

# *Property Insurance - Terms*

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## **Actual cash value (ACV)**

The replacement cost minus any depreciation; the amount that an insured would expect if he/she sold the item in the marketplace

## **Blanket insurance**

when coverage is “blanket,” the insured’s property may be covered, regardless of its location

## **Broad Form**

provides broad coverage for the dwelling and personal property

## **Catastrophic losses**

losses that are considered too large for any insurance company to be reasonably expected to cover, such as war or natural disasters of magnitude

## **Coinsurance Condition**

lists the minimum amount of insurance that the insured should carry on a given property

## **Condominium form**

It provides no coverage for the dwelling—only broad coverage on the personal property of condominium owners

## **Control of Property condition**

States that an act of neglect of a person beyond the insured’s direction or control will not affect the insurance. Additionally, if the insured violates the condition of the policy with regard to a specific location, the insurance applicable to other locations will not be affected

## **Debris Removal**

pays for the cost of removing debris resulting from a loss covered by the policy

## **Deductible**

a clause and not a condition; this clause states that only the amount less the deductible will be paid by the insurance—up to the limit of liability. This clause is normally found on the Declarations page

## **Fire Department Service Charge**

Pays up to \$500 for the fire department charges incurred when the fire department is called to save or protect covered property from a peril that it is insured against. No deductible applies to this coverage

## **Indirect losses**

result as a consequence from direct losses

## **Legal Action Against Us**

A condition that states that the insured, having complied with all the conditions of the policy, has only two years, from the date that the direct, physical loss occurred, to bring action against the insurer

## **Loss Payment**

states that the loss will be paid within 30 days after reaching an agreement with the insured

## **Loss Settlement**

states that covered property losses are valued at actual cash value—not to exceed the amount necessary to repair or replace

<b><u>Market value</u></b>	Includes the value of the land, sidewalk, driveway, and the house. It is a real estate term, and is considerably higher than the replacement value
<b><u>Modified Coverage form</u></b>	This form is rarely available today. It is designed, primarily, to provide coverage for older homes which often cost more to repair than their market value is worth
<b><u>Other Insurance</u></b>	states that if a loss is covered by other insurance as well, the insurance company will pay only its proportion of the loss
<b><u>Our Option</u></b>	gives the insurer the right to repair or replace damaged property with equivalent property within 30 days of receiving the insured's statement of loss
<b><u>Pair or Set</u></b>	States that in case of a loss to an item that is part of a pair or set, the insured will not be obligated to pay the value of the entire set. The company will instead have the option to pay for the repair or replace the damaged or lost part of the set, or pay the actual cash value of the set as it was prior to the loss
<b><u>Policy Period, Coverage Territory</u></b>	a condition that states that any loss covered, must be a loss suffered within the area described as the coverage territory in the policy, and must have occurred within the policy period
<b><u>Reasonable Repair</u></b>	Pays for the reasonable costs to make necessary repairs to protect property from further damage, following a loss
<b><u>Recovered Property</u></b>	States that if the insured or the insurer recovers property on which the insurer has made loss payment, the other party must be notified. If the insured has the property returned, the loss payment will be adjusted, or the insurance company may take possession of it
<b><u>Replacement value</u></b>	An insurance term that deals with the cost it would take to replace the house and add-ons, in the event of an accident such as a fire or flood.
<b><u>Special form</u></b>	provides open peril coverage for loss to the dwelling and other structures
<b><u>Tenants form</u></b>	insures tenants, who by definition are those who reside in a building in which they do not own
<b><u>Transfer of Rights of Recovery Against Others to Us</u></b>	A condition that gives the insurance company subrogation rights