

Glossary of Common Coverage Terms



Practical, provocative, food
for thought for nonprofits

This glossary is provided to help you understand common insurance terms and types of insurance. Consult with your insurance broker for more information on these terms and to make sure you have the right insurance for your nonprofit.

Accident Insurance

No fault medical coverage – available for participants, students and/or volunteers. Business Travel Accident insurance available for your employees that travel.

Additional Insured

An entity or person not automatically included as an insured in the policy who is added or included by endorsement. Some policies have Automatic Additional Insured status for those entities meeting the requirements in the endorsement.

Automobile Insurance

Protects your organization against bodily injury and property damage due to the ownership or use of automobiles. Should include Hired/Non-owned Auto coverage to cover liability from rented, leased or borrowed vehicles, including those of volunteers. Hired/Non-owned Auto coverage does not cover the vehicle and any insurance carried by the owner is primary.

Bond

Usually required by contract to guarantee performance or fidelity of the obligor.

Catastrophe Insurance

Earthquake, Flood, and Difference in Conditions policies.

Collision Coverage

Protection for automobiles against loss caused by collision or overturn.

Commercial General Liability Policy

Protects your organization against liability claims for bodily injury and/or property damage arising out of your premises, operations, products, advertising, and personal injury.

Comprehensive Auto Coverage

Protection for owned or leased automobiles against loss or damage for causes other than collision or upset – such as fire, theft, windstorm, flood, and vandalism.

Coverage

Coverage is the amount of risk or liability that is covered for an individual or entity by way of insurance. Insurance coverage is issued by an insurer in the event of unforeseen occurrences.

Crime Coverages

Protects your organization against financial loss caused by Employee Dishonesty, Fidelity, Fraud, Theft of Monies/Securities, Robbery or Burglary

Cyber Liability

Protects against data breach of confidential information. May include coverage for notification costs, credit monitoring, identity theft, defense costs, business interruption, computer fraud, cyber extortion, etc.

Directors & Officers Liability

Covers wrongful decisions made by the board of directors or other covered officers. Protects the personal assets of board members.

Employee Benefits Liability

Covers errors or omissions in the administration of the employee benefits programs. Usually endorsed to the General Liability policy.

Employment Practices Liability

Protects against wrongful acts arising from the employment process such as wrongful termination, discrimination, sexual harassment, retaliation, defamation, employment law violations, and invasion of privacy.

Endorsements

Endorsements are forms or clauses added to policies to change the terms of the policy. Endorsements can expand, limit or clarify the coverage provided by the policy forms.

Equipment Breakdown

Covers electrical or mechanical breakdown of equipment – including copiers and computers. Can include business income, extra expense, and spoilage.

Exclusions

Every policy has exclusions that limit the coverage provided in the insuring agreement.

Fiduciary Liability

Protects against claims of errors or omissions in the administration of assets or employee benefit programs.

Inland Marine

Covers mobile property or property that needs enhanced coverage such as computers, signs, theater equipment, cameras, accounts receivable, valuable papers, construction equipment, etc.

Insurance

Insurance is one way to protect your organization from financial loss. It is a way of transferring risk away from your organization. Although it doesn't remove the risk, it limits the financial impact of any insurable risk to the cost of your insurance premium and any deductibles or coinsurance.

Insured

"Insured" is a defined term in the policy and may differ between policies, please refer to each policy for the definition.

Liquor Liability

Covers liability exposures for sales, service and distribution of alcoholic beverages.

Medical Payments

Coverages available under both General Liability and Auto policies to cover medical expenses sustained as the result of an accident.

Named Insured

Named insureds have particular rights under the policy and are named on the declarations pages of the policy.

Non-owned Auto

Protects your organization against claims arising from employees and volunteers using their personal autos in the course of organizations business activities. The personal auto policy will be primary.

Professional Liability (Errors & Omissions)

Covers errors in providing or failing to provide professional services (social services, counseling, legal, medical, media, etc.)

Property Coverage

Covers your assets - building, tenant improvements and betterments, business personal property and business income – see schedule of coverages for specifics.

Sexual & Physical Abuse/Molestation

Covers bodily injury due to sexual or physical abuse.

Umbrella/Excess Liability

Higher limits of liability that will go over the policies listed on the schedule of underlying policies. Will not go over all policies.

Workers' Compensation

Coverage required by law to cover employees for injury, illness or death on the job. Includes Employers Liability to protect against lawsuits above statutory coverages.