



DAVIS & TOWLE  
INSURANCE GROUP

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## Personal Insurance Glossary

### UNDERSTANDING INSURANCE TERMS

We, at Davis and Towle Insurance, know the language used by the insurance industry can be confusing. We want to make sure that you clearly understand your options and know precisely what you're paying for. We believe that knowledge is power, and we take pride in keeping you informed.

We hope this glossary helps make the world of insurance easier to understand.

#### **Additional Living Expenses**

If you can't live in your home because of a covered loss, your insurance company may pay the necessary increase in living expenses while damage is assessed and your home is repaired or rebuilt.

#### **Broad Form Liability Coverage**

Helps protect you from expenses related to injuries or property damage you or your watercraft cause in an accident. Some policies also cover certain accidental fuel spill liabilities and wreckage removal.

#### **C.L.U.E.**

C.L.U.E. (Comprehensive Loss Underwriting Exchange) is a claims history database created by ChoicePoint that enables insurance companies to access consumer claims information when they are underwriting or rating an insurance policy. It typically contains up to five years of personal auto or personal property claims history.

#### **Collision Coverage**

Pays to repair your auto, classic auto, motorcycle, RV damages caused by an accident. Your agent can help you determine the limits you need based on the agreed value of your vehicle.

#### **Comprehensive Coverage**

Pays to repair or replace your vehicle if it is stolen, vandalized or damaged in some way other than in a collision. May include loss from fire, cracked windshields, floods, falling objects, and wind.

#### **Custom Parts & Equipment Coverage**

Many motorcycle owners like to customize their rides, and some policies pay for customized parts and equipment, often at no extra charge. Ask Davis and Towle Insurance for details.

#### **Deductible**

When you get insurance, you agree to pay up to a certain amount out-of-pocket in case of a loss. This amount is called your "deductible." The deductible you choose often affects how much you pay for your premium. For example, a higher deductible usually means a lower premium. In the case of a covered loss, you'll only be required to pay your deductible, and the insurance company usually covers the excess, up to the applicable limit for that loss under your policy.

#### **Emergency & Roadside Assistance**

For auto, boat and personal watercraft, emergency assistance pays for the cost of towing or

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emergency service. For RVs, it also covers housing and transportation costs if your RV becomes uninhabitable and covers the loss of personal property in your RV. Some policies also provide roadside assistance for motorcycles.

### **Excess Liability**

Sometimes used interchangeably with "umbrella", "excess liability" refers to extended liability coverage. This coverage is meant to supplement your insurance coverage if the damages exceed your liability coverage. Be sure to talk to Davis and Towle about what your excess liability covers.

### **Identity Theft**

Identity theft occurs when someone steals your personal information and uses it to open accounts or incur charges without your permission. Thieves can access your personal information in a variety of ways, such as stealing your personal mail, your wallet, or hacking your computer files. The thief then uses your identity to rack up debt in your name or perhaps to issue fake IDs. For more information on identity theft and tips on prevention visit the [FTC's Identity Theft Site](#).

### **Indemnity**

Providing indemnity means to financially restore someone after a loss, through payment, repair or replacement.

### **Insurance Score**

An Credit Based Insurance Score (CBIS) is derived from information on your credit report. It is a number that measures likelihood of having an insurance claim—not a measure of credit worthiness. Insurers use CBIS along with a number of other factors, including driving records, claims history, and the type of home or vehicle owned, to evaluate new and renewal auto and homeowner insurance policies.

Most states have rules about how credit information can be used in insurance. Contact your state's Department of Insurance for the latest information on your state's rules.

### **Medical Coverage (Home)**

Covers medical expenses for guests if they are injured on your property, and in certain cases covers people who are injured off of your property. It does not cover healthcare costs for you or other members of your household.

### **Medical Coverage (Auto, Boat & Personal Watercraft, Motorcycle, RV)**

Provides for your passenger and your medical expenses that are the result of an accident.

### **Liability & Personal Liability Coverage**

For homeowners, this coverage applies if someone is injured or property is damaged and you are to blame. The coverage applies anywhere in the world. When choosing liability coverage for your home, auto, boat, personal watercraft, or RV, consider things like how much money you make and what you own. Your liability coverage should be high enough to protect your belongings if you are sued.

### **Personal Property Coverage**

Your home is filled with furniture, clothes, sports equipment, and other items that mean a lot to you. This coverage helps repair or replace these items if they are lost, stolen or destroyed as a result of an insured event.

### **Personal Watercraft (PWC)**

A personal watercraft (PWC) is a recreational watercraft that the rider sits or stands on, rather than inside of, as in a boat. Models have an inboard engine driving a pump jet that has a screw-shaped impeller to create thrust for propulsion and steering.

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### **Physical Damage Coverage for Watercraft**

Pays to repair the damage done to your watercraft due to an accident. It also generally pays to repair or replace your watercraft for insured situations such as theft, fire, vandalism or other non-collision damages that occur in or out of the water

### **Premium**

Simply put, a premium is the payment you make in exchange for one term of policy coverage.

### **Property or Dwelling Coverage**

Typically pays to repair or rebuild your home if it's damaged or destroyed by an insured event.

### **Scheduled Personal Property Coverage**

If you have special possessions such as jewelry, art, antiques or collectibles, you may want to talk to your agent about this additional coverage.

### **Umbrella Insurance**

Umbrella insurance is the coverage that may kick in when your losses under other insurance policies, such as homeowner's and auto coverage, have exceeded policy limits.

### **Underwriter/underwriting**

Underwriting is the process of assessing risks when deciding whether to issue a policy of insurance.

### **Uninsured/Underinsured Motorist Coverage**

Pays for damages associated with bodily injury or death from an accident caused by an uninsured, underinsured or hit-and-run driver, as defined by the law in the jurisdiction where the accident occurred, who is at fault. It also covers you if you are hit as a pedestrian.

### **Unattached Equipment Coverage**

Pays to repair or replace equipment that isn't permanently attached to your boat or personal watercraft. This includes items like life jackets and water-skis.