Terminology and Track Word

Life & Health

Risk = uncertainty

Exposure = possibility or potential

Peril = cause

Hazard = increase the chance (three types of hazards: physical, moral, morale) (master 2 of the 3 hazards)

Indemnity = restores; no more, no less

Agent/Producer Authority: Express = written, Implied = assumed, Apparent = Actions (master 2 of the 3)

Formation of a Valid Contract: (remember **COAL**) **C**onsideration, **C**ompetent parties, **o**ffer, **a**cceptance (**o**ffer and **a**cceptance = **a**greement), **l**egal purpose

Contract of Adhesion = written by one party (other party must stick to it like glue)

Aleatory contract = unequal (but contingent on an uncertain event)

Unilateral = one party legally bound to perform (insurance company or carrier)

Conditional = duties and obligations required (by both parties to the contract)

Representation = true (best to one’s belief at the time it’s given)

Misrepresentation = false (little lie)

Material misrepresentation = false fact (big lie)

Warranty = guarantee

Concealment = failure to disclose (hiding the truth)

Fraud = deceitful, willful, intentional (misrepresentation of a material fact)

Waiver = giving up a known right

Estoppel = stop another (from re-inserted a waived right)

Parts of the insurance contract = (remember PICE) **P**olicy face = who, what, where, when, how much), **I**nsuring agreement = promise and insured perils, **C**onditions = duties and obligations required, **E**xclusions = not covered, **E**ndorsements = add, change, modify (a.k.a. Riders)

Definitions = clarifies

Insurable interest = beginning (at the time of application or policy issue) (L&H)

Assignment = acceptance (Medicare or Medicaid by providers)

Underwriter/underwriting = the risk, or risk profile

Field underwriter = observes

Binder = temporary oral or written

Misstatement of Age = adjust

Change of occupation = adjust