

Absolute Liability - Liability that exists and is imposed upon a party, even though no negligence or fault was committed by that party. Absolute liability is most often imposed when the circumstances of the operation, product, or activity are considered highly hazardous or dangerous.

Accident - An event or occurrence that is unintended, unforeseen, and unexpected; something which could not be considered as a foreseeable occurrence and consequence of an undertaking; a casualty or mishap.

Actual Cash Value - The basis of loss settlement in property insurance policies, which takes into consideration factors such as replacement value less depreciation, market value, rental value, the use of the building, the area in which it is located, obsolescence, assessed valuation, and any other factor that would have an effect upon the value. A working rule-of-thumb definition, however, is "replacement cost new at the time of loss, less depreciation."

Additional Insured - A person, other than the named insured, who is protected by the terms of the policy. Usually a specified individual such as a spouse or a member of the insured's family but sometimes, as in automobile insurance, any person, provided that person is driving the insured vehicle with the insured's permission.

Adverse Selection - The insuring of one or more risks with a higher chance of loss than that contemplated by the applicable insurance rate. The selection of such risks is adverse because the rate is inadequate. Also called anti-selection.

Aggregate Limit - In a policy providing such an aggregate limit, the maximum amount the insurer will pay during the policy period, irrespective of the policy's limit of liability.

All-Risk Policy - A policy that covers loss caused by any cause of loss which is not excluded, as contrasted to "named peril" policies which protect against certain perils named in the policies. Usual to certain types of property and marine insurance contracts, the term "all risk" frequently appears in quotes, since such coverage includes "almost" all risks (i.e., all but those excluded).

Attractive Nuisance - A condition which, although normally harmless, may nevertheless attract those (usually children) who do not understand its uses and may cause injury. Although it may be proper to maintain such a condition, the owner is nevertheless required to take such means as may be necessary to prevent its causing injury to innocent people, e.g., an empty swimming pool, an unattended tractor, or an upended ladder.

Binder - An oral or written agreement to provide insurance which serves as evidence of coverage prior to the issuance of a policy. It is often considered to be a temporary insurance policy to provide coverage until a permanent policy has been issued.

Burglary - Theft by forcible and illegal entry, evidenced by visible signs made by tools, explosives, electricity or chemicals.

Business Income Insurance - A time element coverage which pays for loss of earnings or income when business operations are interrupted, curtailed or suspended due to property loss as a result of an insured cause of loss. Also covered are loss of rents and rental value. Extra expenses incurred to continue operations at another location are included as long as they reduce the total amount of loss.

Cancellation - The termination of a contract. Usually applied to the termination of a policy before its natural expiration, but may be used to describe the ending of any contract during its natural life, such as an agent's contract.

Cancellation Notice - The notice issued by one party of the policy to the other, informing of the intent and request to cancel. The policy provisions must be followed during the notification process with respect to how the notice must be given (normally in writing), the number of days that must be allowed, and how the notice must be delivered (registered mail, delivery, etc.).

Care, Custody or Control - Most liability policies have provisions that exclude coverage for physical damage or loss to property while it is in the care, custody or control of the insured. Two methods are available to buy back some or all of the care, custody or control coverage: either endorsements to the liability policy, such as the broad form property damage endorsement or its company-specific equivalent which will provide limited coverage, or the purchase of inland marine coverages such as bailees' forms.

Claims-Made - A liability insurance method covering losses from claims asserted against the insured during the policy period, regardless of whether the liability-imposing causes occurred during or prior to the policy period. (However, many underwriters may not cover liability-imposing causes occurring prior to the policy period.) The coverage trigger is based on the retroactive date stated in the Declarations.

Coinsurance Clause - In property insurance, a condition of the policy requiring the insured to maintain insurance at least equal to a stipulated percentage of value in order to collect partial losses in full. If the insurance is less than the minimum required, a penalty is applied to the amount of loss based on a proportionate formula of the amount of insurance carried divided by the amount of loss required to be carried.

Collision - Damage to a motor vehicle which is caused by its impact with another vehicle or object, or by the vehicle's overturn.

Comparative Negligence - A more modern system of allocating damages between two or more persons than the method of contributory negligence, which remains effective in many states (under which one cannot collect damages for bodily injury or property damage caused by another party's negligence if one were oneself in any way negligent). Under comparative negligence, the damages collectible in relation to another person are diminished in proportion to one's degree of negligence. In most instances, damages cannot be collected at all if the claimant's negligence was greater than that of the other party. Currently, in a few instances, the courts have awarded both parties damages as a percent of the total damages, depending on respective degrees of fault.

Completed Operations Coverage - Protection for a business which sells service instead of products against liability claims arising out of work completed away from the business premises. Differs from products liability coverage, which protects against products liability claims

Concealment - In insurance, failure to disclose a material fact which may void an insurance policy

Condition - Something established or agreed upon to be necessary to make a policy of insurance effective.

Consequential Loss - In property insurance contracts, consequential losses are indirect losses, a reduction in the value of property that is a result of a direct damage loss. Usually associated with time element or other remote or indemnification type losses. Consequential losses are different than ensuing losses since consequential losses are indirect losses not direct damage losses, whereas ensuing losses are further or additional direct damage losses that have been initiated by the original direct damage cause of loss.

Contents - Personal property that is usually contained in a building or other structure.

Contingent Liability - 1) A liability which may be incurred by an insured as a result of negligence on the part of independent persons engaged to perform work. The most common example is the contingent liability of a principal contractor, which may result from construction operations undertaken by subcontractors. Also applies to the liability of a principal for the acts of an agent or servant.

2) In property damage insurance, the possibility of financial loss to a policyholder, resulting from damage or loss to the property of another, such as a supplier or a customer.

Contractual Liability - A legal obligation voluntarily assumed under the terms of a contract, as distinguished from liability imposed by the law (legal liability).

Contributory Negligence - A common law defense in which the plaintiff must be entirely free from fault in order to recover from a negligent defendant. If the plaintiff has in any way been guilty of neglect, the plaintiff cannot recover from the defendant. This principle has been modified in some states by legislation and interpretation by the courts.

Declaration or Declaration Page - 1) With respect to property and liability insurance, the portion of the insurance policy itself, used to detail the name and address of the insured, the locations covered, the policy period, limits of insurance, endorsements attached and premiums for coverage. Commercial policies also contain such items as the type of entity and type of operation of the insured.

2) A statement made to the company or to its agents by a policyholder, upon which the company may rely in undertaking the insurance

Direct Loss - Causes of loss that produce direct and straightforward property damage (without interruption in time or deviation in space) from the cause of the event to the damaged property.

Dram Shop Laws - The laws will vary by state, but for the most part, the owner or operator of an establishment serving or providing alcoholic beverages is liable for injury or damages caused by or to an intoxicated customer, if it can be established that the owner or operator caused or contributed to the intoxication of the person through the sale of alcoholic beverages. These laws are sometimes called liquor liability laws.

Employers Liability Insurance - Coverage against the common law liability of an employer for injuries sustained by employees, as distinguished from liability imposed by a workers compensation law.

Estoppel - The prevention of one party from asserting rights that might otherwise have existed, by reason of that party's inequitable conduct. Waiver is a term sometimes used interchangeably.

Excess Insurance - An amount of protection which bears all or a portion of a loss after the loss exceeds an agreed amount. This amount may or may not be insured elsewhere by the company issuing the policy. Excess policies are not subject to the basic principle of contribution with non-excess policies, although they may contribute or share the loss with other excess policies.

Exclusion - The peril, hazard, condition or circumstance that is not covered by the insurance and is so stated in the policy. A clause in an insurance policy which specifies what is excluded from the policy's coverage.

Extra Expense Insurance - Reimbursement for additional expenses incurred because of an insured loss. Written either as a separate policy or as an endorsement

Fair Plan - A program to provide "fair access to insurance requirements" for property owners who experience difficulty in buying insurance on property located in blighted or deteriorating urban areas. Basically the plan assures a property owner of physical inspection of property and a promise to provide fire and allied lines insurance if the property is adequately maintained and if recommended improvements necessary to make the property insurable have been made. Many of these plans have been extended to cover statewide in those states adopting them.

General Aggregate Limit - The sum or total amount that will be paid in any one policy period, regardless of how many claims, losses, suits, or insureds may be involved. Some policies allow the aggregate limit to be reinstated after it has been exhausted, by endorsement and for additional premium.

Hard Market - In the property and liability insurance business, underwriting philosophies fluctuate between periods called the hard market and the soft market. The hard market is the period during which underwriting standards are very tight and the rates are high. Normally the hard market closely follows a soft market period during which the underwriting standards had been soft and the price or rates are very low, resulting in substantial underwriting losses. The cycle swings back and forth between the two cycles and bounces between soft underwriting with low rates and heavy losses, to the hard market with subsequent tightening of standards and dramatic increases in price.

Hazard - A condition which may lead to a loss, such as oily rags leading to a fire.

Hold Harmless Agreement - A contractual arrangement in which one party agrees to assume certain liability which otherwise would be borne by the other party. For example, an insurer may wish to pay a loss when it is uncertain whether it may be called upon a second time to some other party. The payee may be asked to execute an agreement whereby the company will be reimbursed or held harmless by the payee if such request should happen. Another example is when the principal in a large construction project frequently demands hold harmless agreements from all subcontractors in respect to claims made against the principal arising out of the subcontractors' negligence. The principal often stipulates the purchase of a liability policy by the subcontractor to support the hold harmless agreement.

Host Liquor Liability Insurance - A form of liquor liability coverage where the basis for legal liability is a dram shop, liquor control, or alcoholic beverage law. The laws vary, but most provide that the owner of an establishment which serves alcoholic beverages is liable for injury or damage caused by an intoxicated person if it can be established that the liquor licensee caused or contributed to the intoxication of the person.

Indemnify - To pay for loss suffered or to reimburse.

Insurance - The transfer of risk, or chance of loss from one party (the insured) to another party (the insurer), in which the insurer promises, usually specified in a written contract, to pay the insured or others on the insured's behalf, an amount of money, services, or both, for economic losses sustained from an unexpected (accidental) event, during a period of time for which the insured makes a premium payment to the insurer.

Insuring Agreement - The portion or section of an insurance policy that details what is covered by the contract for causes of loss or perils, subject to other provisions such as exclusions, limitations and conditions.

Joint and Several Liability - This type of liability occurs when more than one party is involved in a contract and where both joint liability (that of all the parties to the contract) and several liability (that of each individual party to the contract) promise the action in the contract. If the terms of the contract are not fulfilled, the injured party has the ability to seek a legal remedy from all the parties involved (joint) or each individual party (several).

Law Of Large Numbers - A mathematical concept which postulates that the more times an event is repeated (in insurance, the larger the number of homogeneous exposure units), the more predictable the outcome becomes. In a classic example, the more times one flips a coin, the more likely that the results will be 50% heads, 50% tails.

Liability - 1) An obligation imposed by law or equity. 2) Money owed or expected to be owed. In an insurance company financial statement, the two columns it contains are its "assets" (or the amounts it owns) and the "liabilities" (or the amount it owes or expects to owe). Liabilities generally are defined by state statute or insurance department regulation for use in the annual statement of an insurer. The term is also defined for special purposes by other regulatory officials, such as the Securities and Exchange Commission.

Liability Insurance - Protection which pays sums that an insured is legally obligated to pay, or that the insurer has agreed to pay, as damages to others as a result of the insured's negligence. Usually provides coverage for bodily injury or damage to property of others.

Loss Frequency - Loss frequency is the calculation of how often a type of loss occurs to an account, a line of business, a book of business, or some other defining category within a given period of time (usually one year).

Loss Reserve - An estimate of the amount an insurer expects to pay for reported and estimated claims. May include amounts for loss adjustment expenses.

Moral Hazard - A condition or characteristic by which an insured intends to profit from an insured loss.

Morale Hazard - The condition which exists when an insured becomes lax in matters of safety and fire prevention because insurance is in force to pay for a loss which may occur.

Multiline Insurance - A package of coverages within one policy that provides for more than one line of insurance such as property and liability. Not the same as multi-peril which is a contract that insures more than one peril or cause of loss within the policy. For example, an "all-risk" property policy is multi-peril.

Named Insured - The person designated in the policy as the insured, as opposed to someone who may have an interest in a policy but who is not shown by name.

Named Perils Policy - One which specifies the exact causes of loss for which the insurer will pay, as contrasted with a policy which insures against "all risks" and then lists only exclusions, modifications, and conditions.

Occurrence - 1) In a non-insurance sense, an incident, event or happening. In insurance, the term may be defined as continual, gradual or repeated exposure to an adverse condition, which is neither intended nor expected to result in injury or damage as contrasted with an accident, which is a sudden happening. In reinsurance, per-occurrence coverage permits all losses arising out of one event to be aggregated instead of being handled on a risk-by-risk basis.

2) One basis or determinant for calculating the amount of loss or liability in insurance or reinsurance when an aggregation of related losses is to constitute a single subject of recovery. For example, in property catastrophe reinsurance treaties, occurrence is usually defined so that all losses within a specified period of time involving a particular peril are deemed an occurrence.

Occurrence Policy - The traditional occurrence liability insurance method provides coverage for losses from liability-imposing causes which occurred during the policy period, regardless of when the claim is asserted. Once the policy period is over in a claims-made form, the approximate extent of the underwriter's liability is known. With the traditional occurrence liability coverage method, the underwriter may not discover the extent of liability for years to come from losses claimed to have occurred within the policy period.

Other Insurance Clause - Language in many policies which states the method for apportioning the loss between two or more policies covering the same property at the time of loss.

Package Policy - A combination of property-liability coverages of two or more separate policies in one contract with one premium. The development of package policies is a move toward economy and efficiency in giving the policyholder one document instead of several.

Peril - The cause of loss, for example, fire, wind, vandalism, or accident.

Per Occurrence Limit - This refers to the cap amount an insurance company will pay for all claims arising from a single incident. In an automobile policy, it applies to bodily injuries suffered by all parties. When Bodily Injury coverage is purchased in split limits, the second limit is the "per occurrence" limit, e.g. \$100,000 (per person) / \$300,000 (per occurrence)

Per Person Limit - This refers to the maximum amount an insurance company will pay for any one person's injuries related to a single incident. In an automobile policy, it applies to bodily injuries suffered by each person. When bodily injury coverage appears in split limits, the first limit is the "per person" limit, e.g., \$100,000 (per person) / \$300,000 (per occurrence)

Personal Injury - Injury, other than bodily injury, resulting from false arrest, false detention, false imprisonment, malicious prosecution, wrongful eviction, wrongful entry, or the invasion of privacy of a premises. It also includes injury caused by oral or written material that slanders a person, goods, products, services, or which violates the right of privacy.

Physical Hazard - Danger of loss or liability arising from the condition, occupancy or use of property, as opposed to such danger arising from the character of the policyholder.

PIP--Personal Injury Protection - Also known as no-fault insurance, PIP provides insurance for medical costs, loss of earnings, additional living expenses and funeral costs for occupants of the insured automobile and pedestrians other than those insured under other policies.

Policy - The formal written contract of insurance.

Premium Earned - The portion of the policy premium allocable to the expired portion of the policy term.

Primary Insurance - The insurance policy providing the first layer of coverage that will respond first to any loss exceeding the deductible.

Pro Rata Cancellation - Termination of a policy by the insurer, for which the return premium due the policyholder is the full proportion for the unexpired term based upon the calculation of the number of days of coverage provided to the premium charge per day. In other words, the pro rata refund is not a "short-rate" return.

Pro Rata Clause - An insurance policy provision that limits an insurer's obligation for a loss to a proportional basis that is determined by the other source(s) of protection that applies to that loss.

Product-Completed Operations Insurance - Coverage designed to protect against the liability for injury, loss, or damage that a merchant or a manufacturer may incur as the result of some defect in the product sold or manufactured.

Products Liability - The liability that a merchant or a manufacturer may incur as the result of some defect in the product sold or manufactured.

Property And Casualty Insurance - Non-life insurance. Basically there is a broad insurance distinction between companies writing life and health insurance and those writing the property insurance or "non-life" lines of fire, marine, casualty and surety. Numerous descriptive titles have been employed to describe this "non-life" area of operation. Although no one definition has yet been firmly established, some use the generic title "property and casualty" insurance, while others use "property and liability" insurance.

Property Insurance - "First-party" insurance of real and personal property against physical loss or damage, not to be confused with property damage liability insurance.

Punitive Damages - Damages awarded separately and in addition to compensatory damages, usually on account of malicious or wanton misconduct, to serve as a punishment for the wrongdoer and, possibly, as a deterrent to others. Sometimes referred to as "exemplary damages" when intended to "make an example" of the wrongdoer.

Pure Premium - **1)** That part of the premium which is sufficient to pay losses and loss adjustment expenses only, but not other expenses. **2)** The premium developed by dividing losses by exposure, disregarding any loading for commission, taxes and expenses.

Quote - A price estimate given to a party who is seeking insurance coverage. Quotes are given before any applications are submitted.

Rate - The price for a unit of insurance; all units in a given policy, multiplied by the rate per unit, produce the premium. In fire insurance, the price per \$100 of insurance for one year. The basis for pricing other types of insurance varies greatly; for example, payroll is used in workers compensation insurance, area of retail floor space or sales volume is used in certain types of general liability insurance, and so forth.

Rate Class - Rates for various insurance policy forms are segmented into classes based upon the exposure to loss. In one policy form, a class I rate may be the lowest rate. In another, the class I rate may be the highest rate.

Rebating - An inducement to purchase an insurance policy that is not in the insurance contract.

Reinstatement **1)** Restoration of the amount of insurance depleted from a policy by payment of loss. Most fire policies contain an automatic reinstatement clause. **2)** Reinstating or putting coverage back into effect under a policy in which coverage has been suspended or canceled for a part of the policy term.

Reinsurance - **1)** The transaction whereby an insurance company (the reinsurer), for a consideration, agrees to indemnify another insurance company known as the ceding company (the reinsured) against all or part of a loss which the latter may sustain under a policy or policies it has issued. **2)** When referred to as "a reinsurance," the term means the relationship between reinsured(s) and reinsurer(s).

Replacement Cost Insurance - Protection which pays the cost to restore or replace damaged or destroyed property without deduction for depreciation. Automatically included in homeowners forms.

Reporting Policy (Or Form) - A policy in which the policyholder is required to report the values of a property insured to the company at certain intervals. A provisional premium is charged initially, and the final premium is determined by applying the rate to the average of the values reported.

Retention - **1)** The amount which an insured or an insurer assumes as its own liability and which is not insured otherwise. **2)** In reinsurance, the amount which a primary insurer assumes for its own account. In pro rata reinsurance contracts, the retention may be a percentage of the policy limit. In excess of loss contracts, the retention is a dollar amount of loss.

Risk - **1)** Defined variously as uncertainty of loss, chance of loss, or the variance of actual from expected results. However defined, its existence is the reason people buy insurance. **2)** The subject matter of an insurance contract such as the building, cargo or liability exposure insured.

Risk Management - The active identification, evaluation and management of all of the potential hazards and exposures to loss a risk may experience. The handling of those exposures is not limited to insurance options, but includes a variety of methods such as alternative financing, retention, reduction, elimination, transfer, and/or any combination of methods.

Robbery - The taking of property by violence or threat of violence.

Sexual Harassment - When one employee is subjected to unsolicited, unwarranted, and unwanted physical or verbal advances, innuendoes, comments, or conditions from either the employer or another employee.

Short Rate Cancellation - Termination of a policy by the policyholder before its stated expiration, with the insurer refunding to the policyholder a return premium an amount less than the pro rata part that is still unearned to compensate the insurer for expenses incurred to that point, since the termination is at the request of the policyholder.

Single Limit Basis - One coverage limit that applies to all damages arising from bodily injury or property damage or both, which results from a single accident.

Sinkhole Insurance - Occurs notably in Florida, but is found in other limestone areas, covering physical damage to dwellings and personal property caused directly by sinkhole collapse. Sinkhole collapse is the sudden settlement or collapse of earth resulting from subterranean voids created by the action of water on limestone or similar rock formations. All licensed insurers writing property insurance in Florida were required at one time to join the Florida Sinkhole Reinsurance Association, which assumed all sinkhole policies written by members who shared through the association equitably in the total premiums, losses and expenses. After a five-year operation without a loss, the insurers in Florida were required to insure sinkholes under the extended coverage endorsement. The association was then dissolved, although it was reborn shortly thereafter as the Florida Windstorm Association.

Slander - Refers to an oral distribution of false information that harms another party's character or reputation.

Soft Market - The capacity and availability of insurance is said to progress in cycles of hard market and soft market. The soft market period is the portion of the cycle in which capacity is high, and coverage is readily available at affordable, competitive and even artificially low prices.

Specified Perils - An insurance contract that covers only those causes of loss (otherwise known as perils) that are specifically indicated as being covered

Spoilage Coverage - Insures damage to perishable personal property and stock caused by a change in temperature or humidity resulting from power failure or equipment failure. The coverage may also include damage caused by contamination.

Standard Form - A form, a policy or other document used to write insurance, which has been adopted and is used by a large number of companies or has been promulgated by a rating bureau or legislature. The use of standard forms does away with much of the need to scrutinize every word of a policy form for meaning, since the standard has been examined and adjudicated by courts.

Stated Amount - When the value of property, either real or personal, is agreed upon at the issuance of the contract and, therefore, coinsurance and any other valuation clauses will not apply at the time of a loss.

Subrogation - In insurance, the substitution of one party (insurer) for another party (insured) to pursue any rights the insured may have against a third party liable for a loss paid by the insurer.

Surplus Line - A line of insurance provided by insurers not licensed in the states where the risks are located and placed under the surplus line laws of the various states. Before such placements can be made through specially licensed surplus line agents and brokers, state laws generally require evidence that placements could not be readily made in licensed insurers. Broadly referred to as being all lines of insurance placed with non-admitted insurers.

Surplus Lines Insurance - Insurance written by insurers not licensed in the states where the risks are located and placed with such insurers under the surplus line laws of the various states. Before such placements can be made through specially licensed surplus line agents and brokers, state laws generally require evidence reported before some predetermined future date ("sunset").

Surplus Lines Tax - The tax levied on a surplus lines placement, payable by the licensed surplus lines producer placing the risk under the law of a particular state, and charged to the insured. Not to be confused with the direct placement tax, which is applicable in approximately half the states in taxing the insured directly for placement of insurance with a non-admitted insurer where no surplus lines tax is paid.

Theft - A broad term meaning the wrongful taking of the property of another.

Time Element Insurance - A coverage which pays for loss of earnings or income when business operations are interrupted, curtailed or suspended due to property loss as a result of an insured cause of loss. Also covered are loss of rents and rental value. The current commercial time element coverage forms are business income and extra expense. Extra expense covers costs incurred to continue operations at another location.

Total Loss - **1)** Loss of all the insured property. **2)** Under a given policy, a loss involving the maximum amount for which that policy is liable.

Treaty, Reinsurance - A reinsurance agreement between an insurance company and a reinsurer, usually for one year or longer, which may be divided into two broad classifications:

- 1)** The participating type which provides for sharing of risks between the ceding company and the reinsurer; and
- 2)** The excess type which provides for indemnity by the reinsurer only for loss which exceeds some specified predetermined amount.

Truckers Liability - Auto liability exposures experienced by owners and operators of businesses designed to transport the goods of others by land motor vehicles for a fee. Subject to regulations by the Department of Transportation (DOT). The Insurance Services Office (ISO) has designed a special business automobile insurance for this purpose, called the truckers liability coverage form. Also available is the motor truck carriers liability coverage form.

Umbrella Liability Insurance - A form of liability insurance protecting policyholders for claims in excess of the limits of their primary automobile, general liability and workers compensation policies, and for some (few) claims excluded by their primary policies which are subject to a deductible, which may range from \$250 for a personal umbrella to a minimum of \$10,000 for a commercial umbrella.

Underinsured Motorists Coverage - Coverage an insured may purchase to protect his or her own self from damage or injury caused by a negligent party who does not have adequate limits of insurance to cover the loss.

Underwriter - One who accepts or rejects risks for an insurer (originally, by writing the person's name under the contract of insurance being issued).

Underwriting - The process of selecting, classifying, evaluating, rating, and assuming risks.

Unearned Premium - The portion of the premium representing the unexpired portion of the policy term.

Uninsured Motorists Coverage - Under an auto policy, protection for the insured against bodily injury or property damage (in some states) caused by the negligence of an uninsured or underinsured motorist.

Utmost Good Faith - Insurance policies are called "contracts of utmost good faith" because they depend upon each party being completely honest. Insurance applicants must tell the insurer every fact that is relevant to their seeking insurance. This information is needed to determine whether an applicant qualifies for insurance and how much premium should be charged.

Vacant Building - A building with nothing in it. If the furniture is in the building and the owner intends to return, the building is unoccupied.

Valued Policy - A policy in which the company agrees that the property insured is worth the amount of insurance and, therefore, in the event of total loss, pays the face value of the policy without need for proof of the value at that time.

Valued Policy Law - In certain states, a law which requires that in the event a building is totally destroyed by fire, the company insuring it must pay the face amount of its policy irrespective of the actual value of the building destroyed.

Vandalism - Damage done maliciously, included in the extended coverage endorsement. Also called "malicious mischief."

Vicarious - When one party is held responsible for the actions or conduct of another party based solely on the relationship of the two parties.

Waiver -

1) In property-liability insurance, the intentional relinquishment of a known right. To illustrate, an insurance policy may set forth certain conditions with which a policyholder must comply under penalty of voiding the insurance, e.g., maintain a watchperson on the premises or keep a sprinkler system in working condition. The company may voluntarily give up this right to void the policy. Such a waiver may be conveyed by implication or by direct statement. Estoppel is a term sometimes used interchangeably with waiver in the law of insurance.

2) A waiver-of-premium provision in a life or health insurance policy that the policy will be kept in force by the insurer without payment of further premiums if the insured becomes permanently and totally disabled as defined in the policy.

Waiver of Subrogation - A condition of an insurance policy which states that the coverage will not be prejudiced if the insured has waived in writing prior to a loss any rights of recovery from a party responsible for the loss.

Warranty - A statement by the insured about the literal truth on which the insurance contract depends. Warranties may relate to matters existing at or before the issuance of the policy (affirmative warranties) or may be undertakings by the insured that something be done or omitted after the policy takes effect and during its continuance (promissory warranties). Many states have restricted by statute the common law rule that "any breach of warranty avoids an insurance policy"; for example, under the New York law, a breach of warranty to avoid the policy must have "materially increased the risk of loss, damage or injury within the coverage of the contract."

Write - To insure, underwrite, or to accept an application

Written Premiums - The premiums on all the policies which a company has issued in a period of time, as opposed to earned premium.