

Insurance Planning 101

Insurance Best Practices

- Review your needs annually.
- Determine how much coverage you actually need.
- Apply before you need it.
- Consolidate coverage.
- Shop around!
- If affordable, pay annually.

Common Insurance Terms

Term	Definition
Adjuster	An insurance claims agent who evaluates insurance claims to determine the insurance company's liability according to the terms of a policy.
Any Occupation	An any-occupation policy only provides total disability benefits if the insured is unable to work in any occupation.
Appraisal	An assessment of property value (e.g. house value) or of the extent of property damage to determine the value of the property at the time of loss.
Activities of Daily Living (ADL)	A term referring to eating, bathing, getting dressed, toileting, mobility, and continence, known as routine activities people do daily without assistance. The performance of these activities helps to determine the extent of long-term care and health coverage needed.
Beneficiary	An individual who receives distributions from a policy.
Claim	A formal request to an insurance company for coverage or compensation for a covered loss.
Contract	A written agreement between the insured and the insurer.
Co-payment/Co-insurance	Payment made by the insured in addition to the insurer's financial contribution.
Deductible	The insured's financial responsibility in a policy; the amount of money paid by the insured in a claim before the insurance company kicks in.

Common Insurance Terms (continued)

Endorsement	An amendment to a contract, like a life insurance policy, that changes the coverage provided in the policy.
Gap Coverage	Also known as supplemental insurance; represents the amount needed to cover the difference between what you will get from your current coverage and what you will actually need to maintain your desired lifestyle.
Insured	Also known as the policyholder, the person covered by an insurance policy.
Insurer	A company that underwrites an insurance risk.
Lapse	A policy that ends due to inadequate payment of the premium.
Liability	Being responsible for an act or something that occurred
Liability Coverage	Also referred to as liability insurance, this coverage protects the insured against claims from injuries and damage to other people and property.
Loss	Damage sustained by the insured in consequence of an accident or occurrence.
Own Occupation	An own-occupation policy provides coverage if you, the insured, become unable to perform your specific occupation, even if you are able to work in another field.
Premium	The amount paid, either monthly or annually, for an insurance policy.
Reinstatement	When a policy goes back into force after a temporary lapse due to nonpayment of premiums.
Rider	Also known as an endorsement, a provision purchased in addition to a policy that provides supplemental benefits at an additional cost.
Risk	The possibility of losses that involves exposure to financial damage.
Surcharge	When an insurance company increases the rate due to a factor that increases your risk and likelihood of a loss.
Term	The period covered by a policy.
Underwriter	The person who evaluates and either accepts or rejects applications for a policy through an insurance company.