**BASIC TERMS for INSURANCE AND RISK MANAGEMENT**

*Insurance terms, definitions and explanations are intended for informational purposes only and do not in any way replace or modify the definitions and information contained in individual insurance contracts, policies or declaration pages, which are controlling.*

**INSURANCE TERMS:**

**Drake’s Commercial Lines of Insurance:**

- **Automobile:** A land motor vehicle, trailer or semi-trailer designed for travel on public roads, not including “mobile equipment.”
  - **Auto Collision:** Covers damage to your vehicle resulting from collision with another vehicle or object (subject to deductible).
  - **Auto Comprehensive:** Covers damage to your vehicle not caused by collision or upset (subject to deductible). Examples may include theft, vandalism, weather events, contact with animals or debris in the road.
  - **Property damage liability coverage (auto):** This type of insurance helps pay for damage to someone else’s property as the result of a covered accident for which you are responsible. It may help cover the expense of repairing or replacing a car, fence or other property damaged during the covered incident.
  - **Medical payments (auto):** Covers reasonable medical expenses for you and others in the event of an accident, regardless of who is at fault. In your policy, this may be referred to as medical expenses or medical benefits.

- **Boiler and Machinery:** Coverage for loss caused by mechanical or electrical equipment breakdown, including damage to: the equipment, other property of the insured, and property of others.

- **Business Income:** Insurance covering loss of income suffered by a business as a result of not being able to use property damaged by a covered cause of loss, during the time required to repair or replace it.

- **Crime:** Covers employee theft, forgery or alterations, robbery and safe burglary, money handling crime.

- **Data Compromise (Cyberliability):** covers data breaches and crisis management of those, e.g., identify theft, privacy notifications, public relations, credit monitoring.

- **Educators Legal (D&O):** Directors and officers liability insurance (D&O) covers directors and officers of a company for negligent acts or omissions and for misleading statements that result in suits against the company.

- **Fiduciary:** Legal responsibility of a fiduciary to safeguard assets of beneficiaries, Covers errors and omissions in the administration of employee benefit programs as imposed by ERISA 1974.

- **Fine Arts:** Inland marine property insurance for works of art, typically written on a valued basis.

- **Flood:** Excess for potential stadium flooding.

- **Foreign:** Various limits for traveling abroad, e.g., general liability, auto excess, employers liability, kidnap and ransom.

- **General Liability:** A broad commercial policy that covers all liability exposures of a business that are not specifically excluded. Coverage includes product liability, completed operations, premises and operations, and independent contractors. Insurance for what the policyholder is legally obligated to pay because of bodily injury or property damage caused to another person.

- **General Liability Bodily injury:** Covers damage resulting in bodily injury or death sustained by others, including covered medical costs, that you become legally responsible for as a result of a covered auto accident.
Medical payments to others: This coverage may provide payment for medical expenses resulting from an accident on your property. "Med pay" is intended for the immediate medical treatment of guests on your premises, without determining fault. This coverage is subject to specific dollar limits per incident, and availability may vary.

Personal injury (property): Provides coverage for certain damages awarded to others on behalf of the insured, such as covered claims for bodily injury caused by a slip and fall on your property.

- Inland Marine: This insurance covers property that is mobile in nature and may be of high value, such as jewelry, sports equipment, musical instruments, fine arts, antiques, or coin or stamp collections.
- Media Professional: Policy to cover liability for “Matter” published, broadcast, produced, or distributed.
- Miscellaneous Professional: Professional liability coverage is designed to protect traditional professionals against liability incurred as a result of errors and omissions in performing professional services. Common reasons alleged in making claims on these policies are negligence, misrepresentation, violation of good faith and fair dealing, and inaccurate advice.
- Miscellaneous Property: property of others (excluding non-owned fine arts) in the care, custody or control of the insured.
- Pollution: a specialized insurance policy that covers liability and sometimes cleanup costs associated with accidentally polluting the environment.
- Property: First party insurance that indemnifies the owner or user of property for its loss, or the loss of its income-producing ability, when the loss or damage is caused by a covered peril, such as fire or explosion. Actual cash value (ACV): The value of the property lost or damaged at the time of the loss. Replacement cost: The cost of replacing damaged or destroyed property.
- Travel Accident: Accidental Death & Dismemberment policy that employers can buy to provide coverage for those who are traveling on behalf of the business.
- Umbrella: A policy designed to provide protection against catastrophic losses. Written over various primary liability policies. It provides excess limits when the limits of underlying liability policies are exhausted by the payment of claims; it drops down and picks up where the underlying policies leaves off when the aggregate limit of the underlying policy in question is exhausted by the payment of claims and it provides protection against some claims not covered by the underlying policies. For Example: auto, general liability, employee benefits, workers comp part B, watercraft, professional, foreign, media.
- Workers Comp: A system designed to provide certain benefits to employees who receive injury, occupational disease or occupational hearing loss arising out of and during the course of their employment. Benefits are payable regardless of fault and are the exclusive remedy of the employee against the employer.
  - Part A: Statutory in the state of Iowa.
  - Part B: employer’s liability that provides coverage for lawsuits filed by injured employees who, under certain circumstances, can sue under common law.
Other Common Insurance Terms:

- **Certificate of Liability Insurance Additional Insured:** A person or party, other than the policyholder, who is added to a policy so that they will also be covered by that policy.
- **Declarations page:** A summary document of an insurance policy that identifies the policyholder, the property or vehicles covered, the coverages and the premium amounts. The declarations page usually serves as the cover page of a policy document.
- **Deductible:** The amount a policyholder agrees to pay before the insurance company covers a loss. In addition to the standard deductible, there can be different deductibles for different types of losses such as wind, hail, hurricane or earthquake.
- **Depreciation:** A decrease in the value of property due to wear, age or other cause.
- **Endorsement:** Endorsements can alter, delete or add coverage, terms or provisions to an insurance policy.
- **Exclusion:** A provision in an insurance policy that excludes and/or limits certain coverages.
- **Indemnification:** The act of compensating for a loss.
- **Insured:** The person or parties who are insured or protected by an insurance policy.
- **Insurer:** The company that provides the insurance coverage and services on a specific policy.
- **Liability coverage:** Covers bodily injury and property damage to others for which you are held liable (as provided by your policy and state law).
- **Limits of insurance:** The amount an insurance company will pay for a covered loss, as stated in the policy.
- **Loss:** Direct and accidental damage to the insured automobile or property used as the basis for filing a claim.
- **Market value:** The value of property in terms of what it can be sold for in the open market.
- **Misrepresentation:** Statements that are false or misleading.
- **Mitigation:** Steps taken to prevent or reduce the amount or likelihood of loss.
- **Motor vehicle report (MVR):** The record of a person's driving history, including details of any accidents or violations, as reported to a state's department of motor vehicles.
- **Named non-owner coverage:** Situations may include employer-furnished vehicles or frequent use of rental cars. Added coverage to the Auto policy.
- **Named perils:** Covered hazards that are listed in an insurance policy.
- **Personal injury (property):** Provides coverage for certain damages awarded to others on behalf of the insured, such as covered claims for bodily injury caused by a slip and fall on your property.
- **Personal injury protection (auto):** Pays medical expenses to or for an insured in the event of an accident, regardless of who is at fault. May also pay for funeral costs, lost wages and costs for household services. Coverage varies from state to state, policy to policy.
- **Personal property:** Property owned or used by an insured.
- **Physical damage:** Refers to visual damage to a policyholder's residential property or vehicle.
- **Policy:** A written contract of insurance.
- **Policyholder:** The person or entity specifically identified as the named insured in an insurance policy. This person is also referred to as the named insured.
- **Premium:** The amount of money an insurance company charges in return for providing coverage.
- **Renters insurance (tenants insurance):** A renters insurance policy covers the tenant and some of their personal possessions.

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