have been taken to reduce the frequency and severity of claims. Such actions usually result in reduced premiums.
Householders insurance	This covers loss or damage in respect of domestic contents.
Houseowners insurance	This covers loss or damage to the home of the insured from a variety of perils, essentially fire and allied perils.

Hull Insurance	Insurance against loss of or damage to an aircraft, ship and other air and water borne craft.
Incurred claim	The occurrence of an event as a result of which payment under the terms of an insurance policy will be demanded, or has been demanded, from the insurance company.
Independent Financial Advisers	Term established to denote those who distribute a range of investment products, including general and life insurances, from more than one insurer.
Individual life	Coverage of a single life. Contrast with group life where many lives are covered.
In force	<ul style="list-style-type: none"><li>Referring to a policy, it means the policy is in effect and has not expired or been cancelled.</li><li>Referring to premiums, it means the amount of original premiums under all policies currently in force.</li></ul>
Inland marine insurance	Insurance covering goods in transit over land.
Insurable value	The stated value in an insurance policy. It can be the market value, the declared value or the replacement value.
Insurance broker	An agent on behalf of the insured who negotiates the terms and cover provided by the insurer in the insurance policy.
Insurance policy	Written evidence of an insurance contract and its terms. A contract whereby one party (the insurer), in return for consideration known as a premium, agrees to indemnify another party (the insured) against specified damage, loss or liability arising from the occurrence of specified risks or to compensate the insured or beneficiary upon the occurrence of a specified event.
Insured	The person whose interest is insured, usually the policy owner.
Insured peril	Source of loss which is covered under an insurance policy.
Insurer	Company offering risk protection via insurance policies.
Intermediary	A person who negotiates contracts of insurance or reinsurance with the insurer or reinsurer on behalf of the insured or reinsured.
Judgement	Decision by a court of law.
Legal liability	The liability imposed by law for negligence that results in injuries or death or damage to someone else's property.
Liability insurance	This covers the person insured against liabilities incurred to third parties for property damage or bodily injury or other specified damages.
Limit of liability	The maximum amount for which an insurer is liable on any one loss. This is sometimes referred to as limit of indemnity.

Loss of profits insurance	A form of consequential loss insurance which compensates the insured for loss of earnings resulting from the interruption of business, usually as a result of fire or flood. See business interruption insurance.
Loss payable clause	The clause in an insurance policy that designates to whom the loss is payable.
Loss prevention	Activities undertaken to prevent losses from occurring. This is a form of risk management.
Losses made basis	This is a method of determining whether a loss falls within the cover of an insurance policy. The insurer is responsible for losses notified (made) during the policy period irrespective of when the claim occurred. This basis should be contrasted with the losses occurring basis. Also known as claims made basis.
Losses occurring basis	This is a method of determining whether a loss falls within the cover of an insurance policy. . Losses arising during the period when a policy is in force are covered irrespective of when the claim is submitted. This basis should be contrasted with the losses made basis. Also known as claims occurring basis.
Marine insurance	<p>Marine insurance covers the risk of loss to ships and vessels:</p> <ul style="list-style-type: none"><li>• marine hull - covers the risk of loss to property and goods in transit;</li><li>• marine cargo - marine cargo insurance may be divided into two divisions:<ul style="list-style-type: none"><li>- inland marine, which covers property and goods in transit between locations without requiring sea transport, and</li><li>- ocean marine, which covers property and goods subject to a sea voyage.</li></ul></li></ul> <p>Marine cargo policies are issued in various forms depending on the requirements of the shipper, the shipowner, the charterer, the consignee, etc.</p>

Marine liabilities	<p>There are a number of different types of marine liability covers including:</p> <ul style="list-style-type: none"><li>• charterer's liability - liability incurred under contract by ship lessees for damage to ships and property damage liabilities to third parties;</li><li>• comprehensive marine liability - a third party liability policy for ship chandlers (supplying provisions to ships) container freight station operators, ship breakers, yacht manufacturers and marine construction contractors;</li><li>• contingent container - third party liability contingency insurance coverage for container lessors;</li><li>• logistic liability - a broad form liability package for insureds engaged in all phases and types of transportation;</li><li>• marine operators liability - third party liability insurance for operators of yacht marinas;</li><li>• port authority / harbour board liability - a liability policy for private companies or government authorities responsible for the administration of ports and harbours - can include pilot's liability;</li><li>• ship agents / brokers liability - professional and or third party liability insurance for representatives of shipping lines;</li><li>• ship repairers liability - care, custody and control liability to ships being repaired and third party bodily injury and property damage liability; and</li><li>• stevedores liability - cover of liability to third parties arising out of loading or unloading ships.</li></ul>
Market value or fair value	<p>The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.</p>
Material fact	<p>A fact that would influence a prudent underwriter in determining the premium for a policy.</p>
Misrepresentation	<p>Information supplied by the insured to the insurer which is incorrect to a material degree. The supply of such information whether innocently or fraudulently gives the insurer the right to repudiate the contract.</p>
Motor insurance	<p>Cover in respect of motorised vehicles including fire, theft, impact, collision and third party liability cover.</p>
Named insured	<p>A policyholder, the person for whom an insurance policy is issued, or any person or corporation, or any member thereof, specifically mentioned as insured in a policy.</p>
Nuclear risks	<p>By international agreement such risks are excluded from all policies.</p>
Omissions	<p>Failure to act when action was appropriate.</p>

Onus of proof	The responsibility for producing evidence to confirm assertions made. It is the duty of the insured or claimant (beneficiary under a life policy) to prove the loss took place.
Operative Clause	The clause in an insurance policy which sets out the circumstances in which the insurer is prepared to pay claims.
Paid claims	Actual claim payments made during a particular period.
Peril	Possible loss occurrences against which insurance cover is obtained. For example, fire, windstorm, collision, hail, bodily injury, property damage, loss of profits etc.
Permanent Disability	Disability which prevents a person from working in their normal occupation. This may be total or partial (able to still work but not in the same occupation).
Personal Accident	A class of insurance which provides a fixed payment in the event of an insured being injured in an accident or killed in an accident. The amount paid varies according to the nature of the injury, for example, loss of a finger, loss of an arm.
Personal Effects	A term used in all risks insurance to describe articles generally carried or worn by a person.
Personal Liability	A form of liability insurance effected by an individual in a personal capacity which excludes all liability arising out of his/her business or profession.
Personal Lines Insurances	Generic term referring to insurance of individuals and their personal property. The term is used in short-term insurance.
Policy	The legal document, issued by the insurer to the policyholder, that outlines the conditions and terms of the insurance. Also called the contract.
Policyholder	A person who owns an insurance policy. Also known as the policyowner.
Premium	The monetary consideration which the policyowner pays to the insurance company for a contract of insurance.
Product Liability Insurance	Insurance taken out by manufacturers, wholesalers, distributors and sometimes retailers against claims arising out of the consumption, handling or use of a product or goods away from the premises where the goods are manufactured or sold. Product recall is also written under this heading if specified.
Professional Indemnity Insurance	Insurance covering the professional against his or her legal liability to pay damages to persons who have sustained loss due to the professional's negligence in the conduct of his or her profession.
Proof of loss	Evidence required from a policyholder that a loss occurred eg a death certificate in a life insurance claims.
Property policy	Insurance policy that covers risks relating to the use, ownership, loss of or damage to movable or immovable property.

Property insurance	A contract which, in consideration of the payment of an annual premium, indemnifies the policy owner for loss by fire, storm, wind and water, impact by aircraft, impact by road vehicles and cattle, earthquake, earth-tremor and subsidence and landslide. Property fire losses of a private or domestic nature are covered by homeowners' and householders' policies. Loss of profits insurance are also generally included with property insurance business for reporting purposes.
Proposal	A request for insurance submitted to the insurer by or on behalf of the insured. The proposal usually includes sufficient facts for the insurer to determine whether or not it wishes to accept the risk.
Proximate cause	The direct, dominant or specific cause of a loss or the uninterrupted chain of events that brought about the loss.
Public Liability Insurance	A prescribed class of insurance business covering liability exposures of individuals and businesses for damage to property and injury to individuals.
Reinstatement (claims)	Restoration or repair of damaged property. Settlement of a claim on a new for old basis.
Renewal	The continuation of an existing contract of insurance at a premium that may or may not be at the same rate as in the previous period.
Renewal certificate	A certificate issued by the insurance company to provide evidence that the original policy is in force for a further period.
Renewal notice	Notice reminding the insured that the period of cover will shortly expire and inviting the insured to renew for a further period.
Renewal premium	A premium relating to the extension of a policy for an additional period.
Replacement value insurance	Insurance that is issued to cover the full replacement cost of property damaged or destroyed. Unlike indemnity <b>value</b> , it does not take into account the effects of depreciation.
Return premium	A premium refund due to the insured, arising from an endorsement or cancellation.
Risk	<p>The hazard exposure, or chance of loss. The term 'risk' is used also in a general way to designate the subject matter of an insurance policy. It may also be used as a generic term for the insured. The risk that is transferred from the insured to the insurer under an insurance policy can consist of:</p> <ul style="list-style-type: none"><li>• underwriting risk - the uncertainty as to whether or not the loss event will occur and/or the ultimate amount of any claim payment in respect of the loss event; or</li><li>• timing risk - the uncertainty as to when claim payments will be made.</li></ul>
Risk management	Procedure to minimise the possibility of loss.
Salvage	The amount received by an insurer from the sale of property (usually damaged) on which he has paid a total loss to the insured.

Schedule	A document forming part of the policy indicating the sum insured, premium period of insurance and applicable information.
Subrogation	The statutory or legal right of an insurer to recover from a third party who is wholly or partially responsible for a loss paid by the insurer under the terms of a policy. For example, when an insurer has paid the insured for loss sustained to his car as the result of a collision, the insurer may collect, through the right of subrogation, from the person whose car caused the damage. Subrogation recoveries are treated as reductions of losses paid.
Sum insured	The stated monetary amount or amounts of indemnity or cover under an insurance policy.
Territorial limits	The geographical area within which an insured event must occur to be covered in terms of the policy.
Third Party Cover (under motor vehicle insurance)	Provides cover for legal liability for damaging third party property from the use of a motor vehicle.
Third party	Any person, not a party to the insurance contract, who has an alleged or actual right of action for injury or damage against the person insured under the policy.
Third party property damage insurance	Cover for liability due to losses inflicted on the property of others.
Total and permanent disability	Total disability that is assumed to be permanent in character. Frequently, total disability is presumed to be permanent (for the purpose of beginning benefits) if it has persisted and has been total for a specified period of time.
Total loss	Loss entailing the payment of the total sum insured under an insurance policy.
Transportation policy	Insurance policy that covers risks relating to the possession, use or ownership of vessels, aircraft or other craft for the conveyance of persons or goods by air, space, land or water, or to the storage, treatment or handling of these goods.
Uberrimae fidei	In all contracts of insurance, it is a fundamental principle that the parties must exercise the utmost good faith towards each other. Any material fact which would influence the parties to the contract must be disclosed, otherwise there is ground for avoiding the policy. This applies to both intentional and innocent failure to disclose material facts. The test of materiality is whether that fact would have influenced a prudent insurer in his decision to accept the risk and the premium to charge. The test is considered in view of all circumstances at that time, including the full circumstances of the fact undisclosed.
Under insurance	The difference between the possible loss and limit in insurance.
Underwriting	The process of examining, accepting, or rejecting insurance risks, and classifying those selected, in order to charge the proper premium for each. The purpose of underwriting is to spread the risk among a pool of insureds in a manner that is equitable for the insureds and profitable for the insurer.

Underwriter	One who determines the acceptability or retention of business. Loosely, the person involved in setting premiums. The term is also used to denote an insurance company.
Unreported claim	Circumstances where, following an accident or loss, payment under the terms of an insurance policy will be demanded from an insurance company but notice of the claim has not yet been received. Insurance companies are required to set up provisions for unreported claims (IBNR).
Unvalued policy	A policy where the sum insured represents the limit of liability. The amount to be paid is determined after the loss.
Utmost good faith	See uberrimae fidei.
Void	Of no legal effect. The insurance policy has no legal effect.
War clause	By international agreement insurers do not undertake war risks.
Warsaw Convention	An international agreement specifying the liability of airline operators to their passengers and in respect of their baggage.