

Handout #2: Insurance Terms for Teacher

Premium: the amount paid over a period of time for the cost of insurance

Deductible: the amount you must pay before the insurance company begins to pay for your loss

Home owner's insurance: insurance that protects personal liability, property, and real estate.

Renter's insurance: Insurance that covers your personal property in a rental unit

Life insurance: Insurance that specifies amount of money to be paid when insured dies.

Dental insurance: insurance that pays dental bills.

Collision insurance: auto insurance that pays for damage even if policyholder is responsible.

Liability insurance: provides protection when you are at fault in an auto accident.

Comprehensive or physical damage insurance: pays for cost of damage to your car that is not covered by collision insurance (i.e. hail, theft, or vandalism).

Medical payment insurance: auto insurance that pays for hospital expenses, funerals, x-rays, medicines for persons injured in car.

Uninsured motorist insurance: covers you as a driver or hit-and-run victim if you have an accident with someone who is uninsured.

No-fault insurance: automobile insurance that protects you no matter who is at fault.

HMO plan: Health insurance organization with wide range of services. You must use doctor provided.

Major medical insurance: health insurance pays for cost of extensive illness not normally covered by normal insurance.

Whole life insurance: life insurance has savings plan with insurance protection. When terms are followed, protection continues for life.

PMO plan: health insurance organization that allows personal choice of doctors.

Private Mortgage Insurance (PMI): insurance a lender may require a home buyer to purchase to cover the monthly house payments in case the borrower is unable for some

reason. Often mortgage brokers require borrowers to put a less than 20% down payment on a house to get this insurance.

Burial Insurance: Insurance that covers funeral expenses such as a casket, headstone, cemetery plot, and embalming, among other burial-related expenses.

Short-term disability insurance: insurance that pays you a percentage of your salary if you become temporarily disabled, meaning that you are not able to work for a short period of time due to sickness or injury. Benefits are usually at 40-60% of your salary and the benefit period is typically 3 to 6 months but can be as long as 2 years

Long-term disability insurance: insurance that pays an income if you can no longer work because of illness or injury. Typically the maximum benefit is 60% of your previous salary and the benefits may last for 5 years or up until age 65, depending on the policy

Professional liability insurance: insurance that people in various professional fields, such as medicine, dentistry, counseling, and social work, may carry to insure them against financial loss stemming from a lawsuit against them filed by a patient or client