Intro to INSURANCE

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WHAT IS INSURANCE?

Insurance is a contract in which an individual or entity receives financial protection or reimbursement against losses from an insurance company. The insurance company pools clients' risks to make payments affordable for the insured.



There's insurance for almost anything! Common insurance types include:

- *Auto*
- *Business*
- *Condo*
- *Contents*
- *Disability*
- *Earthquake*
- *Flood*
- *Health*
- *Home*
- *Life*
- *Mortgage*
- *Pet*
- *Professional liability*
- *Property*
- *Renter's/tenant's*
- *Travel*
- *Tuition*

GLOSSARY OF COMMON INSURANCE TERMS

Insurance policies can contain a lot of jargon that you may not understand. Here are a few definitions to get you started.

Claim
A demand from a policyholder for payment from an insurer.

Exclusion
A term in an insurance contract that excludes the insurer from liability for specified types of loss.

Insurance broker
An individual or firm that acts as an agent for an individual, body or firm in arranging insurance coverage and in presenting claims under such coverage.

Loss
Injury, harm, damage or financial detriment that a person sustains. Losses may be insured or uninsured. Whether a loss is covered by a policy depends on the terms of that document and local law.

Policy
The wording of a contract of insurance.

Policyholder
The person who is insured under a contract of insurance.

Premium
The amount charged by an insurer as the price of granting insurance coverage.

Total loss
Where the subject matter of an insurance is lost, destroyed or damaged beyond repair.

Underwriting
The process of evaluating, defining and pricing insurance risks.

FREQUENTLY ASKED INSURANCE QUESTIONS

Q. What can I do to make sure that I have enough insurance?

A. Your insurance broker should assess your needs based on the details you provide about your situation. In the case of home insurance, a complete inventory of your belongings will help you get the right coverage and make it easier to file a claim.

Q. What is replacement cost?

A. Replacement cost is the total cost that your insurance company would pay to fully reconstruct your home or replace your car or other possession if it were destroyed. For a home, replacement costs include things that may not be included in the resale value, like the cost and availability of skilled labor, debris removal, extra expense due to more stringent building codes, and more.

Q. What is a deductible?

A. A deductible is the portion you are responsible for paying in the event of a claim. For example, if your home insurance policy has a $1,000 deductible and there are $5,000 in damages, you will pay the first $1,000 and the insurance company will pay the remaining $4,000.

Q. How can I lower my insurance costs?

A. You can lower your insurance premiums by reducing your coverage or by increasing your deductible. Discuss your options with your insurance broker.

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