PolicyCenter Glossary

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Guidewire®
Deliver insurance your way™

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Glossary

This glossary contains both insurance terminology and Guidewire terminology.

A

AB

The product code for Guidewire ContactManager.

ability to pay

A policy with the appropriate coverage at a high enough level to pay a claim against it has the *ability to pay*. ClaimCenter checks the coverage limits on the policy before setting or increasing reserves, or before making any new payment. This ensures that the policy has the ability to pay the entire reserve amount or that the sum of payments does not exceed the coverage limit on the policy.

abort

A failure of a message that is one of several messages in an external operation, which causes the other messages in the external operation to be skipped.

account

(1) In PolicyCenter and BillingCenter, a higher level construct that logically groups multiple policies under a person or a company, under one entity, `Account`. For example, Acme Company account can include workers' compensation and general liability policies, or a person can have both personal auto and homeowners policies. By tying both policies to the same account, the system tracks all of the business that the carrier has with a single insured. (2) Also in BillingCenter, an accounting record that accumulates the results of transactions. It shows increases, decreases, and a balance. See T-account.

account current

An agency bill process that allows the producer to determine the due dates and the amounts to be paid. The producer is not sent a monthly statement, but instead submits a *promise to pay* to the policy holder. This document lists the expected net amounts

and the gross amount minus the commission amount. The promise to pay identifies the amount the producer expects to pay each month. If there is a discrepancy, BillingCenter generates an exception.

account evaluation

A process that automatically generates a rating of *Poor*, *Marginal*, *Acceptable*, *Good*, *Excellent*, or *New Account* for an account. BillingCenter bases the rating on certain criteria such as the number of delinquencies, perjorative payments or insufficient funds events, or policy cancellations. The carrier can use the account evaluation rating to help determine whether to renew the policy.

accounting year

Treaties that operate on an accounting year basis include all transactions that take place during the accounting year of the treaty, regardless of the underwriting year to which they relate.

accounts payable

Money that an insured owes to a carrier for products and services purchased on credit. This item appears on the insured's balance sheet as a current liability, as the expectation is that the liability must be fulfilled in less than a year. If you pay off accounts payable amounts, then it represents a negative cash flow for the company.

accounts receivable

Money that an insured owes a carrier for products and services provided on credit. BillingCenter treats this money as a current asset on a balance sheet. BillingCenter generally treats a specific service as an account receivable only after it sends the insured an invoice.

acknowledgement

A message back to a Guidewire application indicating whether the message was successfully sent. This can be a positive acknowledgement (`ack`) indicating that the external system processed the message. Or, it can also be a negative acknowledgement (`nack`) indicating that the external system did not handle the message properly because of some error.

ACH

Automated clearing house. An electronic network of financial transactions in the United States that processes large volumes of both credit and debit transactions, which are originated in batches.

ACR

Additional Case Reserves

action handler

A parameter passed with HTTP data extraction requests. Action handlers specified in the URL do two things: provide different extraction results, and provides the template with a different root object, or in some cases multiple root objects. For example, the `ViewClaim` action handler finds a specific claim then passes it to a template with the claim as the root object with the Gosu symbol claim.

active policy

A policy that has not been canceled, not taken, expired, or non-renewed.

activity pattern

A template that standardizes the way Guidewire applications generate activities. Both Gosu classes and PolicyCenter create activities based on activity patterns. Each pattern describes one kind of activity that might be needed in handling the policy or account process. Activity patterns contain many default, or typical, characteristics for each activity, such as its name, its relative priority, and whether or not it is mandatory. When you create an activity, Guidewire applications use the pattern as a template to set the default values for the activity, such as *Subject* and *Priority*. You can override these defaults.

adapter

The obsolete name used for a special type of plugin that Guidewire no longer supports. Some plugin interfaces have *adapter* in the name for historical reasons. However, this merely indicate that the object is a *plugin interface*.

addendum

A document recording an alteration to a reinsurance contract.

additional insured

A person or entity, other than the named insured, who the policy also affords some protection. The additional insured's protection is limited to liability incurred by the specific role they occupy in relation to the named insured. For example, the additional insured may receive protection as a landlord, an architect working for the insured, or as a leasing company. Additional insureds appear only in relation to liability type coverages.

additional interest

Additional interests appear only in relation to property type coverages. In general, they have a financial interest in a particular piece of property. For example, an additional interest may be a mortgagor on a building or a lien holder on a vehicle.

additional perils

Sometimes called *Special Perils*, these may include losses caused by aircraft, explosion, earthquake, storm, tempest, flood, burst water pipes, riot, strike, civil commotion, or malicious damage. These are extensions that widen the scope of a basic insurance policy. Similar extensions may be available for other classes of insurance.

additional premium

Any premium due to an insurer on an insurance policy over and above the initial premium. Typically, this is a result of increased coverage, increased rates, retrospective rate calculations, or a premium audit.

adjustable premium

A premium that can vary. An insurer retains the right to change the premium or premium rate structure on a class of insureds or business during the year. If it does so, then typically, it applies new rates to the new renewal policies.

adjuster

A person who investigates and assesses claims on behalf of insurers. However, some policyholders can decide to appoint their own loss adjuster to assist them in making a claim. If used in connection with marine insurance, then the term means one who investigates and apportions general average losses on behalf of ship owners (an average adjuster).

agent

A person holding an agency agreement with an insurer and who, for reward, carries on the business of arranging contracts of insurance as agent for one or more insurers. This agent is an *Authorized Representative*. Two types of agents sell insurance: *independent* agents, and *exclusive* or *captive* agents. Independent agents are self-employed, represent several insurance com-

panies and are paid on commission. Exclusive or captive agents represent only one insurance company and can either work for a fixed salary or work on commission. An insurance company that uses exclusive or captive agents is a *direct writer*.

agency bill

The billing method used by BillingCenter in which BillingCenter bills the producer for any charges instead of the insured. The producer then bills the insured and makes payments to the carrier on an agreed-upon schedule. The structure combines multiple policies for billing purposes onto one producer statement that indicates amounts to be paid, minus the commission amounts. The producer completes a statement of insurance premiums due and sends it to the policyholder. The producer transmits the premium payment (minus commission) to the carrier on one of three bases: *item basis*, *statement basis*, or *account current basis*.

agency bill plan

A set of rules and attributes that specify how to control the agency billing cycle for a specific producer. The agency bill plan also includes whether the producer uses the account current or statement bill process.

all risk coverage

Property insurance covering loss arising from any accidental cause except those that the policy specifically excludes. This is in contrast to *named perils coverage*.

Ant

Apache Ant is a free build system for Java development.

API

Application Programmer Interface.

as if

A term used to describe the recalculation of prior years' loss experience. It describes what the underwriting results of a proposed contract would have been if that contract had been in force during the period in question.

asset

Balance sheet accounts representing things of value held by the business, including cash, accounts receivable, furniture and fixtures. In accounting, debits *increase* assets and credits *decrease* assets.

assignment engine

The Assignment engine handles assignment of business objects to users (policies and activities, for example) by repeatedly asking the Rule engine to evaluate assignment rules for the item. Guidewire structures the base configuration assignment rule sets in a hierarchical fashion. As the Assignment engine works through assigning an entity, the assignment rules can assign the entity first to a location (a particular regional office, for example). It then assigns the entity to a specific group at that office. Finally, it assigns the entity to a specific person within the group.

audit

Insurers commonly review the financial records of their commercial insureds. This is to determine premiums for business interruption, workers' compensation, manufacturing, contracting, product liability, and other risks in which the insurer bases premiums upon payroll, gross receipts, and other factors. Auditors (employees of the insurer or independent contractors) survey insured businesses' records to determine premiums due, based upon expenses and conditions stated in the policy. Typically, companies perform audits annually, after the policy period in question expires, and after the company considers the audited items to be final. If the audit determines that an insured's initial premium is too low (such as the estimates for audited

exposures were lower than actuals), the audit results in an additional premium. If the audit shows that the initial premium was too high, then the company returns the excess part of the premium to the insured.

authentication service plugin

Plugin that authenticates a username and password against a remote authentication system. Guidewire provides a default implementation that checks user authentication data against the PolicyCenter database. However, you can create a custom implementation to use other authentication services such as LDAP directories, for example.

authentication source creator plugin

Plugin that defines the logic for retrieving user login information from an HTTP request and putting it into a structured credential called an Authentication Source. The plugin then returns this to Guidewire PolicyCenter. Guidewire provides a default implementation of this plugin that decodes the username and password information sent in a login form. However, Guidewire recommends that you create a custom implementations of this plugin if you want other forms of authentication, such as client certificates or a single sign-on (SSO) credential.

Axis

A free implementation of the SOAP protocol. PolicyCenter uses the SOAP protocol behind the scenes to generate WSDL for its APIs. PolicyCenter also uses the SOAP protocol to generate a Java language binding (interface libraries) for programmers who want to use Java with the application. For more information, refer to the following Apache web site:

```
http://ws.apache.org/axis
```

B

bastion host

A networking term for a network entity that provides a single entrance or exit point to the Internet. Bastion hosts prevent cracking of a network by providing a barrier between private and public areas. Typically, you configure a bastion host with a firewall to reside in a special network area called the DMZ (De-Militarized Zone). Also, you typically use a bastion host for ClaimCenter ISO integration. This is so that you can implement a callback URL from ISO that isolates your ClaimCenter servers from the external Internet. You can also use bastion hosts between other Guidewire applications to insulate the application from external systems and integration points.

batch process

A background process that performs important tasks independent of an administrator. All batch processes execute on the batch server. A batch process runs to completion and then reports its results back to a log or to the user interface. Examples include batch process that send invoices, identify that invoices are overdue, process payments, and pay commissions.

batch server

If there are multiple application servers in a cluster, *exactly* one server is designed as the batch server, which is responsible for certain operations. For all applications, the batch server manages the *Send Queue* for messaging and the execution of various batch scripts.

bean

The manner in which Guidewire represents individual objects, such as coverages or vehicles, on a branch. See *branch*.

bill date invoicing

A method used by BillingCenter to determine invoice dates during charge invoicing. In bill date invoicing, the relevant invoice day specified on the account is used to establish the billing dates for account invoices. For example, the **Every Other Week - Anchor**

Date setting is used for every other week invoicing. Due dates are then calculated by adding the lead time (specified in the associated billing plan) to the bill date. Contrast with *due date invoicing*.

billing instruction

A set of directions from the policy administration system (PAS) to BillingCenter specifying a set of charges to be billed. On receipt of a billing instruction, BillingCenter uses the payment plan to determine how each charge is to be invoiced. BillingCenter then creates invoice items and places them on invoices.

billing plan

A set of rules and attributes that specify certain aspects of invoice generation, disbursement handling, and payment requests. For example, a billing plan specifies the lead time to allow between the billing date and the due date on generated invoices. A billing plan is associated with an account. Contrast with term *payment plan*.

billed

An invoice status that indicates the invoice has been sent to the account.

binder

A binder is a general insurance industry term for a written agreement that the carrier provides to the insured. It serves as evidence of coverage prior to the insured receiving the printed policy documents.

binding

The process of turning the offered quote into a contract legally obligating both the client (to pay premium) and the carrier (to insure against losses).

bodily injury (BI)

This commonly refers to third-party injury liabilities. In some cases, it can refer to a particular kind of coverage. At other times, it can refer to any injury claim.

book value

A company's total assets less intangible assets and liabilities, such as debt. A company's book value might be higher or lower than its market value.

branch (a policy revision)

The graph of objects with a `PolicyPeriod` entity at the root. The graph collectively represents the truth of all effective dates in a contractual period as of the time it was made legally binding.

branch ID

Foreign key to the `PolicyPeriod` entity that contains this entity. Guidewire mandates that all entities within the same branch share the same `BranchID` value. This value cannot be `null`.

broker

Brokers are similar to independent agents, but typically help with more complicated commercial policies and are more an agent for the client than a representative of the carrier.

business rule

See *rule*.

businessowners policy or BOP

A policy that combines property, liability and business interruption coverages for small to medium sized businesses. Coverage is generally cheaper than if purchased through separate insurance policies. The policy typically provides all the coverages that a small company would need: liability, property and miscellaneous other coverages such as data or hardware coverages. It may also include a business auto component (such as hired auto coverage) but generally not workers' compensation.

C

cancellation job

The termination of an in-force insurance contract by either the insured or the insurer. Termination may be voluntary, involuntary, or mutual in accordance with provisions contained in the contract.

carrier

The insurance company that provides the policy to the insured.

carry forward (exception)

A way to resolve an agency bill exception by stating that the amount in question will be paid in the next billing cycle.

casualty

Refers to losses to property, bodily injuries, or other losses caused by an accident.

catastrophe

Term used for statistical recording purposes. It refers to a single incident or a series of closely related incidents causing severe insured property losses totaling more than a given amount, for example, $25 million. It describes an event (such as earthquake, storm, or flood) that causes many losses that can all be linked to the same broader cause. Carriers need to track claims related to catastrophes for reporting (internal and regulatory) and to collect on catastrophe reinsurance. Carriers also frequently assign special teams to handle the huge number of simultaneous claims in an expedited manner.

cause of loss

Categorizes the reason for loss. Some common examples are collision for vehicles, theft, or natural causes like hail, wind, earthquake, and flooding. Some companies also call these categories *perils*.

charge

The fundamental invoicing unit that the policy administration system sends to BillingCenter in a billing instruction. A billing instruction must contain at least one charge. BillingCenter then translates each charge into invoice items on an invoice or statement. Each charge includes the amount to be invoiced and a description.

charge date

The date BillingCenter receives the billing instruction that contains the charge. The charge date can influence how BillingCenter places invoice items on invoices.

charge effective date

The date the coverage or coverage reduction specified by the charge takes effect. The charge effective date depends on the type of billing instruction. For a new policy, the charge effective date is the same as the policy period's effective date. For an existing policy, it is the same as the effective date of a billing instruction for an existing policy (such as a policy change or a cancellation). The charge date can influence how BillingCenter places invoice items on invoices.

charge hold

A mechanism that prevents BillingCenter from continuing to bill the insured for any disputed amounts. A charge hold also prevents BillingCenter from charging late fees and from applying a delinquency to the account while there is an active dispute investigation in process.

charge invoicing

The process in BillingCenter of dividing charges into invoice items and assigning the items to invoices in an invoice stream.

charge pattern

A template for a charge that determines how BillingCenter handles the charge in terms of invoicing. For example, the Premium charge pattern specifies an invoicing approach of *Down Payment and Installments* whereas the Taxes charge pattern specifies an invoicing approach of *One-time charge*. BillingCenter associates each charge with a single charge pattern.

charge pattern categories

Categories include: General, Premium, Fee, Tax, and Recapture.

charge reversal

A type of transaction in BillingCenter that reverses charges made in error instead of reversing an amount that cannot be collected. In this way, they relate somewhat to write-offs.

claim

A general term referring to all the different losses that arise from a single incident and a single policy. It is possible that a single incident (a flood, for example) can affect many policyholders leading to many claims. However, all damages to a particular policyholder for the actual flooding event (injuries, damages to a building, lost or damaged furnishings, for example) fall under the same claim.

ClaimCenter and PolicyCenter use a different data model structure for a claim.

claim suffix

The claim may include a suffix to reference a discrete piece of a claim or a specific exposure with a single type of loss. This term is sometimes used because these separate claimant/loss issues are frequently identified in old legacy claims systems with a letter suffix such as 0034563**B**. This can indicate claim number 0034563 with suffix B for the second issue or "line" of the claim.

claimant

This refers to a person involved in a claim who requests compensation for a loss. This often refers to third parties who make liability claims against the policyholder. However, it can also indicate the policyholder in first party loss claims. As it is possible to incur multiple types of losses from a single incident, it is possible to have multiple claimants for a single claim. However, an exposure can have only one set of claimants, either first party or third party, but not both.

class code

A code that identifies the type of risk. In workers' comp, it is a four digit code that identifies the activities of the business, or more precisely its employees. In commercial auto, the class code describes the type of vehicle, its use and range of use. In general liability, the class code describes the type of business activities being insured. In the context of statistical reporting, it is a subset of the possible stat codes.

collateral

An additional asset or amount that the carrier requires of an insured to secure coverage for a new or renewed policy. The insured can satisfy the collateral requirement with cash, letters of credit (LOC), or a combination of both. The collateral deposit is subject to seizure in the event of delinquency.

collection agency

A third-party organization that a carrier uses to collect unpaid funds. If an account becomes delinquent, an event in the delinquency process can trigger the assignment of a collection agency as the payer of past due invoices. In BillingCenter, a collection agency is an account type.

collision

Coverage for losses to the insured's vehicle due to an accident, such as hitting another vehicle, a tree, or an animal.

commercial package policy (CPP)

A single product that typically consists of two or more policy lines packaged together as a single policy. Included lines of business can be: commercial, general liability, commercial property, commercial auto, crime, boiler and machinery, and inland marine.

commission

A portion of the policy premium (a percent) that is paid to a producer or insurance salesperson. The percentage varies widely depending on coverage, the insurer, and the marketing.

commission plan

A set of rules and attributes that determine the amount of commission paid to a producer (or producers) after the producer sells a new policy or renews an existing policy.

command

The basic building block of the interface-level integration framework for a Guidewire application. A command expresses an action to perform anytime that you do something in the PolicyCenter interface. For example, a command can open a browser window and take you to another (related) web application.

command shell

The context in which the services operate, giving the services the ability to discover and call each other. As part of initialization, the command shell starts each service, giving the service a reference to the shell and letting services get references to each other.

commercial lines

Products designed for and bought by businesses. Among the major coverages are boiler and machinery, business income, commercial auto, comprehensive general liability, directors and officers liability, fire and allied lines. These can also include inland marine, medical malpractice liability, product liability, professional liability, surety and fidelity, and workers' compensation.

You can purchase most of these commercial coverages separately except business income, which you can only add to a fire insurance (property) policy.

comprehensive

Coverage for all other vehicle damage and contents, such as fire, theft, hail, vandalism, and so on.

contacts

Details of the contact information for an account. Each account must have a primary contact. The primary contact is either a business entity (company) or an individual associated with the account. PolicyCenter stores contact information within the application itself.

contractual period

A single policy term from the date the policy goes into effect (the *effective date*) to the date it expires (the *expiration date*). Generally speaking, a policy cannot have contractual periods that overlap in effective time. However, in some cases, it is possible for the contractual periods in a policy to overlap due to a policy cancellation or modification.

coverable

A coverable is an *exposure* to risk. (The intent of a policy is to mitigate that risk.) A coverable is a tangible property item, a location, a jurisdiction, or the policy itself. Within PolicyCenter, Guidewire makes the policy line a coverable to represent the named insureds. PolicyCenter attaches coverages *only* to coverables.

coverage

A coverage is *protection* from a specific risk. PolicyCenter always attaches coverages to a coverable. There are two types of coverages: *property* and *liability*. To illustrate, on an automobile policy, a collision property coverage protects the insured's vehicle and a liability coverage protects the driver for damage done to another vehicle.

coverage period

A carrier generally provides insurance against losses that occur during a specified period, regardless of the time that you discover or report the loss. For liability coverages, this usually takes the form of providing coverage based on the date of the actual harm. It can also take the form of coverage based on the date in which the claim is made against the insured. Coverage based on the date of the actual harm is the most common. Many insurance companies call a coverage based on the date in which the claim is made a *Claims Made* coverage. (*Professional Malpractice Liability* or *Directors and Officers Liability* occasionally makes use of this type of coverage.)

cycle

A container for either an agency bill statement or promise that is usually generated monthly for agency bill producers.

D

data extraction

Services and tools to export a Guidewire application's data into external formats in external systems, initiated by external code or systems. For example, an external system can request HTML versions of claims, structured XML versions of claims, or other custom formats using Gosu templates.

data model

The description of the database representation of all entities which are part of a Guidewire application (such as `Claim`, `Policy`, and `Contact`) and typelists (like the possible values of `LossType`).

data model extensions

Additions to the business entities that Guidewire provides in the base configuration data model. You use extensions to add new fields (properties) to an existing base entity or to create a new entity with custom fields. PolicyCenter treats extension entities in an identical manner to base entities.

database authentication plugin

Plugin that authenticates the connection between a Guidewire application and its database. You can also use a database authentication plugin to authenticate to an external address book application with the `IAddressBookAdapter` plugin.

dec page or declarations page

A policy is made up of a boilerplate legal document, various additional pages for endorsements, and a declarations page which customizes the contract for the specific client. The *Dec page* contains the selected coverages, limits and deductible options set, endorsements listed, and premiums indicated. This is probably the only page of the insurance policy that most people ever read.

deductible

The amount of loss paid by the policyholder. Either a specified dollar amount, a percentage of the claim amount, or a specified amount of time that must elapse before benefits are paid. The bigger the deductible, the lower the premium charged for the same coverage.

deferred premium payment plan

Initially, companies developed this concept for multi-year (three- or five-year) policies, in which you could pay the premium in annual installments. As policy premiums increased, companies expanded this concept to include annual policies, in which the premium payment is made over the course of the year in quarterly or monthly payments.

delegate

A delegate is a declaration of a Gosu class that contains methods and properties that can take responsibilities for actions and data storage for another object. These can be used to link to objects with shared code implemented by the delegate rather than duplicated in each class that might use a delegate. For example, a delegate encapsulates behaviors that attach a coverage to a coverable or a modifier to a modifiable.

delinquency

An automatic or manual spawned process that launches and/or coordinates the steps necessary to cancel or reinstate a delinquent entity, and/or to write off the delinquent amount.

delinquency plan

A set of rules or attributes that specify how to handle an account or policy period delinquency. The delinquency plan defines a set of reasons for a delinquency. Each reason has an associated workflow that BillingCenter invokes when an account or policy period becomes delinquent, and the delinquency reason matches the reason in the delinquency plan.

delinquent

The state of a policy, account, or producer that has past-due charges. This generally assumes the expiration of any *grace period* for paying the past due charges.

destination

Abstraction of an external system to which Guidewire application messages can be sent, for example a mainframe, a proprietary email system, or a check printing service. Each destination may be interested in different events. Each destination includes a *message request plugin*. Each destination can also include an optional *message request plugin* (typically for pre-processing) and an optional *message transport plugin* (for handling asynchronous replies).

direct bill

The billing process used by BillingCenter to directly bill (invoice) customers for charges invoiced to their accounts. The direct bill process also handles commission payments to producers on an agreed-upon schedule.

direct writers

Insurance companies that sell directly to the public using exclusive agents or their own employees, through the mail, the internet, or by telephone. Large insurers, whether predominately direct writers or agency companies, are increasingly using many different channels to sell insurance. In reinsurance, denotes reinsurers that deal directly with the insurance companies they reinsure without using a broker.

directors and officers liability insurance (D&O)

Directors and officers liability insurance covers directors and officers of a company for negligent acts or omissions and for misleading statements that result in suits against the company. There are a variety of D&O coverages. Corporate reimbursement coverage indemnifies directors and officers of the organization. Side-A coverage provides D&O coverage for personal liability if the firm does not indemnify the directors and officers. Entity coverage, for claims made specifically against the company, is also available. You can also broaden a D&O policy to include coverage for employment practices liability.

disbursements

A refund that returns funds from an account to a customer or producer. The disbursement has a trigger date (the creation date of the distribution). BillingCenter also assigns a dollar amount and a due date (day of distribution.). Information specified in the billing plan associated with the customer account triggers the distribution.

disposition

Specifies how BillingCenter will handle an exception on an item when an agency bill payment or promise is executed. Options include **Carry Forward**, **Exception**, **Writeoff**, and **Automatic**.

distribution method

Account-level logic that indicates how money is distributed if the amount received does not match the amount invoiced.

DMZ

De-Militarized Zone. A networking term for a network configured with network firewalls so that it is accessible from the outside world but partitioned off from the main internal network. For example, in ClaimCenter, DMZs allow ISO to respond to ClaimCenter through a callback URL. Thus, you do not need to expose ClaimCenter servers to the external Internet. See *bastion host*.

document merge plugin

Plugin that integrates with the PolicyCenter interface to extract data from the application, which it then uses to populate a letter from a document template. A document merge plugin can also populate other document types, such as a spreadsheet for calculating benefits or estimating reserves. PolicyCenter typically includes default behavior for these actions. You can also implement your own plugins to handle other document types.

document source plugin

Plugin that integrates with the PolicyCenter interface to access a remote repository of documents. Guidewire applications implement this plugin with a default documentation source. However, if you want, you can implement a custom document source that interacts with a remote Document Management System.

document template

Document source file, such as a Microsoft Word file, that the document template's *template descriptor file* populates with application data.

document template descriptor

Plugin interface that describes an actual document template such as a Microsoft Word mail merge template, an Adobe PDF form, or a Gosu template, for example. The `IDocumentTemplateDescriptor` interface defines the API interface for an object that represents a document template descriptor. Guidewire provides a default implementation of this interface that reads the template information from a standard XML file. (You can customize this XML file to meet your business needs.)

domain method

A method (function) associated with a Guidewire entity. If Gosu code has a reference to an entity, you can get or set fields on the entity, and also call *domain methods* on the entity. In integration SOAP APIs, domain methods are not available on entities because the entities are data only (no domain methods).

double entry accounting

An accounting system in which every transaction has at least two balancing journal entries of debits and credits, with debits always equal to credits. Double-entry accounting keeps the accounting equation in effect and is the basis for all manual or automated accounting systems. Every transaction affects at least two accounts, since there must be at least one debit and one credit for each transaction. Entries that are not made to a balance sheet account are made to an income or expense account.

due date

The last date an invoice can be paid before it becomes past due.

due date invoicing

A method used by BillingCenter to determine invoice dates during charge invoicing. In due date invoicing, the relevant invoice day specified on the account is used to establish the due dates for account invoices. For example, the **Every Other Week - Anchor Date** setting is used for every other week invoicing. Invoice dates are then calculated by subtracting the lead time (specified in the associated billing plan) from the due date. Contrast with *bill date invoicing*.

E

.ear file

A file used for servlet deployment with IBM WebSphere or BEA WebLogic, each of which uses a slightly different file format. This is similar to an Apache Tomcat `.war` file.

earned premium

The portion of premium that applies to the expired part of the policy period (in other words, the amount of premium that has been earned as of a given date). Insurance premiums are payable in advance, but the insurance company does not fully earn them until the policy period expires.

effective date

The date that an insurance policy becomes active or in-force.

effective time

The period of time that something is relevant and enforced within a contractual period, independent of the model time. For example, if you cancel a year-long auto policy as of August 1, the effective date for the auto policy is January 1 through July 31. This independent of the point at which you made this change in model time. See *model time*.

EFT

Electronic funds transfer.

endorsement

A written form attached to an insurance policy that alters the policy's coverage, terms, or conditions. These can be extensions of coverage, new coverages, or reductions of coverage. For example, an endorsement can be a separate policy for a costly wedding ring, that is not fully covered under a homeowner's policy. You can also use endorsements to customize basic policy forms for the requirements of different states. In the insurance industry, many companies use the term *endorsement* to refer to a policy change. Other companies call it a rider. However Guidewire avoids that meaning of the term. (PolicyCenter uses the term *policy changes* instead.)

entity

An entity is a business data model class or instance such as `Claim` or `Policy`. Entities are a subset of objects (see *object*). Entities have fields (properties) and in most cases have methods.

entity libraries

Generated Java libraries. These provide a stable and safe interface to pass entities to custom Java code from Gosu code or internal code. You can also use them to pass entities in the reverse direction, from Gosu code or internal code to custom Java code.

equity dating

A process that carriers use to track and monitor surplus or deficit payments collected from insureds. This is in contrast to the services provided as of specific dates in the lifecycle of the policy period.

event

An abstract notification of a change in a Guidewire application, such as a new financial transaction on a claim that might be of interest to an external system.

event date

The earliest date on which an invoice item or invoice can be billed. BillingCenter places an invoice item on the first available planned invoice that occurs on or after its event date.

exception

This defines certain circumstances in which a carrier covers a normally excluded loss. In the BillingCenter Agency Bill process, it is the differences between expected gross, net, and commission amounts listed on producer's monthly statements verses actual payments made by a producer.

excess

Similar to a deductible, *excess* defines a minimum threshold above which the carrier provides compensation for losses. For example, carriers provide excess insurance for costs above the threshold for a single large loss *or* for total costs above the threshold for a time period or *stop loss*.

exclusion

In defining the coverage, carriers often list certain causes of loss that are not covered. For example, a basic homeowners policy may exclude earthquake coverage in California unless the policyholder pays extra.

exposure

In ClaimCenter, exposures are defined by the combination of exactly one claimant, one coverage, and one coverage-subtype.

exposure earned premium

The earned premium that is actually exposed to loss during a specified period of time. To develop this earned premium, ClaimCenter disregards the date on which premiums were booked. ClaimCenter allocates the portion of the written premium exposed to loss (earned) to the exposure period. This is whether the premiums were booked in a prior period, during the current period, or after the period. The exposure earned premium eliminates the deficiency contained in accounting earned premium that results from timing problems in the recording of the premium.

exposure units

The listed items that are protected under a policy or, more specifically, the units that are used for calculating premiums. The most common are vehicles (for auto policies) and locations (for most other policies). For example, a 2008 Jaguar convertible will have a higher premium, than a 1990 Honda Civic.

extension

A series of messages grouped together that, if aborted (due to error, or for other reasons) will abort the entire sequence. When an external operation is aborted, special Guidewire Studio rules handle this situation.

F

final audit

A process that is applicable to variable basis policies. A final audit contains the verified and ultimate cost for a variable basis policy. When the policy is issued, the estimated annual premium (EAP) is based on the policyholder's best guess at the basis, such as payroll, for the entire policy year. The final audit is conducted at expiration or cancellation. A premium auditor reviews the policyholder's records, or the policyholder officially reports the actual payroll amounts for the past policy term. The cost of the policy is recalculated using this actual basis amount, and the policyholder is billed or returned the difference.

first notice of loss (FNOL)

The first recording of a claim. In workers' comp claims, this might be referred to as first notice of injury (FNOI). This refers to both the process of informing the carrier of the loss and to a form often filled out to provide such information. It may be entered by an adjuster or a claim intake worker; it may also be transferred electronically from an external system. ClaimCenter ensures that this newly opened claim contains a certain minimum amount of information by passing it at the New Loss validation level.

first-party loss

Any loss incurred directly by the policyholder, including property damage or loss, injuries, and related costs. In some cases, this includes repayment of minor costs associated with fixing the losses of others. For example, minor costs can include those

associated with an injured guest at a party but for which the injured party does not actually file a claim. The key questions in this type of claim are whether the loss is covered and, if so, the amount of the loss for compensation.

fixed ID

This ID describes one refashioned entity in multiple branches, or an entity in a branch with multiple effective/expiration dates. For example, suppose you need to change a car license plate number. The database contains two rows for the car. One contains information from before the change. The other contains information from after the change. However, both rows have the same revision-independent ID so that the system knows that it is *two versions of the same car*, not *two different cars*. In previous releases of PolicyCenter, this was called a revision-independent ID (*RIID*).

flat cancellation

Cancellation of a policy on its effective date as if it had never been issued. No coverage was provided and no premium is due.

forms

These are the documents (template contracts) defining standard types of coverage and endorsements. A policy is made up of a series of forms plus a *dec sheet* (which provides a summary of the benefits provided by the policy).

full pay discount

A feature that allows you to offer a discount for an insured's policy premium, if full payment is made by a specified date.

G

general ledger

Collection of all asset, liability, owners' equity, revenue, and expense accounts that itemizes all transactions for each account in the chart of accounts.

general liability (GL)

This covers a policyholder for broad categories of liability for third party losses. It is often a component of a commercial or homeowners policy

Gosu

The Guidewire application language. For more information, see the Gosu Reference Guide.

Gosu plugin

See *plugin*.

Gosu templates

A text-based template file with static information with embedded blocks of Gosu code. The embedded Gosu code includes Gosu blocks (`<% … %>`) and Gosu expression blocks (`<%= … %>`). Gosu expression blocks (`<%= … %>`) evaluate Gosu expressions and export the result as text. Gosu typically has access to one or more symbols that represent root objects from which to extract information, such as a claim field. Also, see *template*.

Guidewire Document Assistant control

The Guidewire Document Assistant control (`GuidewireDocumentAssistant.CAB`) is an included web browser Active X control that simplifies document uploading from a Guidewire application to its server.

H

hazard

A hazard is a circumstance that may increase the severity of a loss if one occurs. It is also known as a risk. For example, if you have a wood-shingle roof on a home in fire-prone Los Angeles, it is likely to make any fire damage more severe (if a fire occurs). Typically, insurers consider these type of issues in the pricing of a coverage, or in considering whether to offer the coverage at all.

Insurers often separate risk into two areas: the *physical* hazard and the *moral* hazard. Physical hazard refers to the physical aspects of the risk that could make a loss more or less likely, or affect the severity of that loss. Moral hazard refers to the attitude and conduct of the insured. While physical hazard can nearly always be addressed by insurers through recommended risk improvements, policy conditions and premium rate, moral hazard can only be addressed by declining the risk absolutely.

held charge

A charge for which the insured will not be billed until the hold is released.

hold

In conjunction with trouble tickets, stops a charge from being automatically processed while an account or policy is in dispute. A hold blocks automated system behavior while a carrier investigates and corrects a billing problem.

homeowners insurance

A line of business. The typical homeowners insurance policy covers the house, the garage and other structures on the property against a wide variety of perils including windstorms, fire and theft. In addition, it usually includes the personal possessions inside the house such as furniture, appliances and clothing. The extent of the perils covered depends on the type of policy. An all-risk policy offers the broadest coverage. This covers all perils except those specifically excluded in the policy. Homeowners insurance also covers additional living expenses. Known as Loss of Use, this provision in the policy reimburses the policyholder for the extra cost of living elsewhere while the house is being restored after a disaster. The liability portion of the policy covers the homeowner for accidental injuries caused to third parties and/or their property, such as a guest slipping and falling down improperly maintained stairs. Coverage for flood and earthquake damage is excluded and must be purchased separately.

I

indemnity

Payment in compensation for a loss. The goal is to restore a policyholder to the same financial position *after* the loss as that *prior* to the loss, *without* the policyholder profiting from the loss.

inland marine insurance

A line of business. This broad type of coverage was developed for shipments that do *not* involve ocean transport. Covers articles in transit by all forms of land and air transportation as well as bridges, tunnels, and other means of transportation and communication. Floaters that cover expensive personal items such as fine art and jewelry are included in this category.

insurance

A system to make large financial losses more affordable by pooling the risks of many individuals and business entities. An insurance company or some other large group accepts the pooled risks in return for a premium.

insured

Another name for *policyholder.*

interim audits

An audit process that may be triggered when there is a change to a policy period.

invoice

Often called a *bill,* an invoice is a commercial document issued by a seller to a buyer. It indicates the products, quantities, and agreed prices for products or services that the seller has already provided to the buyer. In BillingCenter, an invoice is an itemized bill requesting payment on a charge for a policy. An invoice indicates that, unless paid in advance, payment is due by the insured to the carrier according to the agreed terms.

invoice date

The date an invoice is billed. Invoice date is also called *billing date* or *statement date*.

invoice item

A line item that represents all or part of a charge. For example, a premium charge on a billing instruction can be divided into a down payment and monthly installments. The down payment and each installment becomes an item on an invoice. The total amount of the invoice items equals the total charge amount. BillingCenter adds invoice items to invoices or producer statements.

invoice stream

A set of invoices. In BillingCenter, all invoices are contained in an invoice stream. All invoice streams in the BillingCenter base configuration are spaced at a regular intervals such as monthly and twice monthly.

ISO

ISO (originally known as the Insurance Services Office) is the leading United States provider on information and standards for many types of insurance. ISO provides a service called ClaimSearch which helps detect duplicate and fraudulent insurance claims. If an insurance company enters a claim, the company can send details to the ISO ClaimSearch service, and get reports of potentially similar claims from other companies. ClaimCenter includes built-in integration to ISO ClaimSearch.

issuance

The process of issuing all the formal paperwork for the policy, updating various policy and billing systems about the new policy, and delivering it to the insured.

J

Jakarta

See *Tomcat*.

Java plugin

See *plugin*.

JMX

Java Management Extensions (JMX) provides the tools for building tools for managing and monitoring devices, applications, and service-driven networks. Guidewire applications provide JMX support through support of an abstracted management plugin. Guidewire provides an example management plugin that implements JMX.

jobs

In PolicyCenter, jobs coordinate all of the work associated with creating or changing a `PolicyPeriod`. While it is called a job in the data model, the PolicyCenter interface lists completed jobs as **Policy Transactions**. Subtypes of PolicyCenter jobs include: submission, issuance, renewal, rewrite, policy change, cancellation, reinstatement, and audit.

Journal

That part of the BillingCenter underlying double entry accounting system that tracks all transactions by T-account owner.

K

kidnap / ransom insurance

Coverage up to specific limits for the cost of ransom or extortion payments and related expenses. Often bought by international corporations to cover employees. Most policies have large deductibles and may exclude certain geographic areas. Some policies require that the policyholder not reveal the existence of the coverage.

L

late binding

A special messaging feature that Guidewire applications use to include entity fields in a message payload. The Guidewire application only evaluate these fields immediately before sending the message to a destination. (This is in contrast to evaluating the entity fields at message generation time).

In general, Guidewire strongly recommends that you use late binding for an entity public ID field. In some installations, a message acknowledgement can change the public ID. This can happen in the time that a rule submits the message to the *Send Queue* and the time that the application sends the message to the destination. It can also happen as PolicyCenter communicates with an external application through the use of web service APIs.

lead time

The number of days that must be allowed between the invoice billing date and the due date. In BillingCenter, you can specify two different lead times. **Lead Time** is used in cases where the carrier bills the customer directly. **Non Responsive Lead Time** applies in cases where the payment is automatic with no response required of the customer.

leakage

Claims payments beyond those necessary to satisfy a typical claimant.

Ledger

That part of the BillingCenter underlying double entry accounting system that tracks all T-accounts and line items associated with a T-account owner.

liability insurance

Insurance for what the policyholder is legally obligated to pay because of bodily injury or property damage caused to another person.

library

A library is a collection of functions that you can call from within your Gosu programs. Guidewire provides a number of standard library functions (in `gw.api.*` packages, for example).

limit

Most coverages set a *limit* on the maximum amount that will be paid. These limits may be set on a *per incident* basis (a maximum payment per auto accident) or on an annual basis (a maximum total amount paid in any policy year).

line item

Identifies the actual item expense.

line of business

Line of business has different definitions in different contexts. In BillingCenter and PolicyCenter, it usually means the type of insurance policy, such as an umbrella or workers' compensation policy.

loss

Loss broadly refers to any type of loss, including any of the following:

- repair or replacement costs for damaged or stolen property
- costs associated with treatment of an injury, lost wages, and less tangible losses for pain and suffering, scarring, and so on
- lost business revenues or extra costs associated with loss of use of a home, vehicle, or business property

Loss Adjusting Expenses (LAE)

Costs for the insurance company to investigate and resolve the claim. These include internal costs of salaries, equipment, supplies, and so on, and payments to third parties for inspection, litigation defense, and so on.

loss costs

Indemnity payments made by the insurance company to the policyholder or to a third party on behalf of the policyholder.

loss reserves

An insurer's estimate of the amount an individual claim will ultimately cost. On an insurer's financial statement, it is the amount of estimated liabilities for known claims not yet paid and incurred but not reported claims.

M

marine insurance

Coverage for goods in transit, and for the commercial vehicles that transport them, on water and over land. The term can apply to inland marine but more generally applies to ocean marine insurance. Covers damage or destruction of a ship's hull and cargo and perils include collision, sinking, capsizing, being stranded, fire, piracy, and jettisoning cargo to save other property. Wear and tear, dampness, mold, and war are *not* included.

medical payments

Another type of first-party medical coverage, thus similar to a PIP (personal injury policy). Also known as *MedPay*.

MedPay

See *medical payments*.

message

An abstract encapsulation of information sent form a Guidewire application to an external system in response to an *event*. A Guidewire application can send one or more (different) messages to each destination interested in an event. In addition to an

ID and some status information, each message has a message *payload*, which is the main data content (in text format) of the message.

message payload

The text-based "body" of a message. Business rules in the Event Fired rule set create new messages in response to events and give each message a message payload. The *destination* is responsible for understanding what to do with it. Also see *destination* and *event*.

message reply plugin

A plugin that implements asynchronous replies to messages from remote systems, and optionally performs post-processing such as field updates to application data. These plugins implement the plugin interface `MessageReply`. You only need to implement this type of plugin if you need to send messages asynchronously. If the `MessageTransport` plugin can send the message synchronously, then there is no need to define a message reply plugin.

message request plugin

Plugin that implements optional pre-processing of a message, and optional post-send (not post-acknowledgement) message processing. This type of plugin implements the `MessageRequest` plugin interface.

message transport plugin

Plugin that implements sending of a message on some transport such as a messaging queue, a remote procedure call, or any other custom transport to an external system. If the transport is capable of synchronous acknowledgements, this plugin can acknowledge the message and optionally perform post-processing such as field updates. This type of plugin implements the `MessageTransport` plugin interface.

messaging plugin

Plugin that implements one of three types of messaging plugin interfaces for the purpose of preparing or sending a message. The three types of messaging plugins are: *message reply plugin*, *message request plugin*, and *message transport plugin*. See those glossary entries for details.

mid-term change

A request for a change to an in-force policy.

model number

In PolicyCenter, a model number identifies different branches associated with a policy. When PolicyCenter promotes a branch, PolicyCenter assigns a new model number, one greater than the previously most recently promoted branch on its period. This is a read-only property. Contrast with *term number*, which starts with 1 and increments by 1 only for renewals or rewrites.

model time

The real-world date and time that a version of the policy (or other object) was bound. See *effective time*.

modifier

A value used by the rating engine to adjust the policy quote (or some portion of the quote). Modifiers capture information relevant to the pricing of a policy that is not necessarily tied to a specific coverable or coverage.

MVR

A motor vehicle record (MVR) is documentation pertaining to a driver's driving history. It contains information such as identifying data, license status, convictions, traffic violations, accidents, license suspensions, and revocations on file with the driver's home state. The information in this report usually comes from state DMVs (Department of Motor Vehicle) and can vary by state. Carriers typically use MVRs to evaluate the risks associated with a given driver. Violations are assigned point values, with more severe violations having a higher point value. High MVR point totals indicate high risk drivers, and often result in higher policy premiums.

N

NAIC

The National Association of Insurance Commissioners is the organization of insurance regulators from the 50 states, the District of Columbia and the five U.S. territories. The NAIC provides a forum for the development of uniform policy when uniformity is appropriate.

name clearance

The process of checking against one or more producer/account databases to ensure that a person or company is not an existing account in PolicyCenter. This is to ensure that another producer does not represent the person or company for the given policy type. PolicyCenter searches existing accounts for name clearance before it creates a new account.

named insured

An individual, business or organization that is specified in the declarations by name as the insureds under a policy. Other insureds may be covered without being named, but can be included for coverage as *insureds* or *additional insureds* by other provisions (as in the policy definitions). The named insured is responsible for premium payments, receipt of notices, and adjustment of losses.

named peril

Peril specifically mentioned as covered in an insurance policy.

NCAD

Notice of Cancellation at Anniversary Date

NCCI

The National Council on Compensation Insurance is a U.S. insurance rating and data collection bureau specializing in workers' compensation.

non-disclosure

The withholding of information from an insurer. If there has been non-disclosure prior to inception, then the insurer is able to cancel the contract and can possibly reduce its liability to the insured. If the non-disclosure was fraudulent, then the insurer has the right to avoid the contract from its inception. If the insured's non-disclosure was innocent, then the insurer can still attempt to reduce it liability under the policy. However, the insurer must prove that, if it had known the true situation at the time, it would have structured the policy terms and/or premium differently. If proven, this reduces the insurer's liability to an amount that puts the insurer in the same position it would have been in had the non-disclosure not occurred.

This is different from misrepresentation. Misrepresentation is the provision of information which is subsequently found to be incorrect.

non-safe-ordered messages

See *safe-ordered messaging*.

notice of loss

Notice the insured provides to the insurer that a loss has occurred.

NPW

Net Premiums Written.

O

object

An object is an instance of any class such as `ArrayList`, `Policy`, or `Activity` (See *entity*).

out-of-sequence job or transaction

Policy changes or other jobs that are not bound in sequential order as compared to the effective dates of the already bound revisions. If a new revision's policy period *effective date* is earlier than a policy period effective date of another revision within that period, then Guidewire considers this to be out-of-sequence. The effective date is the *start* of the effective date range. Guidewire calls any work order that creates this sequencing issue an out-of-sequence work order, and it applies to policy change, cancellation, and reinstatement jobs.

Sometimes other companies call these items out-of-sequence *endorsements*, but Guidewire avoids this term because of the other meaning of endorsement (see *endorsement*).

P

paid through date

The day through which premium has been earned. The *paid through date* is used in calculating policy equity.

payload

See *message payload.*

payment

These represent actual payments to claimants (or to service providers on behalf of claimants) or to vendors for loss adjusting expenses. In BillingCenter, this is a sum of money (a receipt) sent to a carrier to apply to a BillingCenter account. Payments consist of an insured receiving and paying an invoice, an automatic deduction for an installment payment, or a deposit on a new policy period which has not been invoiced.

payment item

When a payment is made, the portion of a payment that is applied to a specific item is the payment item.

payment plan

A set of rules or attributes that detail how BillingCenter converts charges on a billing instruction into individual invoice items. For example, a payment plan might specify that a premium charge is to be divided into a 10% down payment item and a maximum of 10 installment items. Contrast with *billing plan*.

peril

A specific risk or cause of loss covered by an insurance policy, such as a fire, windstorm, flood, or theft. A named-peril policy covers the policyholder only for the risks named in the policy in contrast to an all-risk policy, which covers all causes of loss except those specifically excluded.

period

In PolicyCenter, it is a single policy term from the date the policy goes into effect (the effective date) to the date it expires (the expiration date).

personal injury

Distinguished from *bodily injury*, this term relates to injury inflicted by way of false arrest, invasion of privacy, malicious prosecution, and so on. It is written as Coverage B of the commercial general liability forms and as homeowners Coverage E.

Personal Injury Protection (PIP)

Portion of an auto insurance policy that covers the treatment of injuries to the driver and passengers of the policyholder's car. In most cases, people have separate medical insurance that provides primary coverage for injuries. Also known as PIP.

personal lines

Property or casualty insurance products that are designed for and bought by individuals, including homeowners and automobile policies.

personal property / contents

First party coverage for losses to moveable items such as furniture, office equipment, or art, that is covered by a policy. Although high value items can be itemized, most coverage is for all personal property *contained* in the covered building (the contents of the home).

physical damage (PD)

Commonly refers to vehicle damage losses (as opposed to contents, injuries, and so on) in an automobile claim.

plan

The container of the different types of customizable plans in BillingCenter. BillingCenter uses plans to automate and control many of its processes. This includes administering bills, paying commissions to producers, starting delinquency processes, and customizing how payments are applied to accounts and policies.

See also *agency bill plan*, *billing plan*, *commission plan*, *delinquency plan*, and *payment plan*.

plugin

Plugins are mini-programs that a Guidewire application invokes to perform an action or calculate a result. An example of a plugin that calculates a result is a claim generation plugin, which returns a new claim number. An example of a plugin that performs an action is a messaging plugin, the purpose of which is to send a message to an external system. It is possible to implement a plugin in either Gosu or in Java.

policy

A written contract for insurance between an insurance company and policyholder stating details of coverage. The policy defines what items or risks are being covered, what set of coverages has been purchased, and the time period of coverage. For example, a personal auto policy lists a set of vehicles and covered drivers. It also lists a set of coverages for: collision, comprehensive, towing, rental car, uninsured/under-insured motorist, medical payments, and liability.

A policy protects the insured from accidental loss (not intentional actions, except for *Surety*, which is not strictly insurance at all). For liability coverages, this means that the policy insures against *negligence* (legal term) but not *malice*. Each policy type provides a set of coverages, which protect against specific types of losses and set limits and deductibles. The policy also lists the people or property to be insured against loss. *The structure of the policy data model varies among Guidewire applications.*

Policy (entity)

In PolicyCenter, this refers to all versions of a single policy over multiple policy periods. For example, each time that you change an automobile policy, perhaps by adding a new driver or vehicle, PolicyCenter creates a new *version* of the policy. However, there is still only a single `Policy` entity for the policy.

Policy Administration System (PAS)

Computer systems that contain the policies and all their histories. They can vary in their breadth of functionality, but generally share certain characteristics. These include tracking policy data, managing different policy versions, handling LOB variations, ties to billing systems, and meeting statutory reporting, notifications and regulatory requirements.

policy equity

The difference between the paid amount and the earned premium as of a given date.

policyholder

The person or business entity that forms a contract with the carrier to insure risks. Typically, the policyholder is protecting themselves from losses to owned property, people, or liability for other people's losses.

PolicyPeriod (entity)

A policy can have multiple policy periods. A policy period represents a single contract period within a policy. For example, every time that you renew a policy, PolicyCenter creates a new contract covering the new time period. This action creates a new policy period. The policy period and its children (for example, Audit Schedule Items) represent data that describes the entire policy period, not just a single version of the policy.

preemption

The situation that arises when two concurrent PolicyCenter changes are based on the same branch. When the second one finishes, you must merge changes from recently-bound jobs into the active job before binding the active job.

premium

The price of an insurance policy, typically charged annually or semiannually. There are direct, earned, and unearned premiums.

premium reporting

Allows you to manage this billing process where insureds provide periodic reports to their Policy Administration System (PAS) that detail their actual exposure which tends to changes over time.

primary entity and primary object

A *primary entity* represents a type of high-level object that a Guidewire application uses to group and sort related messages. A *primary object* is a specific instance of a primary entity. Each Guidewire application specifies a default *primary entity* type for the application, or no default primary entity type. Additionally, messaging destinations can override the primary entity type, and that setting applies just to that messaging destination. Only specific entity types are supported for each Guidewire application. See *safe-ordered messaging* for more details.

Contrast with the term *root object*.

primary named insured

The name which appears as the policyholder on the declarations page. The primary named insured is the *first named insured* in the policy contract and receives the policy contract, notifications, and other documentation. Other named insureds may be defined for a policy. The primary named insured represents all named insureds with regard to contract requirements, contract changes or termination. However, other named insureds are equally insured under the policy provisions. See *named insured.*

producer

This is a generic term for any third party who brings business to the carrier. Except in the case of captive agents, the client relationship is *owned* by the producer. Carriers pay commissions to the producer for bringing in new business and getting the clients to renew their policies. Carriers compete for the business through the producers, so both price and service to end clients and service and compensation to the producers matters. In BillingCenter, producers can participate in either agency bill or direct bill processes (or both).

producer code

The policy administration system (PAS) can generate a set of codes, and assign one or more of these codes to each agent or broker with which the carrier does business. This code is the key to transacting business with producers. For example, the terms of the contract with the producer, and the payments made to the producer are all structured with producer codes. In BillingCenter, the producer code associates a producer with a commission plan.

producer payment

Payments to producers that include outgoing payments for commissions that can be processed either manually or automatically.

producer statement

A bill that is sent to an agency bill producer. It provides a list of all of the producer's invoices for a given month and indicates which payments the carrier expects from the producer for that month.

promise to pay

A document submitted by an agency bill producer (agent) using the BillingCenter Account Current process. The promise to pay describes the payments the producer expects to make to the carrier for the period.

promoted (or bound)

A branch that was made legally binding.

property

Property refers to any owned real property or buildings, personal property, and vehicles. This term also refers to *first party coverage* for damage to buildings, such as homes or office buildings.

property / casualty insurance (P&C)

Covers damage to or loss of policyholders' property and legal liability for damages caused to other people or their property. Property/casualty insurance, which includes auto, homeowners, and commercial insurance, is one segment of the insurance industry. The other sector is life/health. Outside the United States, property/casualty insurance is referred to as nonlife or general insurance. Guidewire creates insurance software for the P&C sector.

public ID

A string of characters that uniquely identifies an entity (a business record) in a Guidewire application. A public ID sometimes corresponds to a record ID in an external system. However, in some cases (such as the web service APIs) the application can create it for you. All entities have a public ID if they are identified in the application's Data Dictionary with the `keyable` attribute. Public IDs must be unique for that type of entity, but different entities can share the same public ID without problem. See also *reference type*.

R

rate

The cost of a unit of insurance, usually per $1,000. Rates are based on historical loss experience for similar risks and may be regulated by state insurance offices.

rated policy

An insurance policy that is classified as having a greater-than-average likelihood of loss. It usually is issued with special exclusions, a premium rate that is higher than the rate for a standard policy, a reduced face amount, or any combination of these.

rating

In PolicyCenter, the process of determining base pricing for an insurance application. It can also be the revised pricing for a policy after certain changes, such as adding coverage, reducing coverage, changing deductibles, or any other changes.

rating agencies

Six major credit agencies determine insurers' financial strength and viability to meet claims obligations. They are A.M. Best Co.; Duff and Phelps Inc.; Fitch, Inc.; Moody's Investors Services; Standard and Poor's Corp.; and Weiss Ratings, Inc. Factors considered include company earnings, capital adequacy, operating leverage, liquidity, investment performance, reinsurance programs, and management ability, integrity and experience. A high financial rating is not the same as a high consumer satisfaction rating.

reciprocity

The practice in which reinsurances are placed one against another. This is so that a reinsured only places a share of its business with reinsurers who are willing to provide shares in their own treaties. This produces an equivalent volume of premium income. Reciprocity is normally confined to fire proportional business and is occasionally based on an equivalent profit exchange rather than premium income. This is no longer practised in Australia or New Zealand.

recovery

A general term that refers to all forms of recouping some of the indemnity payments made on a claim, this can mean salvage and subrogation.

reference type (refType)

A field in web service APIs that allows API client code to reference an *existing* object in the database instead of creating a new object. Sometimes, you want to add a new data object that references a previously added object. If an object is already in the database and you know its public ID, then set the public ID for the object. Call the object's `setRefType` method and pass it the reference type enumeration value `RefTypeEnum.GW_ByRef`.

reinstatement

The process by which an insurer puts back into force an insurance policy that has been terminated. Reasons for termination can include for nonpayment of premiums. It is one of the jobs in PolicyCenter.

reinsurance

Insurance bought by insurers. A reinsurer assumes part of the risk and part of the premium originally taken by the insurer, known as the primary company. Reinsurance effectively increases an insurer's capital and therefore its capacity to sell more coverage. The business is global and some of the largest reinsurers are based abroad. Reinsurers have their own reinsurers, called *retrocessionaires*. Reinsurers do not pay policyholder claims. Instead, they reimburse insurers for claims paid.

renewals

The extension of the term of coverage of an expired policy, commonly by replacement with another policy effective on the date of expiration of the previous policy. It is one of the jobs in PolicyCenter.

renewal processing

The process of renewing a policy. The goal is to: 1.) Minimize losses through the elimination of policyholders with losses exceeding premiums. 2.) Maximize retention of a carrier's best customers. 3.) Reduce expenses associated with the renewal process.

renters insurance

A form of insurance that covers a policyholder's belongings against perils such as fire, theft, windstorm, hail, explosion, vandalism, riots, and others. It provides personal liability coverage for damage the policyholder or dependents cause to third parties. It also provides additional living expenses, known as loss-of-use coverage, if a policyholder must move while the dwelling is repaired. It also can include coverage for property improvements. Possessions can be covered for their replacement cost or the actual cash value that includes depreciation.

rescission

The cancellation or undoing of a contract and restoration of the parties to the position they occupied before the contract. A party may ordinarily rescind a contract in cases of fraud, misrepresentation or duress by the other party and, in some cases, where a breach renders the contract worthless.

reserves

A company's best estimate of what it will pay for claims. State regulations require insurance companies to err on the side of solvency. They also require them to be conservative in recording expected liabilities for claims that have been reported including claims that are not yet known but are statistically predicted. In ClaimCenter, these reserves are set for a specific exposure in order to estimate probable future payments.

refType

See *reference type*.

retention

The amount of risk retained by an insurance company that is not reinsured.

revisioning

How PolicyCenter tracks changes to a graph of objects in a policy through time (both model time and effective time). See: *model time* and *effective time*.

rewrite job

Policies are rewritten to make the types of changes that cannot be done in a policy change job, to correct significant errors, or to make changes to the policy. A rewrite, which can only occur on a canceled policy, effectively ends the first policy and creates a new one in its place. For example, a customer requests a workers' compensation policy. However, when the customer receives the policy, he notices many errors: the dates and payroll amounts are incorrect, and the building and location are in the wrong state. The customer notifies you, the agent. If you choose to fix the errors using a policy change job, the system would send out an addendum, calling out the mistakes in the policy. But because there are so many mistakes in the policy, you decide to rewrite the policy which sends out completely new policy documentation.

rider

An attachment to an insurance policy that alters the policy's coverage or terms. Sometimes known as an *endorsement*.

risk

Risk is uncertainty concerning loss. Sometimes, companies also use this term to refer to a piece of business or a submission to an insurer.

risk analysis

A systematic use of available information to determine how often specified events may occur and the magnitude of their consequences.

risk assessment

The overall process of risk analysis and risk evaluation.

risk evaluation

The process used to determine risk management priorities by comparing the level of risk against predetermined standards, target risk levels, or other criteria.

risk management

The culture, processes, and structures that are directed towards the effective management of potential opportunities and adverse effects.

risk reservation

In the PolicyCenter default configuration, *risk reservation* is the process of associating a product and period to a specific producer code. If a producer code risk-reserves a product to which you do not have access, then PolicyCenter displays the product status on the New Submission screen as *Risk Reserved*. In addition, PolicyCenter does not permit you to create new submissions for that product.

RoL

Rate on Line

root object

Root objects are the main objects to be read or updated by an API. The term root object describes the types of objects (`Claim`, `User`). The term is sometimes informally applied to the symbol that refers to a root object available to a Gosu template.

In the context of messaging and messaging events, a **root object for an event** is the entity instance most associated with the event. This might be a small subobject or a larger object graph.

In the context of messaging and messaging events, **a root object for a message** is the entity instance most associated with the event. This might be a small subobject or a larger object graph.

By default, the message's root object is the same as the root object for the event that caused its creation in Event Fired rules. This default makes sense in most cases. However, you can override this default for a message.

Contrast with the term *primary entity*.

rule

A *rule* is the short name for a *business rule* written in Gosu and created within the Guidewire Studio application. It is a single decision in the following form: if {some conditions} then {take some action}

rule engine

This is the part of the Guidewire application server that evaluates Gosu rules when the system is running. It uses the rules and rule sets created and edited within Guidewire Studio to make automated decisions.

rule set

A rule set is a Guidewire application's way of combining many individual rules into a useful set to consider as a group. For example, in ClaimCenter, the Claim Segmentation rules set contains all of the individual decisions (rules) that determine how to categorize a claim. ClaimCenter uses rules by taking some item (in this case, a claim) and running the Claim Segmentation rules set against it to make one or more decisions. At various points, each Guidewire application runs different rule sets to make decisions.

S

safe order

See *safe-ordered messaging*.

safe-ordered messages

Safe ordering is a messaging feature that prevents related messages from sending out of order from each other. This is called *safe order*. Messages are grouped by their related *primary object* for each messaging destination. For important definitions, see *primary entity*.

Messages send in creation order with other messages associated with that same primary object for that destination. Any messages associated with a primary object for that destination are called *safe-ordered* messages. The application waits for an acknowledgement before processing the next safe-ordered message for that same primary object for that destination. In other words, delays or errors for that destination **blocks** further sending of messages for that same destination for that same primary object.

In ClaimCenter, by default any messages associated with a **claim** send to each destination ordered by claim. Optionally, if a messaging destination sets `Contact` as its alternative *primary entity*, messages associated with a **contact** send grouped by contact for each messaging destination and sent in creation order.

In PolicyCenter, by default messages associated with an **account** send grouped by account for each messaging destination and sent in creation order. Optionally, if a messaging destination sets `Contact` as its alternative *primary entity*, messages associated with a **contact** send grouped by contact for each messaging destination and sent in creation order.

There are PolicyCenter objects that are not associated with a primary entity. For example, `User`. All messages that are not associated with a claim (the primary object) are called *non-safe-ordered* messages.

In BillingCenter, there is no default primary entity. However, every messaging destination can set its own *alternative primary entity* to one of several values in the **Messaging** editor: `Account`, `Producer`, `PolicyPeriod`, or `Contact`. Messages will group and order for each destination by the primary entity for that messaging destination.

These are *safe-ordered* messages

There are objects in all applications that are **not** associated with the primary entity for a particular messaging destination. In all applications, messages associated with `User` and `Group` objects. For ClaimCenter, a `Catastrophe` message is typically unassociated with a primary entity. All messages that are not associated with a claim (the primary object) are called *non-safe-ordered* messages.

salvage

Damaged property an insurer takes over to reduce its loss after paying a claim. Insurers receive salvage rights over property on which they have paid claims, such as badly-damaged cars. Insurers that paid claims on cargoes lost at sea now have the right to recover sunken treasures. Salvage charges are the costs associated with recovering that property.

schedule

A list of individual items or groups of items that are covered under one policy or a listing of specific benefits, charges, credits, assets or other defined items.

self insurance

The concept of assuming a financial risk oneself, instead of paying an insurance company to take it on. Every policyholder is a self-insurer in terms of paying a deductible and co-payments. Large firms often self-insure frequent, small losses such as damage to their fleet of vehicles or minor workplace injuries. However, to protect injured employees, state laws set out requirements for the assumption of workers compensation programs. Self-insurance also refers to employers who assume all or part of the responsibility for paying the health insurance claims of their employees. Firms that self insure for health claims are exempt from state insurance laws mandating the illnesses that group health insurers must cover.

slice mode

Viewing a `PolicyPeriod` entity's subobjects at a specific effective date; hiding entities that are not effective at that date.

snapshot

A saved duplicate of a claim taken at the time it was added to ClaimCenter.

SOAP protocol

The web services "request and response" protocol based on XML and typically implemented across the HTTP protocol. SOAP supports remote APIs in a platform-neutral and language-neutral way. Guidewire applications make extensive use of SOAP in its native web services features. For more information, refer to the World Wide Web Consortium at `http://www.w3.org/TR/soap`.

split billing

A method to create a set of two or more receivables associated with a single transaction. For example, binding a workers' compensation policy is a single transaction, but it might insure multiple locations. Further, the insured might want each location to be invoiced separately. This requires that the billing system split the total amount due into several invoices, each of which is to be tracked separately. Split billing does not relieve the main account holder from responsibility that the account remains in good standing.

SSL

Secure Sockets Layer, a specific type of encryption of a data stream. SSL is commonly used to encrypt HTTP connections, which are then referred to as HTTPS connections (and HTTPS URLs begin with "`https://`").

staging table

A database table used temporarily to prepare data to import into an application's database. Each application provides a table-based import interface for very high volume data import. Staging table import is typically used for large-scale data conversion. Used in ClaimCenter and BillingCenter for a variet of types of business data. For PolicyCenter, staging tables are only used for loading zone location data, **not** for administrative data or business data such as policies.

statement bill

A statement produced by BillingCenter for each producer when an agency bill relationship exists between the carrier and the producer. The monthly statement provides details of how much the producer expects to pay the carrier for income generated from a set of agency bill polices associated with the producer.

stop loss

A provision in an insurance policy that cuts off an insurer's losses at a given point. In effect, a stop loss agreement guarantees the loss ratio of the insurer.

Studio

The Guidewire administration tool for writing and managing rule sets, custom libraries, and Gosu classes. Guidewire Studio is a Java-based graphical interface and a development environment. Use it to create and manage application resources including Gosu rules and classes, PCF pages, workflows, entity names, display keys, plugins and message destinations, and SOAP web services.

subrogation

The legal process by which an insurance company, after paying a loss, seeks to recover the amount of the loss from another party who is legally liable for it. For example, the carrier pays for repairs for a policyholder's car. It then tries to collect these costs from the insurance company of another person who was at fault in the accident.

suspense item

That part of a payment that is reserved for a specific policy before BillingCenter receives the policy details or the related charge.

suspense payment

A payment that is recorded in BillingCenter for an account or policy that does not yet exist in BillingCenter.

system of record (SOR)

Particularly used in the context of PolicyCenter, this term indicates which system contains the authoritative copy of a record. This can be either PolicyCenter or an external system that the application interfaces with. For example, if PolicyCenter is the system of record for a policy revision, then it has the authoritative copy. If PolicyCenter is not SOR, then it can have a copy of it, but assumes another system has the authoritative copy. This can be slightly different for various technical or business logic reasons. If it is *not* the SOR during a specific time period for a policy, PolicyCenter checks with the external policy administration system to get the most recent policy data.

T

T-account

Financial accounts that record a set of transactions and associated line items within the accounting subsystem. BillingCenter automatically creates the underlying accounting structure for all accounts and policies including the appropriate T-accounts. The term *T-account* originated from the fact that T-accounts are in the shape of a *T*. The account name appears at the top, with

debits on the left and credits on the right. In BillingCenter, the `TAccount` entity owns the financial transactions related to an account. In ClaimCenter, T-accounts are hidden entities used to store rolled-up totals for the transactions on a particular `ReserveLine` or `RICoding`. Customer configuration code must not directly change data on T-accounts or related entities in ClaimCenter.

template

There are two types of templates in any Guidewire application. The first is a Gosu template which is a text file that generates text-based output. It is used for generating message payloads to external systems and also for HTTP-based data extraction. Gosu templates consist of static text content and blocks of Gosu code that dynamically generates text. The second is a document template which provides a document source file such as a Microsoft Word file. It is populated with an application's data, based on specifications of the document template's template descriptor file.

template descriptor file

See *document template*.

term number

The number indicates the term of the policy period. This always starts with 1 and then increments by 1 for every renewal or rewrite. The built-in PolicyCenter integration with BillingCenter uses the term number instead of the model number to identify a policy term.

third-party liability

In a claim, the policyholder is liable to another party for causing harm through negligence or some other fault in an *accident*. The insurance company covers the cost of this liability on behalf of the policyholder up to the coverage limit. The insurance company also covers the cost of defending the policyholder in any lawsuits that arise out of a dispute over liability. The key issues in this type of claim are whether the policyholder is covered for this type of liability, or the insured is liable for the other person's loss. This includes the amount of any loss for compensation.

Tomcat

A free open-source application server and Java web application container provided by the Apache Jakarta project. Tomcat is one of several recommended application servers for Guidewire applications.

toolkit

The toolkit is a directory that ships with each application. It includes Java libraries, tools, code examples, and API documentation in Javadoc format. The toolkit is regenerated by the `regen-toolkit` tool.

transactions

In BillingCenter, it is defined as all types of financial *changes* or movements.

trouble tickets

A process that identifies, tracks, and solves an insured's complaint. Trouble tickets can be associated with an account (or multiple accounts), specific transactions on a policy, and/or producers. Used in BillingCenter.

typelist

A set of values (called typekeys), that represent a finite set of choices for a field. In the web service APIs, typelist values are represented as constants within enumeration classes. For example, in the web service APIs, the `LossType` class contains `LossType` typelist values such as `LossType.TC_WC` for the Workers Compensation loss type.

U

umbrella policy

A type of policy that provides coverage for losses above the limit of an underlying policy or policies such as homeowners and auto insurance. While it applies to losses over the dollar amount in the underlying policies, terms of coverage are sometimes broader than those of underlying policies.

unapplied funds

A specific type of T-account that contains funds received from an insured for payment but not yet applied to a payment.

underwriting

The process of examining, accepting, or rejecting insurance risks and classifying the ones that are accepted, in order to charge appropriate premiums for them. Also the name of the department within an insurance company responsible for making these decisions. Corporate underwriting can act as a marketing group defining new insurance offerings, determining how to price these offerings, and marketing the new offerings to distribution channels.

unearned premium

The amount of premium remaining after deducting the earned premium from written premium; the portion of a premium representing the unexpired part of the policy period. Since coverage has not yet applied to the unexpired period, the insurer has not yet earned that portion of the premium.

W

.war file

A web archive file used for web application deployment, such as within the Apache Tomcat web application container. Similar to `.ear` files.

waiver of subrogation

Insurers have the right of subrogation. However, they can waive that right through this method.

WCIO

The Workers' Compensation Insurance Organizations is a voluntary association of statutorily authorized or licensed rating, advisory, or data service organizations. It collects workers' compensation insurance information in one or more states. The WCIO is composed of the managers of the various boards and jurisdictions. Their purpose is to provide a forum for the exchange of information about workers compensation insurance. The WCIO has developed standards for the electronic transmission of information between insurers and rating/advisory organizations. These specifications are available for policy information, unit statistical reporting, experience modifications, detailed claim information, and individual case reports.

web service

A software system designed to support interoperable machine-to-machine interaction over a network. Web services define their interfaces in WSDL and operate using the SOAP protocol, which is typically implemented over HTTP. Messages sent and received through web services are in XML format, in conjunction with other Web-related standards.

window mode

Viewing a `PolicyPeriod` object's subobjects; accessing data for all effective dates in that policy period's start date and end date.

write-off

A process that allows BillingCenter to cancel assets held in the charge invoicing T-Accounts, in particular those in anticipation of future payments from insureds. A write-off removes from the account balance the (usually very small) amount that the carrier does not expect to collect from the insured. It reduces the value of an asset by the amount of the loss. The uncollected amount that is written off is recorded as an expense.

written premium

The premium charged by an insurance company for the period of time and coverage provided by an insurance contract. *Written* premium depicts the amount of money placed on the books for the entire policy. *Earned* premium shows the amount of premium that corresponds to the exposure covered over the life of the policy.

workers' compensation or workers' comp

A line of business, it covers a company's liability for injuries or illnesses caused by the workplace. Regulated by the state, it is required coverage in place of a worker being able to bring a liability claim against the employer through normal legal channels. It covers medical and recovery expenses besides wages lost due to the injury.

WSS

WS-Security (Web Services Security) is a communications protocol that provides authentication security for web services.

WSDL

The web services API description language, which describes an API interface for web services, including interface names, method names, function arguments, relevant entities (classes), and return values of functions. Any system can use a web service if it knows how to follow the definition provided in the WSDL file for each API. Related to XML and SOAP. Refer to the World Wide Web Consortium at `http://www.w3.org/TR/wsdl`.

X

XML

Extensible Markup Language (XML) is a standard that describes complex structured data in a text-based format with strict syntax for easy data interchange. For more information, refer to the World Wide Web Consortium at `http://www.w3.org/XML`.