

These definitions are offered to give you a general understanding of the terms you may hear that are associated with automobile insurance. Please note that your individual company may define similar terms differently. The definitions page in your policy is the final authority regarding your coverage.

Adjuster The person who manages the various aspects of the claim and

determines what will be paid out in accordance with the policy and the

facts.

A non-original equipment manufacturer (OEM) replacement part, either Aftermarket Crash Part

> new or used, for any of the non-mechanical parts that generally constitute the exterior of the motor vehicle, including inner and outer

panels.

The person who evaluates the damage caused by an accident or other **Appraiser**

covered loss and determines the amount to be paid under the policy

terms.

A mechanism for drivers to obtain coverage when insurance companies Assigned Risk Plan

are unwilling to sell automobile insurance to them.

Binder A short-term agreement that provides temporary insurance coverage

until the policy can be issued or delivered.

If you injure someone in a car accident, this coverage pays his/her **Bodily Injury Liability**

> medical and rehabilitation expenses and any damages for which you are found liable. The minimum limit is \$15,000/\$30,000. The \$15,000 pays

for injuries to one person while the \$30,000 represents the total

available for one accident.

Cancellation The termination of a policy at a date other than its annual expiration

Notice to an insurance company that a loss has occurred which may be Claim

covered under the terms and conditions of the policy.

Collision This benefit pays to repair damage to your car as a result of an

> accident. Most banks or lenders require you to buy this coverage to receive a car loan. Under Pennsylvania law, the company applies a \$500 deductible unless you request a lower amount. The higher your

deductible, the lower your premium.

Commission A portion of the policy premium that is paid to an insurance producer

(agent) by the insurance company as compensation for the producer's

work.



Comprehensive Coverage Generally, this pays for theft or damage to your car from hazards

including fire, flood, vandalism or striking an animal. Most banks or lenders require you to buy this coverage to receive a car loan. There are

various levels of deductible to purchase.

Declarations (DEC) PageUsually the first page of an insurance policy, it contains the full legal

name of your insurance company, your name and address, the policy number, effective and expiration dates, premium payable, the amount and types of coverage, deductibles, the vehicle(s) that are covered on

the insurance policy and the vehicle identification numbers (VIN).

DeductibleThe amount a policyholder is responsible to pay up-front before

covered benefits from the insurance company are payable. This is applicable to comprehensive or collision coverage only.

Endorsement A written agreement that changes the terms of an insurance policy by

adding or subtracting coverage.

Exclusion A contractual provision in an insurance policy that denies or restricts

coverage for certain perils, persons, property or locations.

Extraordinary Medical Benefits This coverage pays when medical and rehabilitation expenses exceed

\$100,000. It provides a maximum of \$1 million of coverage.

First Party

The policyholder (insured) in an insurance contract.

Full Tort With a Full Tort selection, you retain unrestricted rights to bring suit

against the negligent party.

Funeral Benefit This coverage pays, up to a certain dollar amount, money for funeral

expenses if you or a family member dies as a result of an auto accident.

Income Loss
Pays a portion of your wages when injuries sustained in an auto

accident keep you from working.

The person(s) entitled to covered benefits in case of an accident or loss.

Insurer

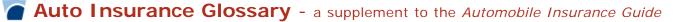
The insurance company who issues the insurance and agrees to pay for

losses and provide covered benefits.

Limited Tort offers you a savings on your premiums. You are still able to

recover all out-of-pocket medical and other expenses; however, you are not able to recover certain damages - such as payments for pain and suffering - unless the injuries meet one of the exceptions as defined

in Act 6 of Title 75, Section 1705 (d).



LimitsThe maximum amount of benefits the insurance company

agrees to pay under an insurance policy in the event of a

loss.

Medical Benefits This pays medical bills for you and others covered on your

policy regardless of fault. The minimum limit is \$5,000 of

coverage. Higher limits are available.

Non-Renewal

The termination of an insurance policy at its annual

expiration date.

Policy A contract that states the rights and duties of the insurance

company and the insured.

Premium The price of insurance paid to the insurance company for a

policy.

Premium Finance Company

A lending institution that finances automobile insurance

premium for a fee.

Producer (agent) A licensed individual or organization authorized to sell,

solicit, negotiate and service insurance policies for an

insurance company.

Property Damage Liability Coverage for damage to someone's property resulting from

an accident where you are at fault. The minimum limit is \$5,000 of coverage. Some companies offer a single limit of \$35,000, which meets the bodily injury liability and

property damage liability minimum requirements.

Quotation or Quote

An estimate of the cost of insurance based on the

information supplied to the insurance producer (agent) or company. This amount may change depending upon findings

during the underwriting process.

Rental Reimbursement

Coverage

This coverage pays - up to a defined amount - your expenses to rent a vehicle if you have a loss covered under comprehensive or collision benefits. Coverage is sold based on a daily amount of expense, subject to a maximum limit.



Auto Insurance Glossary - a supplement to the Automobile Insurance Guide

Stacking of UM or UIM This coverage allows you to either multiply the amount of uninsured or

underinsured motorist coverage by the number of vehicles on your policy, or to receive uninsured or underinsured motorist coverage from more than one policy under which you are insured. It costs extra to

stack uninsured or underinsured motorist coverage.

Subrogation The process of recovering the amount of claims damages paid out to a

policyholder from the legally liable party. When a company pursues the legally liable third party, they are required to include the policyholder's

deductible in the recovery process.

Surcharge An extra charge applied to the premium by an insurance company,

usually applied as a result of at-fault accidents or moving violations.

Third Party

An individual other than the policyholder or the insurance company who

has suffered a loss and may be able to collect compensation under the

policy, due to the negligent acts or omissions of the policyholder.

Total Loss

Damage or destruction to real or personal property to such extent that it

cannot be rebuilt or repaired to its condition prior to the loss or when it would be cost-prohibitive to repair or rebuild in comparison to the value

of the property prior to the loss.

Towing CoverageAn optional coverage of an automobile policy that pays a specified

amount for towing and related labor costs.

Underinsured Motorist (UIM) This covers bodily injury losses for you or your passengers if you are hit

by an at-fault motorist who does not have enough insurance to cover

your claim.

Underwriting

The initial 60-day timeframe wherein the company processes and

investigates the information provided on the application. The results of

this process determine acceptability and premium rate.

Uninsured Motorist (UM)

This covers bodily injury for you or your family if you are hit by an at-

fault uninsured motorist.

The **Auto Insurance Glossary**, a supplement to the *Automobile Insurance Guide*, is brought to you by the Pennsylvania Insurance Department.

For more information and additional resources, log onto www.insurance.pa.gov or call us toll-free on our automated hotline at 1-877-881-6388, or our regional office listed below:

Harrisburg Regional Office

Room 1321 Strawberry Square Third and Walnut Streets Harrisburg, PA 17120 (717) 787-2317 fax (717) 787-8585

TTY/TDD: (717) 783-3898

