

Insurance.

Premium

The price paid for insurance. The insured pays the insurance company annually or monthly.

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Compensation

Money paid to the insured by the insurance company in the event of a loss occurring.

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Broker

Someone who will compare the price of insurance with a few different insurance companies and get the best price for the consumer.

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Types of Insurance

1. Motor insurance pg. 90
2. Home insurance pg. 91
3. Health insurance pg. 91
4. Travel insurance pg. 92
5. Life insurance pg. 92
6. PRSI pg. 92

Proposal form

A application form filled out by the person seeking insurance.

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Actuary

The person who calculates the premium. Based on the probability of the loss occurring.

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Assessor

Calculates & compensation on behalf of the insurance company.

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loading Amount added by the insurance company to the premium because there is a greater risk of the loss occurring.

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Deductions

A discount on your premium because of certain things. eg. having a fire alarm.

No claims bonus A discount offered by the insurance company to the insured as a reward for not having claimed on their policy.

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Principles of Insurance

Indemnity

The insured person cannot make a profit from insurance

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Utmost good faith

The insured must tell the truth when filling out the claim and proposal forms

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Insurable Interest

The insured person cannot must gain by the existence of the item and suffer financially from its loss

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Subrogation

The right of ownership of the insured item passes from the insured to the insurance company once the compensation has been claimed

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Contribution

When the item is insured with more than one insurance company, the insurance companies will divide the cost between them

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Average clause formula:
$$\frac{\text{amount insured}}{\text{market value}} \times \text{loss} = \text{compensation}$$

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