

## PERSONAL PROPERTY

Any property of an insured other than real property. Personal property is also known as “contents”. Homeowner policies protect the personal property of family members.

## POLICY

A written contract ratifying the legality of an insurance agreement.

## REPLACEMENT COST VALUE

The cost of replacing property without a reduction for depreciation. By this method of determining value, damages for a claim would be the amount needed to replace property using new materials. Contrast with **Actual Cash Value**.

## SETTLEMENT

It connotes an agreement between both parties to the policy contract as to the amount and method of payment.

## UNDERINSURED

Insurance coverage that is insufficient to cover total dollar amount of losses. Generally, underinsured is associated with the policyholder’s failure to coinsure 80% of the property value.

## WINDSTORM

Wind of sufficient violence to be capable of damaging insured property. Windstorm coverage is generally included in basic coverage.

### Learn about Insurance:

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Visit our website regularly to learn about Banking, Insurance and Financial Regulation services in the Territory.

More insurance definitions are found on the Office of the Lieutenant Governor’s website main page. Click on **NAIC Insurance Terms**

Website: [ltg.gov.vi](http://ltg.gov.vi)



Preparation Through Education Is Less Costly  
Than Learning Through Tragedy  
-Max Mayfield, Director  
National Hurricane Center

UNITED STATES VIRGIN ISLANDS  
OFFICE OF THE LIEUTENANT GOVERNOR  
DIVISION OF BANKING, INSURANCE  
AND FINANCIAL REGULATION

THE HONORABLE TREGENZA A. ROACH, ESQ.  
LIEUTENANT GOVERNOR  
COMMISSIONER OF INSURANCE

GWENDOLYN HALL BRADY  
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# INSURANCE TERMS YOU SHOULD KNOW

Make sure you understand  
what's being said to you when you  
sit down with your insurance agent...



## ACTUAL CASH VALUE

An amount equivalent to the replacement cost of lost or damaged property at the time of the loss, less depreciation.

## AGENT

An individual who sells, services, or negotiates insurance policies on behalf of a company.

## APPLICATION

A form that requests information from a prospective insured that an insurance company will use, typically with information from other sources, to determine whether it will accept a risk, modify a risk, or decline the risk.

## APPRAISAL CLAUSE

An appraisal clause is a provision that is usually included in most property insurance policies. The clause allows certain disputes between an insured and an insurer to be submitted to an appraisal process. The clause requires that the policyholder and insurance company each hire their own independent appraiser, and thereafter, for the independent appraisers to choose an agreed upon umpire. The appraisal process is used to set or determine the amount of loss.

## BROKER

An individual who works on behalf of the customer and are not restricted to selling policies for a specific company but commissions are paid by the company with which the sale was made.

## COINSURANCE CLAUSE

A clause contained in most property insurance policies to encourage policyholders to carry a reasonable amount of insurance. If the insured fails to maintain the amount specified in the clause (usually at least 80%), the insured shares a higher proportion of the loss.

## DEDUCTIBLE

Portion of the insured loss (in dollars) paid by the policyholder.

## DEPRECIATION

A decrease in the value of any type of tangible property over a period resulting from use, wear and tear, or property being out-of-date. Decline in value. Depreciation is generally associated with contents and not the dwelling.

## EXPIRATION DATE

The date indicated in an insurance contract as its termination date.

## FORCE PLACED INSURANCE

Insurance on your property placed by your bank/mortgage lender when you fail to provide proof of insurance. This insurance covers only the balance of your mortgage.

## INSURED

The party to an insurance arrangement to whom the insurer agrees to indemnify for losses, provide benefits, or render services. This term may also be known as policyholder, policy owner, and an assured. See also **Named Insured**.

## INSURER

Commonly referred to as “insurance company” and is an entity authorized to write property and/or casualty insurance under the laws of any state.

## MARKET VALUE

The price for which something would sell, especially the value of certain types of assets, such as stocks and bonds. It is based on what they would sell for under current market conditions. For example, common stock market value would be the price of the stock as of a specified date. See also **Actual Cash Value**.

## NAMED INSURED

Any person, firm, or corporation, or any member thereof, specifically designated by name as the insured(s) in policy. Others may be protected as insured(s) even though their names do not appear on the policy. A common application of this latter principle is in automobile policies where, under the definition of insured, protection is extended to cover other drivers using the car with the permission of the named insured.

## NOTICE OF LOSS

Notice to an insurer that loss has occurred, which is a condition of most policies, and it is frequently required within a given time period and in a particular manner.

## PERIL

The cause of a possible loss. Some perils may include windstorm, fire and earthquake.