

Insurance Jargon Explained

We appreciate the terminology used in Insurance can sometimes be confusing and as such have provided a few definitions below of the most commonly used expressions:

“ALL RISKS”

Insurance covering losses arising from any fortuitous cause except those that are specifically excluded. This is in contrast to named perils coverage, which applies only to losses arising out of causes that are listed as covered.

AVERAGE

A clause in insurance policies whereby, in the event of under-insurance, the claim paid out by the insurer is restricted to the same proportion of the loss as the sum insured under the policy bears to the total value of the insured item.

CONDITION

A strict requirement in a policy imposed by an insurer. A breach entitles the insurer to deny liability. (Please also refer to Warranty)

CONTRACT WORKS

A form of insurance providing “all risks” cover, subject to certain exceptions, in respect of building works while in the course of construction and cover for materials, equipment, plant and temporary buildings. Also known as Contractors All Risks.

“DAY ONE” UPLIFT

An insurance policy feature which protects against a possible shortfall in a claim payment due to inflation increasing the Reinstatement Value between inception (or renewal) and incident date. A percentage limit of between 10 and 50% normally applies (e.g. If the building Declared Value at inception or renewal is £1,000,000 and the relevant rate of inflation to a claim 9 months later is 5%, then the Declared Value at the time of loss is £1,050,000).

DECLARED VALUE

The Insured’s assessment of the cost of rebuilding the property insured at the time of inception

of a policy or its renewal. This value, otherwise known as the Reinstatement Cost, should also include costs of professional fees, debris removal and compliance with European and Public Authority regulations.

EMPLOYEE

- Any person under a contract of service or apprenticeship with the Insured
- Any person who is hired to or borrowed by the Insured
- Any person engaged in connection with a work experience or training scheme
- Any labour master or person supplied by him
- Any person engaged by labour-only sub-contractors
- Any self-employed person working on a labour-only basis under the control or supervision of the Insured
- Any voluntary helper

EMPLOYERS LIABILITY INSURANCE

Insurance by employers in respect of their liability to employees for injury or disease arising out of and in the course of their employment. With some exemptions this insurance is compulsory in Great Britain, and can only be provided by an authorised insurer.

EXCESS

The first portion of a loss or claim which is borne by the insured. An excess can be either voluntary to obtain premium benefit or imposed for underwriting reasons.

EXCLUSION

A provision in a policy that excludes the insurer’s liability in certain circumstances or for specified types of loss.

INDEX LINKING

Where the Sum Insured is automatically adjusted in line with general rises in costs.

INDEMNITY

A principle whereby the insurer seeks to place the insured in the same position after a loss as he occupied immediately before the loss (as far as possible).



About CLEAR

CLEAR is a Chartered Broker and proud to be a Top 10 Independent Insurance Broker in the UK.

Our considerable experience in the property sector gives us the capacity to design bespoke and exclusive insurance solutions for the whole property market.

INSURABLE INTEREST

For a contract of insurance to be valid the policyholder must have an interest in the insured item that is recognised at law whereby he benefits from its safety, well being or freedom from liability and would be prejudiced by its damage or the existence of liability. This is called the insurable interest and must exist at the time the policy is taken out and at the time of the loss.

INSURED

The person or company whose property is insured or in whose favour the policy is issued.

INSURANCE PREMIUM TAX (IPT)

The Finance Act 1994 introduced this new tax on most general insurance risks located in the UK.

LIMIT OF INDEMNITY

The maximum amount payable.

LOSS ADJUSTER

An independent claims expert, who acts as a consultant to Insurers in assessing the extent and value of a claim. Although paid by the Insurer, a member of the Chartered Institute of Loss Adjusters is required to act with the claimant's legitimate interests in mind.

LOSS ASSESSOR

A person who acts for the claimant, negotiating settlement of a claim in return for a fee paid by the claimant.

MATERIAL FACT

Any fact which would influence the insurer in accepting or declining a risk or in fixing the premium or terms and conditions of the contract is material and must be disclosed by a proposer, or by the insurer to the insured.

POLICY

A document detailing the terms and conditions applicable to an insurance contract and constituting legal evidence of the agreement to insure. It is issued by an insurer or his representative for the first period of risk. On renewal a new policy may well not be issued although the same conditions would apply, and the current wording would be evidence by the renewal receipt.

POLICYHOLDER

The person or company in whose name the policy is issued. (See also insured)

PUBLIC LIABILITY

The legal liability of the insured to persons who are not parties to the contract of insurance and are not employees of the

insured. Cover relates to injury or damage (including trespass) only. Also known as Property Owners Liability and/or Third Party Liability insurance.

REINSTATEMENT

Making good. Where insured property is damaged, it is usual for settlement to be effected through the payment of a sum of money, but a policy may give either the insured or insurer the option to restore or rebuild instead.

STANDARD CONSTRUCTION

Brick, stone or concrete built and roofed with slates tiles, metal, concrete or sheets or slabs composed entirely of incombustible mineral ingredients.

SUBROGATION

In Contracts of Indemnity, the right of an Insurer to stand in the place of the Insured and exercise all rights and remedies available to the Insured, whether already enforced or not.

SUM INSURED

The maximum amount payable in the event of a claim under contract of insurance.

TERRORISM

In the Terrorism Act 2000, Terrorism is defined as:

- (i) actions involving serious violence against a person, serious damage to property, serious disruption of the electronic system,
- (ii) which is designed towards seriously influencing the government or intimidating the public and
- (iii) is made for the purpose of advancing a political, religious or ideological cause.

THIRD PARTY

A person claiming against an insured. In insurance terminology the first party is the insurer and the second party is the insured.

WARRANTY

A strict requirement in a policy imposed by an insurer. A breach entitles the insurer to deny liability.

WEAR AND TEAR

This is the amount deducted from claims payments to allow for any depreciation in the property insured which is caused by its usage.

At Clear Insurance Management Ltd we are specialists in the property market. If you'd like further information contact us today or visit www.thecleargroup.com/property.

Contact Us

For further property insurance advice and guidance please contact:

Kevin Donegan
020 7280 3494
kevin.donegan@thecleargroup.com

James King
020 7280 3488
james.king@thecleargroup.com