

UNIVERSITY OF CALIFORNIA
OFFICE OF RISK SERVICES

INSURANCE GLOSSARY

(For questions or clarification; contact the local [UC Risk Manager](#))

ADDITIONAL INSURED – Entity other than a named insured who is protected under the terms of an insurance policy. Usually, additional insureds are added by endorsement or referred to in the wording of the definition of "insured" in the policy itself.

ADVERTISING LIABILITY – This refers to acts committed or alleged to have been committed in any advertisement, publicity article, broadcast, or telecast, or arising out of the named insured's advertising activities. Coverage includes: libel, slander, or defamation, infringement of copyright or slogan, piracy unfair competition, or idea misappropriation under an implied contract, invasion of right or privacy.

ALL RISK INSURANCE – A policy of insurance against damage to property may be written to insure against "named perils", i.e., the various hazards against which the policy insures are listed. However, policies may be issued in certain cases to insure against "all risks of loss or damage" and are then termed "all risk" policies. The term is not strictly correct, because all policies exclude insurance against certain hazards.

BLANKET INSURANCE – Insurance which covers more than one type of property in one location or one or more types of property at several locations. For example, a blanket policy may insure a building and its contents at one location, or insure furniture, fixtures and stock in two or more locations.

BODILY INJURY – Injury to the body of a person.

BOND – Three part contract guaranteeing that if one person, the principal obligor, fails to perform as specified or proves to be dishonest, the person to whom the duty of owed, the obligee, will be financially protected by the issues of the bond, the surety.

BROAD FORM PROPERTY DAMAGE INSURANCE – Covers damage to work installed by or on behalf of a contractor.

BUSINESS AUTOMOBILE COVERAGE – Provides automobile liability and physical damage coverage for commercial entities.

BUSINESS INTERRUPTION – Temporary shutdown of an organization's activities due to physical damage to its property or other's property. Business interruption insurance generally provides reimbursement for salaries, taxes, rents, and other necessary continuing expenses during this shutdown, plus loss of net profits which would have been earned during the period of interruption, within the limits of the policy.

CARE, CUSTODY OR CONTROL – A frequent liability insurance exclusion denying coverage on the insured's liability for damage to other's property while in the insured's care, custody or control.

CASUALTY – Loss or liability arising from an accident or mishap, excluding certain losses or liabilities which, by law or custom, are considered as falling exclusively within the scope or protection provided by fire or marine insurance. Casualty includes, but is not limited to, losses or liability covered by employers' liability, workers' compensation, general liability, automobile liability, plate glass, burglary, and theft insurance.

CERTIFICATE OF INSURANCE – Document which verifies that a policy has been written and states the nature of the coverage in general terms.

CLAIMS-MADE FORM – Liability insurance which covers claims brought against the insured during the policy period and is reported during the policy period.

COINSURANCE – Under many property insurance contracts, the provision which obligates an insured to either purchase insurance to a specified percentage of the total value of the insured property (or sometimes a fixed dollar amount) or, alternatively, to bear a fraction of each otherwise insured loss in proportion to the deficiency in the amount of insurance purchased.

COMBINED SINGLE LIMIT – Single limit of liability coverage for both bodily injury and/or property damage, contrasted with split limits, where specific limits apply to bodily injury and property damage separately.

COMMERCIAL GENERAL LIABILITY INSURANCE – A broad form of insurance coverage for the legal liability of an insured for bodily injury and property damage; formerly called "Comprehensive General Liability Insurance."

COMPLETED OPERATIONS – This coverage pertains to liability incurred by an insured as the result of real or alleged defects in work completed by or for an insured.

COMPREHENSIVE GENERAL LIABILITY INSURANCE – A broad form of liability insurance usually covering business organizations to protect them against liability claims for bodily injury and property damage arising out of operations, products and completed operations, and independent contractors; but excluding coverage for liability arising out of the use of automobiles.

CONTRACTUAL LIABILITY – Liability assumed under agreements between people as distinguished from liability imposed by law (legal liability).

DAMAGES – Monetary compensation or indemnity, which may be covered in the courts, by any entity who has suffered loss through the unlawful act or omission or negligence of another.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE (D&O) – Insurance designed to protect directors and officers from liability claims arising out of all alleged errors in judgment, breaches of duty, and other wrongful acts related to their organizational activities.

ENDORSEMENT – Document attached to a policy which modified the policy's original terms.

ERRORS AND OMISSIONS INSURANCE – An insurance form which protects the insured against liability for loss because of the insured's error or oversight within a specified profession or activity.

EXCESS LIMITS – Limits of liability that may be purchased in excess of the basic limits.

EXCLUSION – Something not covered and so set forth in the wording of a policy.

EXTENDED REPORTING PERIOD ENDORSEMENT – This is a method offered by Insurers writing a claims-made form whereby the coverage is extended to future claims that may be reported or that may occur after the expiration date of a claims-made policy.

FIDELITY BOND – Form of Insurance which protects an Insured employer against loss of money or other property dues to dishonesty of an employee.

FIRE LEGAL LIABILITY INSURANCE – Insurance against liability incurred because the insured's negligence results in fire damage to other's property in the insured's care, custody or control.

GENERAL LIABILITY INSURANCE – A policy which protects a person or entity against third-party liability for claims made for bodily injury or damage to property for which a person or entity may become liable.

INSURANCE – Contractual relationship which exists when one party, for a consideration, agrees to reimburse another for loss caused by designated contingencies. The first party is called the insurer or underwriter; the second, the insured or policyholder; the contract is the insurance policy; the legal consideration is the premium; the loss of the life or property in question is the exposure; and the contingency is the happening of the insured/event.

LAZER BEAM ENDORSEMENT – A method of excluding future claims for designated risks from insurance coverage.

LIMIT – The maximum amount for which an insurer may be liable for any loss, as set forth in an insurance policy.

Aggregate limit – The maximum amount of coverage that an Insurer will pay for all losses during a specific period of time, usually the contract period, no matter how many separate accidents may occur.

Annual aggregate limit – The maximum amount payable under an insurance policy for all losses occurring within a particular calendar or fiscal year.

Per accident limit – The maximum amount the insurer will pay for claims growing out of a particular accident, regardless of the number or persons injured or property interests damaged.

Per person limit – The maximum amount insurer will pay for claims growing out of a particular accident, regardless of the number of persons injured or property interests damaged.

Single limit – The overall maximum on the insurer's liability for all types of bodily injury, property damage or personal injury claims growing out of one accident, regardless of the number of persons suffering injury.

Split limit – Separate limits of liability for bodily injury and property damage claims. Many split-limit liability policies contain three separate limits for (1) bodily injury to each insured, (2) bodily injury to two or more persons injured in the same accident, and (3) property damage per accident.

MALPRACTICE-- – See Professional Liability

NEGLIGENCE – A tort, the failure to do something which a “reasonable person” would do under the circumstances or doing something a “reasonable person” would not do. The elements of this tort include: (1) a legal duty to use reasonable care under the circumstances, (2) a breach of this duty, (3) a direct casual link between the breach and the plaintiff's harm, and (4) resulting harm to the plaintiff.

OCCURRENCE – In insurance contract language, continued or repeated exposure to conditions which unexpectedly results in injury during the period of insurance policy is in effect; in contrast to sudden injury or damage from an accident which takes place at a specific time and location.

OCCURRENCE FORM – An occurrence policy provides coverage without a time limit for reporting a claim. There is nor cut-off date after which a claim will not be honored, except for the workings of a statute of limitations that may apply in a particular jurisdiction.

OWNERS' AND CONTRACTORS' PROTECTIVE LIABILITY – This coverage protects an owner or a contractor for any liability incurred as the results of independent contractors employed by the owner or contractor.

OWNERS' AND LANDLORDS', TENANTS' LIABILITY – This coverage extends to liability arising from the ownership or use of buildings or premises and covers any liability that might arise from operations necessary or incidental to such buildings or premises as stores, hotels, office buildings, restaurants, apartment houses, or warehouses, etc.

PERSONAL INJURY – Injury, other than bodily injury, to a person. Liability for personal injury from such wrongs as defamation, false arrest, invasion of privacy, and other intentional torts can be insured.

PREMISES LIABILITY – The liability of a property owner to the public for injuries which occur on the premises of the property owner.

PRODUCTS LIABILITY INSURANCE – This coverage protects the insured for the liability arising out of real or alleged defects in products manufactured, sold, or distributed by the insured.

PROFESSIONAL LIABILITY – Liability for injury, including bodily or personal injury or death, and property damage arising out of the negligent act or omission of a professional – i.e., pharmacist, physician, attorney, architect, engineer, in performance of their professional activities.

RETRO DATE – This term refers to the inception date of the first policy written on a claims-made basis. The date is designated on each succeeding claims-made policy, thereby affording coverage for any occurrences that may have taken place since the retroactive date, provided that they are reported between the inception and expiration of the current claims-made policy.

RISK – The chance of loss. Specifically, the possible loss or destruction or property of the possible incurring of a liability.

SUBROGATION – Legal right of one who has paid an obligation owed by another to collect from the party originally owing the obligation. Thus, an insurer may endeavor to recover from a third party the amount is paid to its insured for a loss.

SUBROGATION WAIVER – A waiver by the named insured giving up any right of recovery against another party. Normally an insurance policy requires that subrogation (recovery) rights be preserved. In commercial property insurance, a written waiver of rights is permitted if it is executed before the loss occurs.

SURETY – Corporation or individual who guarantees the performance or faithfulness of another.

TAIL – Insurance term which refers to the lapse of time between the occurrence of an incident and the eventual resolution of a claim.

UMBRELLA LIABILITY POLICY – This type of policy provides excess coverage over other liability insurance, coverage of all but a few specifically excluded liability exposures, and automatic replacement coverage for underlying liability policies that are reduced or exhausted as the result of the implementation of aggregate liability limitations.