

The Bank Insurance-Assurance Workbook

V4.1 The Worksheets

Scott Simmonds, CPCU, ARM

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www.BankInsuranceConsultant.com

The worksheets used in this book are available in digital format -- both .doc (for use with Microsoft Word or other word processing software) and .pdf format (for those who would rather complete the forms by hand). Go to www.ScottSimmonds.com/bankworkbook for your free copies.

The Worksheets

These worksheets are designed to provide assistance in the review of your insurance. They are not a replacement for a thorough analysis of your exposures and coverage by an insurance professional.

These worksheets should be used to prompt conversations with your agent or advisor so that the correct coverage can be designed and implemented based on your bank's unique exposures and needs.

Info To Provide To Your Agent

For your agent to do the best work for you provide the following:

- List of all your locations including buildings you own or lease. Also vacant land you own and properties that you have foreclosed on.
- List of storage locations or "home-offices" where bank property is located.
- List of all ATMs that you own, manage, or operate.
- List of vacant buildings you own or vacant locations you lease.
- List of vehicles owned by your bank.
- List of all entities you operate. Include in the list corporations, LLCs, and partnerships. Also include entities in which you have partial ownership and any charitable foundations your bank operates.
- Provide details of any of your operations outside of the locations provided in the above schedule.
- Provide details on insurance operations and sales.
- Provide details on any investment advisory services you offer.
- Provide details on any non-bank operations.

General Questions For Your Agent

If we were a prospect and not a client, which insurance company would you recommend we consider for our bank's specific policies (bond, directors' & officers', e-commerce, etc.)?	
If we were a prospect and not a client, which insurance company would you recommend we consider for our property, auto, liability, and umbrella liability coverage?	
If we were a prospect and not a client, which insurance company would you recommend we consider for our workers' compensation insurance?	
How comfortable are you with the quality of the service provided by our insurer(s)?	
Have you reviewed our leases for insurance issues and required coverage?	
Have you reviewed the certificates of insurance for our tenants?	
Does your agency have services we are not now taking advantage of?	
Does my insurance company have services we are not using?	
How do you assure us that you have reviewed the insurers you represent for a better insurance program than the one we have now?	
Have you reviewed the Best Ratings for our insurance companies?	
Have you considered other rating services like S&P or Weiss Ratings?	

Have you reviewed my policies and a list of additional insureds for areas of concern?	
What insurance changes do you see coming at us in the current insurance marketplace?	
What is your plan for the coming year's renewal?	
What should we consider for coverage improvements?	
How can we make our bank more attractive to insurers in an effort to receive better coverage at a better price?	
Will our insurer review our loss control policies and make recommendations?	
Can we consolidate any of our policies into one and/or move them to a common expiration date?	
What's your biggest concern with our insurance program? Any others?	
Have you reviewed the named insureds on each policy and are you comfortable that we have the correct entities included?	

Property Insurance Issues

Do we have replacement cost coverage?	
Do we have blanket insurance?	
Are our limits of property coverage adequate?	

<p>Are all locations and buildings owned/ leased listed?</p> <p>Including ATMs?</p> <p>Including off-site document storage facilities?</p>	
<p>Are there coinsurance penalties in our policies?</p> <p>Can they be removed?</p>	
<p>Have you considered higher property deductibles?</p>	
<p>Are our property deductibles coordinated? In a fire will two deductibles be assessed – one for property and one for computers, for example?</p>	
<p>Are we covered for flood?</p>	
<p>Are we covered for windstorms?</p>	
<p>Do we have a separate windstorm deductible?</p>	
<p>Do we have earthquake coverage?</p>	
<p>What property insurance are we missing?</p>	
<p>Is our business income coverage written to protect us from a calamity?</p>	
<p>Is our extra expense coverage properly designed and adequate?</p>	
<p>Is loss by flood and earthquake included in our extra expense coverage?</p>	
<p>Are all locations included in the loss of business income / extra expense coverage?</p>	

Is there a coinsurance penalty or monthly limit of coverage for the loss of business income coverage or the extra expense coverage?	
Do we have coverage for equipment breakdown?	
How does our policy protect us from power failure?	
How does our policy protect us from loss of communications – phone, Internet?	
What do we have for terrorism property coverage?	
Do we have coverage for backup of a sewer or drain?	
Do we have coverage for the shutdown of our business because of a governmental action or forced evacuation?	
Do we have coverage for outdoor property such as fences, flags, signs, etc?	
How much coverage do we have for fine arts and other valuable / rare property?	
Do we have coverage for glass breakage?	
Do we have coverage for riot or civil unrest?	
Are we insured for our loss of business income because of a riot or civil unrest?	
How are our computers covered?	
What limits of coverage do we have for computer equipment?	
At what locations are computers covered?	
Is our software and data covered?	

What limit of coverage do we have for valuable papers and records?	
Do we have coverage for our renovations or additions?	
Do we have adequate coverage for debris removal after the destruction of one of our buildings?	
Do we have coverage for the destruction of the undamaged part of our building after damage is caused to another part and a civil authority forces the destruction?	
Do we have coverage for the increased cost of reconstruction to meet current laws and building codes?	
Do we have coverage for laptop computers that are away from our bank?	
Do we have coverage for equipment owned by our bank that is at employees' homes, in home offices?	
Does our builder's risk insurance include coverage for loss of income if the building is destroyed prior to completion?	
Does our builder's risk insurance include coverage for the architects' fees and other soft costs that will be incurred should we have to rebuild before completion?	

General Liability Insurance Issues

Do we have adequate general liability coverage?	
Are our aggregate limits high enough?	
Does our general liability insurance include a per-location aggregate?	
Are there any limitations on the defense cost coverage in our general liability policies?	
Do we have adequate coverage for our professional liabilities?	
What do we have for terrorism liability coverage?	
Are our pollution liabilities properly covered?	
Is there coverage for pollution at or to mortgaged property?	
Do we have coverage if an employee assaults a customer?	
What coverage do we have for a customer suit over invasion of privacy?	
What coverage do we have for loss of customer's data and private information?	
Are foreclosed properties included in liability protection?	
Do we have adequate coverage for an employee who sexually abuses a customer?	
Do we have adequate coverage for an employee who harasses a customer?	

Have you reviewed our leases for insurance issues and areas of concern?	
Do we have liability coverage for injuries resulting from mold, mildew, or fungus?	
Do we have adequate coverage for libel, slander, false arrest, wrongful detention?	
Does our liability policy insure us for emotional distress and mental anguish we are alleged to have caused to others?	
Do we have coverage for violating a company's copyright, trademark, or patent?	
Do we have coverage for contractual obligations we face?	
Have you reviewed our liability insurance looking for exclusions of concern?	
Do you have suggestions on how we can use certificates of insurance to limit our loss exposures to contractors?	
Are we covered for the liability issues that come from boats, planes, or other such property that we may acquire?	

Auto Insurance Issues

What are the limits of liability on our auto policy?	
Do we have "any auto" liability coverage (symbol one)?	
Do we have coverage for our liabilities when our employees drive their personal vehicles on bank business?	
Should we have our employees buy the collision coverage when they rent cars from rental car companies like Hertz, Budget, and Avis?	
What is the limit of coverage we have for medical payments?	
What is the limit of coverage we have for personal injury protection?	
What is the limit of coverage we have for uninsured / underinsured motorist coverage?	
Should we consider dropping collision coverage on any of our vehicles?	
Are our employees covered if they are responsible for injuries to fellow employees?	
Can you run driver's license checks for me on employees and potential employees?	
What coverage do we have for the rental of a vehicle after an accident or theft?	
Do we have liability coverage for vehicles we have repossessed?	
Do we have physical damage coverage for vehicles we have repossessed?	

Do you believe that we have an exposure for garage keepers' liability insurance?

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Workers' Compensation Issues

Are we missing any discounts on our workers' compensation policy?	
Has our workers' compensation insurer provided maximum credits on our policy?	
Are we in our insurer's preferred rating plan / company?	
Have you reviewed the open losses on our workers' compensation claims record to spot over-reserved claims?	
Have you reviewed our workers' compensation audits for errors in employee classification?	
Have you reviewed our workers' compensation experience modification for errors or opportunities for savings?	
Are our limits of coverage for employer's liability adequate?	
What services can we request from our workers' compensation insurer that will help us control losses?	

Umbrella Liability Insurance Issues

What are our limits of umbrella liability coverage?	
Are our aggregate limits adequate? Have you recently quoted higher limits for us?	
Are there limitations to the coverage for defense of claims?	
Are there areas where the umbrella policy is not as broad as our underlying policies?	
Are foreclosed properties included in our umbrella liability protection?	
Have you investigated insurers other than our primary insurer for our umbrella liability coverage?	

Management Liability Insurance Issues

A few words of explanation here... Management liability insurance is called by many names: executive risk, D&O, directors' and officers'... I put them all together here for clarity sake. Executive risk insurance includes directors' and officers', employment practices, fiduciary liability, professional liability, and lender liability.

<p>Is this a claims-made insurance policy?</p> <p>How are prior acts covered?</p> <p>What are the various dates after which prior acts are included in coverage?</p>	
<p>What options are available for the period of time in which the extended period of indemnity is in effect after cancellation?</p> <p>Is the extended period of indemnity offered if we cancel the insurance policy, or only when the insurance company cancels?</p>	
<p>Who is insured by this policy?</p>	
<p>Does the policy include protection for directors and officers of subsidiaries?</p> <p>How is subsidiary defined?</p>	
<p>Are the defense costs outside the limit of liability or inside?</p>	
<p>What coverage limit do we have in the aggregate?</p> <p>Have you recently quoted higher limits?</p>	
<p>What is our deductible / retention?</p> <p>Have you recently quoted higher deductibles so we can reduce our premiums?</p>	
<p>Are defense costs a part of the deductible?</p>	

What types of claims reduce the aggregate limit available?	
What types of claims reduce the amount of insurance available to defend future claims against the directors of the bank? Do employment practices liability claims reduce the amount of coverage available to pay D&O claims or professional liability claims?	
Does the insurance company or the bank have the duty to defend a claim?	
Will the insurance company advance defense costs?	
May we select any attorney we want to defend us, or does the insurance company?	
Does the policy include coverage for the bank (AKA entity coverage)?	
Do we have coverage for errors in the administration of our employee benefit plan?	
What coverage exclusions are of concern?	
Do we have coverage for our exposures to personal liability under ERISA?	
Do we have adequate coverage for an employee alleging discrimination or harassment? Is workplace harassment covered, or only sexual harassment? How does the policy define discrimination?	
If there is employment practices liability coverage, do claims reduce the limit of coverage available for other claims within the D&O policy?	

<p>Is there coverage for trust department errors and omissions?</p> <p>Do claims reduce the coverage available for other D&O claims?</p>	
<p>Does the policy include coverage for lender liability claims?</p> <p>Do lender liability claims reduce the amount of insurance available for other losses?</p>	
<p>Does the policy include coverage for IRA/Keogh liability claims?</p> <p>Do IRA/Keogh liability claims reduce the amount of insurance available for other losses?</p>	
<p>Do we have the coverage we need for suits brought against the directors or officers by stockholders?</p>	
<p>Do we have coverage for an employee's allegation of harassment or just allegations of sexual harassment?</p>	
<p>Does our directors' and officers' insurance include entity coverage?</p>	
<p>Have you reviewed the exclusions on our D&O insurance, checking for issues of concern?</p>	
<p>What services does our insurance company offer to limit the impact an employment related allegation like harassment, wrongful discharge, or discrimination will have?</p>	
<p>Does the policy exclude claims of inadequate insurance coverage?</p>	
<p>Does the policy provide coverage for actions against officers or directors based on their service on another board? Under what circumstances does the policy pay?</p>	

<p>Does the policy include coverage for civil money penalties assessed against the board?</p>	
<p>Is there an exclusion for the actions of regulators?</p>	
<p>Is there separate coverage for professional liability?</p> <p>Do professional liability claims reduce the coverage available in other coverage sections?</p> <p>Does the policy provide coverage only for errors in services where a fee is charged?</p>	

Financial Institution Fraud-Bond Issues

The term “Fraud-Bond” is not a term your insurance agent or insurance company will know (unless they have read my stuff before). I invented the term to help my clients keep coverage issues straight. There is more than a little confusion over what is covered by the bond and what is covered by management liability. The bond covers losses to the bank caused by fraud. That’s why I call it a fraud-bond. The word “bond” is antiquated here. It is, however, almost traditional. I marry the commonly-known with the descriptive in the phrase fraud-bond.

What is the policy’s aggregate limit of coverage?	
How much coverage is there for employee dishonesty? What is the deductible for claims?	
Is there a policy provision that excludes coverage for an employee who has committed a dishonest act in the past, regardless of where that act occurred, when it occurred, and the fact that the incident had nothing to do with the bank?	
How much coverage is there for loss on-premises? What is the deductible for claims?	
How much coverage is there for property lost in transit? What is the deductible for claims?	
Is there coverage for property in transit when transported by a vehicle other than an armored car?	
How much coverage is there for forgery and alteration? What is the deductible for claims?	
Do we have a bond covering our retirement fund assets as required by ERISA?	

<p>How much coverage is there for computer systems fraud?</p> <p>What is the deductible for claims?</p>	
<p>How much coverage is there for counterfeit currency?</p> <p>What is the deductible for claims?</p> <p>Is there a limitation as to the country of origin of the counterfeited currency?</p>	
<p>How much coverage is there for destruction of data by hackers?</p> <p>What is the deductible for claims?</p>	
<p>How much coverage is there for destruction by virus?</p> <p>What is the deductible for claims?</p>	
<p>How much coverage is there for electronic data processors?</p> <p>What is the deductible for claims?</p>	
<p>How much coverage is there for extortion?</p> <p>What is the deductible for claims?</p> <p>Does the policy include e-commerce extortion?</p>	
<p>How much coverage is there for kidnapping?</p> <p>What is the deductible for claims?</p>	
<p>How much coverage is there for fraudulent real property mortgages?</p> <p>What is the deductible for claims?</p>	

<p>How much coverage is there for loss to your safe depository?</p> <p>What is the deductible for claims?</p> <p>Is money included in the coverage?</p> <p>Is the coverage based on our legal liability?</p>	
<p>How much coverage is there for transit cash letters?</p> <p>What is the deductible for claims?</p>	
<p>How much coverage is there for traveler's checks?</p> <p>What is the deductible for claims?</p>	
<p>How much coverage is there for ATMs?</p> <p>What is the deductible for claims?</p>	
<p>How much coverage is there for unauthorized signatures?</p> <p>What is the deductible for claims?</p>	
<p>How much coverage is there for voice computer systems?</p> <p>What is the deductible for claims?</p>	
<p>How much coverage is there for voice EFT transfer?</p> <p>What is the deductible for claims?</p>	
<p>How much coverage is there for email EFT transfer?</p> <p>What is the deductible for claims?</p>	
<p>How much coverage is there for fax EFT transfers?</p> <p>What is the deductible for claims?</p>	

<p>How much coverage is there for email EFT transfers?</p> <p>What is the deductible for claims?</p>	
<p>Are there any limitations as to call-backs or other procedures we must follow for funds transfers?</p>	
<p>How much coverage is there for destruction of computers and data by employee or former employee sabotage?</p> <p>What is the deductible for claims?</p>	
<p>How much coverage is there for loss involving a debit card?</p> <p>What is the deductible for debit card claims?</p>	

E-Commerce / Cyber Liability Insurance Issues

What is the policy's aggregate limit of coverage?	
What is the policy deductible?	
What events are covered by the policy?	
Does the policy pay for loss of income from an e-commerce event?	
Does the policy pay for allegations of violation of privacy? Digital and non-digital data breaches?	
Does the policy pay for the costs to notify those whose data has been compromised in a data breach?	
Does the policy pay for allegations of violations of intellectual property rights? List the types of violations covered.	
Does the policy provide reimbursement for public relations expenses? What is the deductible?	
Does the policy provide coverage for electronic publishing liability?	
Does the policy provide for reimbursement of reward payments?	

Mortgage Impairment Issues

What is the total limit of liability?	
What are the deductibles?	
What is the limit of coverage for physical loss by required perils?	
What is the coverage for liability to the borrower?	
Does the policy include protection for real estate tax loss?	
Is there coverage for errors made in life and disability insurance?	
Is there coverage for loss of GNMA guarantee?	
Is there coverage for titles errors and omissions?	
Does the policy offer to expand the perils beyond what are required in the mortgage documentation?	
Is there coverage for loss of a VA, FHA, SBA guarantee?	
Is there coverage for contingent title issues?	
Is terrorism included in the policy?	

Foreclosed and Forced Placed Property Coverage

How are repossessed vehicles, snowmobiles, motorcycles, boats, ATVs, and other such equipment insured?	
How are our customer's uninsured mortgaged properties covered?	
How are our foreclosed and owned properties covered?	
What perils are covered for foreclosed, owned, and forced placed property?	
Is flood a covered peril?	
Is earthquake a covered peril?	
What are the policy deductibles?	
Is there a difference in the coverage for vacant properties? How does the policy differentiate vacant and unoccupied?	

Pollution Liability Insurance

This section is almost a teaser. Your best bet is to assume that you have no insurance for pollution issues at your locations or at locations that you foreclose on. I include the questions as a way for you to have the conversation with your agent.

What is the aggregate limit of coverage?	
What are the deductibles?	
Will the policy provide liability protection if the leak occurs from an owned property?	
Will the policy provide liability protection if the pollution occurs at a foreclosed property?	
What pollution events are excluded?	
Will the policy pay for cleanup of owned property?	

Bank Institution Insurance Terms

Accident An event or occurrence that is unforeseen and unintended.

Actual Cash Value Property insurance valuation method. The replacement cost of property damaged or destroyed at the time of loss, less depreciation.

ACV Actual Cash Value

ADA Americans with Disabilities Act

Additional Insured A person or organization that meets the definition of an insured within an insurance policy. The party is not named specifically but is insured due to a group or class. Employees, officers, and directors, for example.

Additional Named Insured A person or organization, other than the first named insured, specifically named as an insured in the declarations of the policy.

Adjuster/Adjustor A person who investigates and settles losses for an insurance company. May be an employee of the insurer or an employee of an independent adjusting firm.

Advertising Injury Injury rising out of an offense committed in the course of advertising activities. For example: libel, slander, defamation, violation of right of privacy, piracy, unfair competition, or infringement of copyright, title, or slogan.

Agent A legal representative of an insurance company. Role in the insurance transaction is to sell and service insurance. May be an employee. See also Independent Agent, Direct Writer, Captive Agent.

Agent of Record See Broker of Record

Aggregate Limit A limitation in many liability policies stipulating the maximum amount available for the total of all claims paid in a period of time. Aggregates are usually annual.

Agreed Amount Endorsement An endorsement to property insurance policies that removes the penalty for coinsurance issues by agreeing that the amount of insurance meets any coinsurance requirements.

All Risk Antiquated term to describe the perils in a property insurance policy. It has been replaced by the term "Special Risk." Using "All" got insurers and agents into trouble. See Special Risk.

Application A form completed by the insured and/or the agent, providing information used in the underwriting and pricing process. The application becomes a part of the insurance policy for many lines of insurance.

ARAP Workers' Compensation - Rating system for assigned risk insurance programs managed by some states.

ARM Professional designation: Associate in Risk Management. A course of study including the management of risks using techniques other than insurance.

ARP Assigned Risk Plan

Assessable Policy An insurance policy that allows insurers to return to policyholders (as a group) for additional funds to cover losses of the group greater than anticipated. Usually only utilized in mutual insurance companies and captive/self-insurance plans.

Assigned Risk Plan Also known as The Pool. This is a risk-sharing mechanism set up by states to provide insurance for employers where no standard insurance company is interested. The problem may be with the risk (poor loss experience) or with the state's workers' compensation system (the state insurance has set up a system where insurers feel that they cannot make money).

Audit Worksheet The document prepared by the auditor that outlines the payrolls of your company. In many cases, the worksheet will show the remuneration of each employee and the classification assigned to that individual. The information on the worksheet is used to calculate the final premium.

Audited Premium The final premium based upon the audited, actual payrolls.

Auditor See Premium Auditor.

Average Weekly Wage A wage figure used to determine the payout in lost wages to an employee injured in a workers' compensation loss.

B&M See Boiler and Machinery Policy.

Bailee An individual or entity that holds the property of another. Examples are dry cleaners, jewelers, appliance repair firms, and computer repair firms.

Bailee Insurance Insurance on the property of others held by a bailee.

Bankers' Blanket Bond See Financial Institutions Bond.

BI Bodily Injury

BII Business Income Insurance or Business Interruption Insurance

Binder An oral or written statement that insurance coverage has been placed in effect. Usually issued by an insurance agent or the insurance company pending the actual policy being issued.

Blanket Insurance A single limit of property insurance that insures multiple classes of property (buildings and contents) over multiple locations. Specific insurance provides specific coverage to a specific property. Blanket coverage lumps all property into one amount of insurance.

Bodily Injury Injury or death. Some liability policies include emotional distress in the definition.

Boiler & Machinery Policy Provides coverage for damage to equipment and machinery by mechanical breakdown, power surge, etc.

BOP Business Owners' Policy

BOR See Broker of Record.

BPL Bankers' Professional Liability

Broker An insurance professional who represents the insured in the insurance transaction. Sometimes used incorrectly as a synonym for agent.

Broker of Record Letter A form letter used to indicate a policyholder's preference to an insurance company as to which insurance agent will have exclusive rights to the insured. Excludes all other agents/brokers from accessing the insurance company in question for that policyholder.

Builder's Risk Insurance Property insurance designed to protect buildings under construction or renovation. The policy recognizes the unique issues and hazards of construction. The rating of the policy recognizes the increasing values at risk.

Burglary Breaking and entering into another person's building with felonious intent.

Business Income Insurance See Loss of Business Income.

Business Insurance A subset of insurance that applies to the risks and hazards of business ventures, as opposed to personal insurance.

Business Interruption Insurance Part of property insurance that pays for the lost profits and continuing expenses that result from physical damage to insured property caused by an insured peril. See also Loss of Business Income, Extra Expense.

Business Owners' Policy A package of insurance coverage providing both property and general liability insurance, usually designed for smaller retail and office businesses.

Cafeteria Plan See Flexible Benefit Plan.

Cancellation Discontinuance of an insurance policy prior to policy expiration. May be at the request of the insured or by the insured party's action (nonpayment of premium). In extreme cases, the insurance company cancels a policy for an increase in hazard. Cancellations are largely governed by state law.

Captive Agent An insurance agent who represents a single insurer or a single group of insurers. Captive agents may have to give their represented insurers first right of refusal or may be barred from accessing other insurers altogether.

Captive Insurance Company An insurance company owned by one or more non-insurance companies; formed to provide insurance coverage for the owners.

Carrier The insurance company.

Casualty Insurance Classification of insurance dealing with losses caused by issues of liability through bodily injury, personal injury, wrongful acts, or property damage. Includes:

- Auto Insurance
- General Liability
- Workers' Compensation
- Professional Liability
- Directors' and Officers' Liability
- Fiduciary Liability

Many casualty insurers also write surety business.

Cede To transfer all or part of a risk written by an insurer to a reinsurer.

Certificate of Insurance Proof of the existence at a moment in time of an insurance policy. Usually prepared by an insurance agent, listing the coverage included in a program of insurance. Prepared for the information of a business associate of the insured—a subcontractor would have his agent issue a certificate to the general contractor.

Certified Insurance Counselor Professional designation in property and liability insurance administered by the Society of Certified Insurance Counselors.

CGL Commercial General Liability

CGL Policy See Commercial General Liability Policy.

Chartered Property and Casualty Underwriter Professional designation administered by the American Institute for Property and Liability Underwriters. The course of study includes extensive examinations covering the breadth of property and casualty insurance issues.

CIC See Certified Insurance Counselor.

Claims Made Refers to the trigger of liability coverage. An occurrence policy responds to events that happen (occur) during the policy period. Claims-made policies respond to lawsuits filed (the making of a claim) during the policy period.

Classification Work comp – see Employment Classification.

Closed Claim A claim that has been resolved. No further payments or treatments are expected.

CNP Closed No Payment. Used on loss runs and claim reports to indicate that no payment was made on a claim and the file has been closed.

COBRA Health insurance – stands for Consolidated Omnibus Budget Reconciliation Act. Federal law that provides certain former employees, retirees, spouses, and dependent children the right to temporary continuation of health coverage at group rates. Coverage is limited to 18 months.

Coinsurance A penalty clause in property insurance policies that requires a certain percentage of the property's value to be insured.

Example: A building with a replacement cost of \$1,000,000 and an 80% coinsurance clause must be insured for at least \$800,000 (80% of the \$1,000,000 value), or a penalty is assessed at the time of a loss.

Coinsurance in health insurance means the percentage of a loss paid by the insurance company.

Liability insurance policies may have a coinsurance clause that denotes the percentage of the loss paid by the insurance company.

Collision Insurance Auto Insurance – coverage for damage caused to the insured vehicle by an automobile accident or upset of the vehicle. Damage caused by collision with an animal or bird is covered by comprehensive automobile insurance.

Combination Safe Depository Policy Covers losses to customers' property in a safe depository due to a loss or damage from actual, or attempted, burglary or robbery. Policies may exclude cash and coins.

Commercial Auto Policy Provides protection for liability arising out of the use of motor vehicles. Also provides physical damage coverage to specified vehicles (also known as comprehensive and collision coverage).

Commercial Crime Insurance Coverage forms used to insure against burglary, robbery, and counterfeit currency for organizations other than financial institutions.

Commercial General Liability Policy Provides coverage for bodily injury and property damage either from operations or products.

Commercial Lines Insurance A broad category of insurance indicating insurance for businesses, professionals, and commercial establishments.

Commercial Property Policy Coverage for buildings and contents.

Conditions Qualifications on the terms made by an insurance company – insured must pay premiums, insured must notify insurance company of claims, etc.

Coverage The scope of protection of an insurance policy. Used as a synonym for insurance.

CPCU See Chartered Property and Casualty Underwriter.

Credit Insurance Coverage against default by creditors. Insureds can protect all of their accounts receivable or specific creditors. Some credit insurance companies also provide credit watch and account receivable advisory services.

CSR See Customer Service Representative.

Customer Service Representative An employee of an insurance agency or company that provides administrative and customer support functions.

D&O Directors' and Officers' Insurance

Death Benefit Payment made to a policy beneficiary upon death.

Debit Card Coverage Can be included in the financial institution's bond. Provides coverage for loss resulting directly from the fraudulent use of a debit card to obtain cash or pay for products or services by gaining access to an electronic payment device, provided that such device, as part of the transaction, electronically verifies the customer's available funds in the customer's depository account at the insured's financial institution.

Debris Removal Clause Extends property insurance to include payment for the removal of the debris from an insured loss. Includes demolition, transportation, and disposal of the rubble.

Dec Declarations page – see Declarations.

Declarations The part of an insurance policy that specifically describes the limits, premiums, rates, names, and other information relative to a specific insured.

Deductible The part of a claim paid for by the insured. A \$5,000 property deductible means that the insured pays the first \$5,000 of any fire damage or other insured loss.

Difference In Conditions Policy A property insurance policy that provides additional perils such as earthquake and flood coverage.

Definitions The part of an insurance policy that defines many of the words used in the policy. Most policies highlight terms that are defined or place the term in quotation marks to indicate that the word is defined in the policy.

Depository Bond (surety) To guarantee the safety of funds made by depositors and their availability for withdrawal as indicated in the terms of deposit. Generally used for municipalities and school districts.

DIC Difference in Conditions policy

Direct Writer An insurance company that does not work through independent insurance agents. Agents for direct writers are usually employees of the insurance company or in exclusive relationships with the insurance carrier. Liberty Mutual, State Farm, and Allstate are direct writers.

Directors' & Officers' Insurance Policy Provides coverage for allegations of third parties for mismanagement, failure to act properly, and other "wrongful acts" against directors and officers. Coverage can also be included for the bank, known as Entity Coverage.

Discovery Period See Extended Reporting Period.

Dishonesty Insurance See Commercial Crime Policy.

Dividend A return of premium given after a policy has expired based on the loss experience of the insured or of a group of insureds. Low losses result in higher dividends. Under most state laws insurers cannot guarantee dividends.

DOC See Drive Other Car coverage.

Domestic See Residence Employee.

Domestic Insurer An insurer located in a state in which the insured's insurance is written.

Drive Other Car Coverage An endorsement to the commercial auto policy that extends coverage for individuals who are provided with personal use of a company vehicle and are not covered by a personal auto policy.

Earned Premium Premium used in an insurance policy. In workers' compensation, premium is earned as the employer incurs payroll expense.

E-Commerce Insurance Insurance designed to provide coverage for certain exposures unique to business conducted over the Internet. Generally includes coverage for business interruption, copyright infringement, and public relations expenses.

EDP Electronic Data Processing

EE Extra Expense

EL Employers' Liability

Employee Retirement Income Security Act U.S. federal law passed in 1974 that provides regulation over employee welfare plans – retirement funds, group insurance, pensions, etc.

Employers' Liability The second part of workers' compensation insurance policies. Provides protection from liabilities that arise out of the employment relationship that are not covered by workers' compensation. For example: a spouse of an employee who becomes ill because of chemical residues brought home on the employee's clothing.

Employment Classification The job code/description used to categorize employees and exposures.

Employment Practices Liability Insurance Liability insurance for acts of harassment, wrongful discharge, wrongful hiring, and discrimination. Also called EPLI.

Endorsement Additional policy coverage, conditions, or exclusions added to the insurance contract by the insurance company. Sometimes called a Rider.

Entity Coverage An extension of directors' and officers' insurance, providing coverage for legal actions against the insured entity.

EPLI Employment Practices Liability Insurance

ERISA See Employment Retirement Income Security Act.

ERISA Bond Provides the required protection for the assets of a retirement fund under the federal law known as ERISA

E-Risk Insurance See E-Commerce Insurance.

Errors and Omissions Insurance See Professional Liability Insurance.

Estimated Premium Premiums determined at the beginning of a policy period based upon estimated payrolls. The insured pays for the policy based upon the estimated premium, and then the audit determines the final premium.

Excess and Surplus Lines See Surplus Lines.

Excess Liability Policy See Umbrella Liability.

Excess Loss Premium Factor Workers' Compensation - A part of retrospective rating programs. A factor to compensate the insurer for limiting the effects of losses over a certain amount; \$50,000, for example.

Excess Losses Workers' Compensation - Part of the experience modification calculation. The amount of a loss that exceeds \$5,000. See also Primary Losses.

Exclusion A part of an insurance contract that removes coverage for a specific set of circumstances. Flood is excluded from coverage on most property insurance policies.

Exclusive Agent See Captive Agent.

Experience Modification Factor Workers' Compensation - A premium adjustment factor based upon the losses of a risk compared to losses of similar organizations. A ratio of expected losses to actual losses. Calculated by rating bureaus such as NCCI.

Experience Period Workers' Compensation - Policy and claim periods used in the experience modification (mod); usually the oldest three of the past four years. Your 2010 mod is based on the data from years 2008, 2007, and 2006.

Exposure A vulnerability to loss.

Exposure Basis A unit of measuring exposure. In workers' compensation the exposure basis is remuneration. In the case of some rates for domestic help, the unit may be per employee. A liability policy may use payroll, sales, or area as the basis of premium.

Extended Discovery Period See Extended Reporting Period.

Extended Reporting Period A provision included in claims-made liability insurance policies where, after the expiration or cancellation of a policy, the insured can extend the time to discover a claim that occurred prior to the end of the policy. Also called a Tail or Discovery Period.

Extortion Extracting money or forcing actions based on a threat of harm. A part of most kidnap and ransom insurance policies.

Extra Expense Insurance A part of time element insurance that pays the increased costs necessary to get an insured back into business quickly after insured property is damaged by an insured peril.

Federal Employees' Compensation Act Workers' compensation act for federal civilian government employees. Overseen by the U.S. government. Does not involve private insurers or state funds.

Federal Employers' Liability Act (FELA) Applies to railway workers who are exempt from workers' compensation statutes. Cases decided on the basis of employers' liability.

Fellow Servant Rule Archaic term used as a common-law defense for employers prior to workers' compensation laws. Held that an employer was not liable for injuries to an employee if the injury was caused by a fellow employee.

Fidelity Bond See Commercial Crime Policy.

Fiduciary A person entrusted with the property or care of an asset.

Fiduciary Coverage See Fiduciary Liability Insurance.

Fiduciary Duty The duties expected of a fiduciary.

Fiduciary Liability Insurance Protects the fiduciaries, directors, and officers of employee welfare plans (group insurance, pension plans, 401k plans) against actual or alleged wrongful acts. Covers liabilities imposed by the federal law ERISA.

Financial Institutions Bond Pays for dishonest acts by employees or outsiders. Theft of money, forgery, counterfeit currency, damage by hackers, etc.

Fire Insurance Broad term used to describe building and personal property insurance protection.

Fire Legal Liability A part of the commercial general liability insurance policy that protects against damage to a part of the building the insured occupies that is due to the insured's negligence. Usually called upon to protect tenants for damage to the portion of the building they rent.

First Named Insured The first person or organization listed on an insurance policy as an insured. First named insureds receive all policy notices and bills.

Flexible Benefit Plan An employee benefit plan that allows employees to select among the various group life, medical expense, disability, dental, and other plans that best meet their specific needs.

Flood Insurance Insurance against the peril of a general and temporary increase in the level of a stream, lake, river, or ocean.

Forced-Placed Insurance Property insurance designed to cover properties where the bank's customer (the mortgagee) has failed to buy his own property insurance. Usually written on a monthly reporting basis.

Foreign Insurer An insurer domiciled in a state other than the one in which the insurance is written.

Form The contract of insurance that outlines terms and conditions of protection.

FRIP Fiduciary Responsibility Insurance Policy.

Garagekeeper's Insurance Provides coverage for the liability of parking vehicles owned by others.

General Liability See Commercial General Liability.

GL General Liability

Governing Classification The employment class with the highest remuneration on a policy, except for standard exception classifications.

Group Self-Insurance Many employers banding together to insure their operations based on a pooling of exposures and risks. They become an insurer. Groups can be homogeneous (a bank workers' compensation group) or heterogeneous (a plumber, a lumber yard, and a bank band together).

Guaranteed Cost A workers' compensation program that is not subject to adjustments in premiums based on losses. Guaranteed cost programs include audits, and premiums are adjusted based on changes to remuneration.

Hammer Clause A provision in a professional liability policy or directors' and officers' insurance that limits the insurer's liability should the insured refuse to accept a settlement offer from the plaintiff.

Hard Market A description of the insurance marketplace used to indicate a period of increasing rates and constricting coverage/availability. A sellers' market. The opposite of a soft market.

Hazard A situation that presents a chance of loss or an increase in the severity of a potential loss.

Incurred Losses The total of amounts paid and amounts reserved.

Indemnification An agreement where one party agrees to provide protection for certain legal actions brought against the primary party by another.

Indemnity As to property insurance – legal principle that holds that an insured should not collect more than what he or she lost in a claim. As to worker's comp – lost time payments, as opposed to medical bills.

Indemnity Contract As to liability – a provision that the insurance company reimburses an insured after settlement of a claim.

Independent Adjuster A contractor of the insurance company who manages insurance claims for the insurance company.

Independent Agent An autonomous business that sells and services insurance policies as a representative of a variety of insurance companies.

Inland Marine Insurance A class of insurance covering articles in transit as well as the modes of transportation. Includes cargo, equipment, bridges, tunnels, art, jewelry, property owned by others, and other items.

Insurance A contractual agreement where an insurance company assumes the risks outlined in an insurance policy in return for payment of a premium.

Insurance Adjuster The person who manages the claim process for the insurance company. May be an employee of the insurer or a contractor hired by the insurer.

Insurance Carrier See Insurance Company.

Insurance Commissioner The top insurance regulatory official in a state. May be called a Superintendent.

Insurance Company A commercial enterprise formed to sell and service insurance policies.

Interstate Rating Workers' Compensation - An experience modification that includes payroll and loss information from more than one state. Some states do not participate in interstate rating plans.

IRA-Keogh Errors & Omissions Policy Covers errors in the administration of IRA and Keogh plans.

K&R Kidnapping and Ransom Insurance

Kidnap, Ransom, and Extortion Policy Pays money demanded either for kidnapping or the threat of kidnapping. Also pays for extortion with a threat to property.

Liability A legally enforceable obligation usually due to a breach of some duty or negligence.

Liability Insurance Insurance that responds to a breach or negligence of the insured to another party.

Liquor Liability Insurance Coverage designed to respond to liabilities arising out of the sale, manufacture, or serving of alcoholic beverages. Most commercial general liability policies exclude liquor liability claims only for those in the business of selling, manufacturing, or serving alcohol.

Longshoremen's and Harbor Workers' Act See United States Longshoremen's & Harbor Workers' Act.

Loss An accident or event that causes damage, injury, or illness.

Loss Adjustment Expenses Money spent to investigate and settle losses.

Loss Control Practices and procedures used to minimize the severity of a loss. Also used to describe loss prevention activities.

Loss of Business Income Property Insurance - A part of time element insurance that pays for the lost profits and continuing expenses after damage to insured property caused by an insured peril.

Loss Prevention Practices and procedures used to keep accidents from happening. Prevents frequency of loss. Also used to describe loss control activities.

Loss Ratio Incurred losses (and loss adjustment expenses) divided by net premiums earned. Measures profitability. A measure of losses compared to premiums.

Loss Reserves Estimated amounts for future payments of medical and wage payments for a specific claim.

Loss Run A record of losses for a policy period.

Lost Wages Amounts paid for wages lost by an employee due to a workers' compensation claim.

LTD Long-Term Disability

Manual Premium Calculated by multiplying payrolls by rate before application of any modification factors, schedule credits, or debits.

Manuscript Policy A unique policy customized to the needs and exposures of a specific insured and a specific insurance company.

Medical Payments

General Liability – coverage for medical bills incurred by a third party at an insured location. Coverage is not dependent on the negligence of the insured.

Automobile – coverage for injuries to occupants of the insured vehicle, caused by an auto accident.

Medical-Only Claims Workers' compensation claims where there is no lost time/wages.

Misrepresentation A false, incorrect, improper, or incomplete statement of a material fact made in the application for an insurance policy. Constitutes fraud in many states.

Mod See Experience Modification.

Modified Premium The workers' compensation premium after the application of the experience modification, but before other credits/debits are applied.

Monopolistic A state workers' compensation system where no private insurers are allowed to compete for business.

MOP Manufacturers' Output Policy

Mortgage Impairment Policy Protects the bank's interest in mortgaged properties. Should a mortgage customer not purchase insurance (and the bank not know it), the policy will pay the bank's interest in the property should it be destroyed by a covered peril.

MP Medical Payments

Mutual Insurance Companies An insurance company owned by policyholders, as opposed to stockholders.

Named Insured Individual(s) and organization(s) listed on the declarations as insured.

National Association of Insurance Commissioners (NAIC) Association of state insurance regulators who administer state insurance rules and laws. NAIC promotes uniformity in regulation throughout the country.

NCCI The National Council on Compensation Insurance is the organization responsible in most states for administering classifications, experience modification factors, and collecting data used in rate-making. NCCI is not connected with any state government. It is a rate-and rule-making organization funded by insurance companies that use their services. They report

information to states and are certainly regulated by state insurance departments. It is not, however, a government-run organization. They do act like it sometimes, though.

Net Premium Premiums after all fees, charges, and credits.

NOC As to work comp - see Not Otherwise Classified.

No-Fault Automobile Insurance An approach used by certain states to liability issues resulting from auto accidents. Injuries resulting from auto accidents are paid for by the insurance covering the vehicle occupied by the injured person, rather than who was negligent.

Noncancelable A policy feature that provides a guarantee of continuation of insurance at the insured's option. Insurers may adjust premiums, however.

Not Otherwise Classified As to work comp – a term used in the Scopes® classification manual and other rule books to indicate employment classifications that are not included in other class descriptions.

Occupational Disease An illness or disease resulting from a work hazard or condition.

Occupational Hazard A condition in a job or work environment that increases the peril of accident, sickness, or death.

Occurrence Defined by most liability policies as "an accident, including continuous or repeated exposure to substantially the same general harmful conditions."

Ocean Marine Insurance Insures boats, vessels, and cargo transported over water.

OD Occupational Disease

Ordinance or Law Insurance A part of property insurance that pays the increased cost of construction due to new zoning or building codes. Can also pay for demolition of the undamaged portion of a building that must be torn down due to violation of codes or ordinances. All coverage is triggered by a covered cause of loss plus the required action of laws or codes.

Other States Work comp – the section of the policy that describes how coverage will apply outside of the states listed in the classification page of your policy.

Package Policy Combining two or more insurance coverage sections into a single policy—property and liability coverages, for example. Homeowner's and business owners' policies are package policies.

Partial Disability Work comp – impairment of a part of the body. May be permanent or temporary.

Payroll Audit Work comp – an examination of employer records to determine final remuneration in individual employment classifications for the purpose of determining policy premium. Performed by an auditor.

PD Property Damage

Peril A cause of loss – fire, lightning, hail, and robbery are examples of perils.

Permanent Partial Disability Partial impairment of a part of the body that is not reversible and will not heal—amputation of a finger, for example. May not impair work capacity for certain occupations. May remove an employee from the current occupation.

Permanent Total Disability Total loss of work capacity that is not reversible or will not heal.

Personal Injury Usually a part of the commercial general liability insurance policy. Provides coverage for libel, slander, false arrest, and defamation of character. Actual definition varies by policy.

Personal Injury Liability Insurance Part of the commercial general liability insurance policy that provides protection for libel, slander, defamation, or violation of right of privacy; and wrongful entry, eviction, or other invasion of right of private occupancy.

Personal Injury Protection (PIP) Auto insurance – see No-Fault.

Personal Lines Insurance coverage in property and casualty insurance for families and households—personal auto coverage and homeowner’s insurance, for example.

PI Personal Injury

Policy The insurance contract. It spells out the terms, conditions, and exclusions of the insurance provided by the insurance company.

Policy Term The period of time that the insurance policy is in force.

Policyholder The person or organization that owns the insurance policy.

Pollution A cause of loss that is excluded by most property and liability insurance policies. Usually requires a special pollution liability insurance policy.

Pool See Assigned Risk Plan.

Premium The price of insurance for a specified risk for a specified period of time.

Premium Auditor Work comp – an individual who performs the audit of remuneration at the end of a policy period. May be an employee of the insurance company or a contractor hired by the insurance company.

Premium Discount Work comp – a premium credit based on the size of the premium paid.

Premium Finance Finance arrangement for the insured to make payment of the insurance premium.

Primary Insurance The insurance policy that is responsible for paying the first part of a loss. Excess policies pay after primary policies pay.

Primary Losses Work comp – part of the experience modification calculation. The first \$5,000 of any loss. See also Excess Losses.

Product Liability Insurance Protection from legal actions against an insured for bodily injury and property damage caused by a product sold, manufactured, processed, or provided by the insured.

Professional Liability Insurance Insurance against negligent damage caused by a wrongful act of the insured. Usually excludes bodily injury and property damage.

Also called malpractice insurance.

Also called errors and omissions insurance.

Proof of Loss Presentation by the insured of documentation of the extent of a claim. Usually used in property insurance policies as a condition. Insurers must respond (pay) within a certain time to the presentation by the insured of a proof of loss.

Property Damage Physical damage to tangible property.

Property Insurance Insurance protection for loss of tangible property owned by or in the care of the insured. Includes buildings, personal property, stock, inventory, and time element insurance.

Property Policy See Commercial Property Policy.

Protection and Indemnity Insurance Specialized insurance for boats and commercial vessels. Responds to the unique exposures of maritime law and federal laws such as the Jones Act.

Public Adjuster A person or firm that is a representative of the insured in a claim for insurance benefits.

Rating Bureau Work comp – an organization that compiles statistical and rate-making information to determine premiums. See NCCI. Non-NCCI states have their own rating bureaus.

RC Replacement Cost

Registered Mail Insurance Provides insurance for loss, damage, or destruction of securities and other important or valuable papers during shipment.

Rehabilitation Benefits Benefits payable to return an injured party to work after a work-related injury or illness.

Reinsurance Insurance purchased by insurance companies to provide a risk transfer mechanism. Also used by self-insurers and self-insured groups.

Remuneration Payroll and other compensation paid to employees. Used to calculate premiums.

Renewal The reestablishment of an insurance policy after the expiration of a prior term of coverage.

Replacement Cost Property valuation method that uses the cost of replacement of an item or the cost of new construction without any deduction for depreciation.

Reservation of Rights A response to a claim whereby the insurance company defends a case without any commitment as to the coverage provided by a policy.

Reserve Amount expected to be paid on a claim that is not resolved or closed.

Residence Employee Work comp – a person who performs full- or part-time household services.

Residual Market See Assigned Risk Plan.

Retention Amount of a claim paid by the insured. The term is usually used in liability insurance. Similar to a deductible

Retention Plan A loss-sensitive insurance plan that adjusts the premium up or down based on losses and associated costs.

Retrospective Rating A loss-sensitive workers' compensation insurance program where adjustments are made to premiums after policy expiration. Adjustments can go up or down subject to premium minimums and maximums.

Rider See Endorsement.

Risk 1) Exposure to loss. 2) An insured. 3) A portion of an insured operation.

Risk Management The process of addressing in a systematic way the hazards and exposures of an organization. Risks can be avoided, reduced, transferred, and retained.

Insurance transfers the risk (or a part of it) to an insurance company.

Risk Retention Group Alternative risk financing tool where similar businesses band together to share risks. Usually utilizes reinsurance and individual retentions along with regimented loss control and claims management process. Meets the requirements of the Risk Retention Act of 1986.

Safe Depository See Combination Safe Depository.

Schedule Credit/Debit Premium adjustment factors applied at the discretion of insurance company underwriters and based upon individual characteristics of the risk. Issues such as managed care, quality of management, loss control efforts, and the insurance company's appetite for the risk are included.

Scopes® Manual Work comp – a publication of NCCI that outlines the definitions of the 600 plus employment classifications.

Second Injury Fund Worker's comp – a mechanism set up by states to minimize the impact of re-injuries. The theory is that employers will be reluctant to hire previously injured workers without such a system. Sometimes funded by surcharges on insurers for death claims where there are low medical bills.

Self-Insurance Retention of the risk usually in a formal, calculated way. In workers' compensation, state regulations impose financial and administrative qualifications. May involve reinsurance or very large deductibles to cover catastrophic losses. Self-insurance isn't really insurance—you are retaining the risk.

Self-Insured Retention See Retention.

Short-Rate Penalty A penalty assessed when an insurance policy is cancelled by the insured in the middle of a policy period. Workers' compensation short-rate penalties are high in the early months and gradually decline through the policy period. Short-rate penalties in other property and casualty policies are usually 10% of the unearned premium.

Side A Coverage within a directors' and officers' insurance policy that pays for claims against individual directors or officers when corporate reimbursement isn't allowed.

Side B Coverage within a directors' and officers' insurance policy that pays for claims against individual directors or officers when corporate reimbursement is allowed.

Side C Coverage within a directors' and officers' insurance policy that pays for claims against the bank. Also referred to as entity coverage.

Sliding Scale Dividend A dividend plan that varies the size of the dividend payment based on the loss ratio of the insured.

Soft Market A description of the insurance marketplace used to indicate a period of declining rates and expanding coverage/availability. A buyers' market. The opposite of a hard market.

Sole Remedy Workers' compensation is said to be the sole remedy for an employee's workplace injuries. This means that in most states, employees may not seek payment from employers outside of workers' compensation for an employer's negligence or liability for an injury.

Special Risk A type of property insurance policy where all perils (causes of loss) are insured except those that are excluded by the policy. Some common exclusions: flood, earthquake, animals, nuclear, and deterioration.

STAMP Bond Securities Transfer Agents Medallion Program – provides signature guarantee.

Standard Exception Classifications Work comp – employment classifications that are allowed on most policies in addition to the primary business classes. Clerical, Sales, and Driver are common standard exceptions.

Standard Markets Insurance companies that are not surplus lines insurers.

Standard Policy An insurance policy used by a preponderance of insurance companies to cover similar exposures and operations.

Standard Premium Work comp – premium after application of the experience modifier and schedule credits or debits, but before premium discount.

State Fund A workers' compensation insurance system run by a state governmental agency. May be competitive with private insurers, or monopolistic. Also synonymous with assigned risk fund or pool.

STD Short-Term Disability

Strict Liability Liability that comes out of an exposure that is so onerous that negligence need not be proven. Blasting within a city or the keeping of wild animals, for example.

Subrogation The procedure under which an insurance company recoups losses paid from the insurer of the negligent or responsible party. For example, a workers' compensation insurer may subrogate against the auto insurer of the driver who caused an accident in which an employee is injured.

Surety Bond An agreement that guarantees that the principal will fulfill its obligations to the obligee.

Surety – bonding company.

Principal – party performing the work.

Obligee – entity for whom the principal is working to whom the surety is obligated.

Surplus Lines Insurance written by non-admitted insurance companies.

Tail Coverage See Extended Reporting Period.

Temporary Partial Disability A condition where an injured worker's capacity is impaired for a time, but he is able to continue working at reduced capacity. Full recovery is expected.

Temporary Total Disability A condition where an injured worker is unable to work at all while he is recovering from injury. Full recovery is expected.

Terrorism Risk Insurance Act Federal law outlining the taxpayer-funded reinsurance provided for certain types of terrorism losses.

Time Element Insurance A subset of property insurance that pays the lost profits, continuing expenses, and increased expenses caused by an insured peril. Usually triggered by damage to insured property. See Loss of Business Income, See Extra Expense Insurance.

Tort A civil wrong other than a breach of contract.

TRIA Terrorism Risk Insurance Act

Trust Department Errors & Omissions Policy Provides protection for claims made against a bank for losses resulting from an error or omission by the trust department while performing trust functions.

Twisting Inaccurate or incomplete insurance policy descriptions used to entice the surrender or cancellation of an insurance policy in favor of another policy.

U&O Use and Occupancy (antiquated term)

UIM Under-Insured Motorist

UM Uninsured Motorist

Umbrella Liability A form of excess insurance that provides additional limits of liability protection as well as increasing the breadth of the coverage provided.

Umbrella Liability Policy Provides extra liability coverage above the general liability, auto liability, and employers' liability coverage. Also known as excess liability.

Underlying Policies The basic liability insurance policies accessed before excess or umbrella liability policies. Usually includes auto liability, general liability, and employer's liability.

Underwriter 1) An insurance company. 2) The individual who performs underwriting for an insurance company.

Underwriting The process an insurance company goes through to classify, analyze, and price an insurance policy.

Unearned Premium The difference between the premium paid and the earned premium.

Uninsured/Underinsured Motorist Coverage Auto – pays the policyholder for injuries to occupants of the insured vehicle if the accident was caused by a driver who has too little or no liability insurance.

Unit Stat Card Work comp – a form filed with a rating bureau by an insurance company to report remuneration and losses on a specific policy. Used to calculate the experience modification. Usually submitted based on losses shown at the 6-month point in a policy.

United States Longshoremen's & Harbor Workers' Compensation Act Federal workers' compensation law that stipulates compensation for those who work in harbors and on wharves.

U.S.L. & H. See United States Longshoremen's and Harbor Workers' Compensation Act.

Voluntary Compensation An endorsement to the standard workers' compensation insurance policy; extends coverage to employees not required to be covered under the state's workers' compensation law. Farm workers, domestic help, business owners, for example. Usually has nothing to do with volunteers. The term refers to the voluntary addition of normally uncovered individuals.

Voluntary Market The standard insurance market where insurers offer coverage on a competitive basis with no pressure from government. Assigned risk insurance programs (auto or workers' compensation) are involuntary markets.

Insurance written outside of any assigned risk plan.

WC Workers' Compensation

Workers' Compensation 1. A state-mandated program of benefits for injured workers.
2. An insurance policy designed to provide benefits based on a state's workers' compensation law.

Workers' Compensation Insurance Pays benefits as provided by state law for work-related injuries or diseases. The policy also provides protection for other types of work-related incidents.

X Mod Workers' Compensation - See Experience Modification.

The worksheets in this book are available in digital format -- both .doc (for use with Microsoft Word or other word processing software) and .pdf format (for those who would rather complete the forms by hand). Go to www.ScottSimmonds.com/bankworkbook for your free copies.

About Me

I guess I was born to the insurance business. My Dad was an insurance agent in New Hampshire when I was a baby. He then joined an insurance company, and we bounced about the East Coast while I was in school - Massachusetts, Ohio, Georgia, back to Massachusetts.

The summer between my freshman and sophomore year in college I decided it was time to get a job in business. I thought I wanted to be a stockbroker. I rode into Boston every morning with my dad and would go from office building to office building, riding the elevator to the top floor and stopping at every office on each floor - moving down one elevator stop at a time asking if there was an opening for a college student.

After two weeks and no luck, my Dad suggested I try an insurance agency. I got a job as an auto claims clerk, and the rest has been 30 plus years in the business - working at five different insurance agencies before starting my consulting practice.

In 2000 I decided that there was a need for an insurance expert who did not sell insurance. I left my job at a small agency, and my wife allowed me to take over the corner of a basement bedroom.

As the business grew, my office grew from a corner, to half the bedroom, to taking over the family room. We then built a new house with a large office and a separate "office" entrance - a door that not once has been entered by a client.

That office now houses the largest solo-practitioner insurance consulting firm in the US. I have clients in 35 states. I have been called the largest single insurance buyer in the country. Several years ago I totaled it up - I help my clients with about \$50,000,000 in premiums each year.

I graduated from Babson College, Wellesley, Massachusetts. In 1987 I earned the Certified Insurance Counselor designation from the Society of CIC. In 1995 I finished the work (10 essay exams given over 5 years) to qualify for the Chartered Property and Casualty Underwriter designation conferred by the American Institute for CPCU.

I earned the Insurance Institute of America's Associate in Risk Management designation in 2005. In 2007 I was awarded the Certified Management Consultant designation by the Institute of Management Consultants USA.

My insurance work has involved companies in a wide range of industries. I have handled insurance and risk management issues for public and private corporations, including many

with international operations. My work includes nonprofits, manufacturers, banks, hotels, property managers, municipalities, and schools.

I hold a State of Maine resident insurance consultant's license and non-resident licenses in every state where I am required to do so - I think I'm up to 28 state licenses now.

About ten years ago I was accepted as a member of the Society for Advancement of Consulting, an organization made up of only the top 1% of consultants nationwide. Several years ago I was granted "board approved" status putting me in the top ten percent of the top 1% of consultants.

My writing and comments have appeared in the Wall Street Journal, Forbes, Fortune, Money, Inc. Magazine, Smart Money Magazine, the New York Times, Boston Globe, Investors Business Daily, Kiplinger's, the Los Angeles Times, and countless trade publications.

I make my home in Saco, Maine. I enjoy the shooting sports, particularly competitive pistol shooting and trap. I also like reading, playing with our dog, and bird watching. My wife and I have five kids and two grandchildren.

I'm a past president of the trade association, Maine Association Of Professional Consultants and of the Biddeford Saco Rotary Club.

For More Information Contact:

Scott Simmonds, CPCU, ARM
Insurance Consultant
Email: Scott@ScottSimmonds.com
Web: www.BankInsuranceConsultant.com
Phone: 207-284-0085

Questions or Comments?

I would love to hear your thoughts and ideas about this book.

Suggestions for future editions or other topics you'd like to see covered.

Email me at Scott@ScottSimmonds.com.

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Scott@ScottSimmonds.com

207-284-0085

www.ScottSimmonds.com

www.BankInsuranceConsultant.com