



Insurance Terminology for ACE English Students

ACE Brazil

ACE Insurance Lines

1. **A&H:** accident and health covers expenses or indemnity from an accident, a daily or monthly amount or a payment for loss of life from an accident, including travel, unemployment, etc.
2. **Business Insurance:** Small and medium enterprises insurance, providing coverage for companies and business.
3. **Casualty:** covers losses and liabilities which are a result of unforeseen accidents. This category of insurance is quite broad, encompassing a range of situations and fields within the insurance industry.
4. **D&O:** Directors and Officers
5. **E&O:** Errors and Omissions
6. **Financial Lines:** specific line where D&O and E&O are booked
7. **Marine:** covers the loss or damage of ships, cargo, terminals, and any transport or cargo by which property is transferred, acquired, or held between the points of origin and final destination
8. **P&C:** Property and Casualty Insurance
9. **PBI:** Personal and Business Insurance
10. **Personal Insurance:** Personal lines insurance, providing cover for personal goods.
11. **Property:** is designed to provide the means to repair or replace items of value in the event of an accident, natural disaster or deliberate acts. Within Property:
 - a. **CAR (contractors all risk insurance):** CAR “Covers all risks” normally associated with a construction project.
 - b. **Fire:** Hostile fire is unfriendly fire not confined to its normal habitat.
 - c. **Tech & ENE: Technical Lines & Energy (Energy power generation):** Coverage for energy and energy-related businesses. These include oil and petrochemical power, power generation and utilities, chemical, process industries, construction and mining. The energy sector requires high technical expertise.

Claims vocabulary:

- **ALAE** – Allocated Loss Adjustment Expenses
- **Bulks** – expenses, losses and sometimes premiums booked as a single entry/registry
- **IBNR** – (Losses) Incurred But Not Reported
- **Loss** – When a claim results in a payment by the insurance company
- **Loss Adjustment Expenses** - Expenses incurred to investigate and settle losses.
- **Loss or Claims adjuster /reps** – who handles and adjusts claims

- **Losses and Loss-Adjustment Expenses** - This represents the total reserves for unpaid losses and loss-adjustment expenses, including reserves for any incurred but not reported losses, and supplemental reserves established by the company. It is the total for all lines of business and all accident years.
- **OSLR** – Outstanding Loss Reserve
UCE – Unallocated Claims Expenses

General insurance vocabulary

- **Claims (or loss):** an occurrence /event duly covered under an insurance policy, which will demand payment of indemnity for the insured or beneficiaries. (Sinistro)
- **Claims Adjusters:** are responsible for claims assessment and management
- **Coverage:** modalities of risk covered under a policy (Cobertura)
- **Policy:** A contract of insurance, describing the term, coverage, premiums and deductibles.
- **Underwriters:** are responsible for risk acceptance and management

Insurance Brokerage and sales related terms:

Commissions – the broker's compensation for insurance business intermediation

Solicitation Cost – Expenses related to investments in new campaigns to acquire new insureds.

Other vocabulary:

Local UW Expenses (Underwritings) – Administrative expenses related to each country (directly and indirectly related to the lines of business)

UW Result – Underwriting Result

Premium-related vocabulary

- **Direct Written Premiums** - The amount of premiums customers are required to pay for insurance policies written during the year.
- **GWP – Gross Written Premium:** Premiums **before** deduction of reinsurance costs (valor bruto).
- **NEP – Net Earned Premium:** The amount of the premium that has been paid for in advance and that has been "earned" by virtue of the fact that time has passed without claim. In other words, premiums earned are the amount of premiums that a company has earned by providing insurance against various risks during the year.
- **NWP – Net written premium:** Premiums **after** reinsurance costs. (valor líquido).
- **Premium** - The cost of insurance protection for a specified risk for a specified period of time.
- **Unearned Premiums/Unearned Premium Reserve (UPR)** - That part of the premium applicable to the unexpired part of the policy period.

Underwriting-related vocabulary

- **Underwriting Expense Ratio** - This represents the percentage of a company's net premiums written that went toward underwriting expenses, such as commissions to agents and brokers, state and municipal taxes, salaries, employee benefits and other operating costs. The ratio is computed by dividing underwriting expenses by net premiums written. A company with an underwriting expense ratio of 31.3% is spending more than 31 cents of every dollar of net premiums written to pay underwriting costs. It should be noted that different lines of business have intrinsically differing expense ratios. For example, boiler and machinery insurance, which requires a team of expert inspectors, is a high expense ratio line. On the other hand, expense ratios are usually low on group health insurance.
- **Underwriting Incurred Expenses** - Expenses, including net commissions, salaries and advertising costs, which are attributable to the production of net premiums written.
- **UW - Underwriter** - The individual trained in evaluating risks and determining rates and coverages for them. responsible for risk acceptance and management (subscriber)
- **UW - Underwriting** - The process of selecting risks for insurance and classifying them according to their degrees of insurability so that the appropriate rates may be assigned. The process also includes rejection of those risks that do not qualify.

Sources:

<http://moneyterms.co.uk/premium-written/>

<http://www.ambest.com/resource/glossary.html>

ACE websites

'Acronyms & Abbreviations'

'All Business'

'BusinessDictionary.com'

<http://www.businessinsurance.org/what-is-business-insurance/>

Businessweek.com

(article)<http://investing.businessweek.com/research/stocks/private/snapshot.asp?privcapId=6296959>

'IRMI.com' risk and insurance abbreviations

Perseusuk.co.uk

Promotion.mlc.com.au/protectioncheck/whatis.cf