

Asset: tangible or intangible item with exchange or commercial value owned by the insurance company as listed on its balance sheet.

Claim: a request made by the insured for insurer payment due to a loss incurred and covered under the policy agreement.

Claimant: the first or third party that asserts a right of recovery.

Guaranty Association: an association established to pay claims of insolvent insurance companies. These funds are maintained by assessments collected from all insurers licensed in the state.

Insolvent: when an individual or organization can no longer meet its financial obligations with its policyholders or creditors as debts become due.

Insured: the person or organization covered by an insurance policy.

Insurer: the insurance company.

Liquidation and Rehabilitation: taking over of an insurance company's assets by the State Insurance Commissioner when examination of the annual report reveals that the company is in substantial financial difficulty. The State Insurance Commissioner will then operate the company in what is deemed to be the best interest of the policyholders, insureds, and creditors. If the State Insurance Commissioner believes it is possible to save the company, rehabilitation may be ordered; if salvage is deemed impossible, liquidation may be necessary.

Proof of Claim (POC): a written and documented claim against an insurance company that has been liquidated.