

*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.
Aftermarket Crash Part	A non-original equipment manufacturer (OEM) replacement part, either new or used, for any of the non-mechanical parts that generally constitute the exterior of the motor vehicle, including inner and outer panels.
Appraiser	The person who evaluates the damage caused by an accident or other covered loss and determines the amount to be paid under the policy terms.
Assigned Risk Plan	A mechanism for drivers to obtain coverage when insurance companies 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.
Bodily Injury Liability	If you injure someone in a car accident, this coverage pays his/her 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 date.
Claim	Notice to an insurance company that a loss has occurred which may be 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) Page	Usually 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).
Deductible	The 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.
Insured	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	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).

Limits	The 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 <u>estimate</u> 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.

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 Coverage	An 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:

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