

GLOSSARY OF INSURANCE TERMS ~ B

Bailee: One who has custody of the property of another. Bailees "for hire" have certain responsibilities to care for the property of others that is in their custody.

Bailee Customers Insurance: Insurance arranged by a bailee for the account of bailors or customers. An example is the insuring of furs in a storage warehouse arranged by the warehouse bailee for the benefit of the owners of the furs.

Bailment: Personal property delivered by its owner to another to be held and returned to the owner in good condition. The owner who delivers the property is called the bailor, the one who receives it the bailee.

Bailor: A person entrusting goods to another.

Balance Sheet Reserve: Claim reserves set up to provide the funds needed to pay benefits to insureds. These reserves are regulated by law, to guarantee that an insurer is capable of paying the claims, losses, and benefits promised its customers. The amount of the reserve as compared to the premium written is monitored and controlled.

Bankers Blanket Bond: A special form of bond designed to insure banks against loss from employee dishonesty, burglary, robbery, larceny, theft, forgery, misplacement and certain other perils.

Bankruptcy Court Bonds: Bonds guaranteeing the beneficiaries of a bankruptcy action that the bonded trustees, agents, etc. appointed in the bankruptcy proceeding, will perform their duties and handle the affairs according to the rulings of the court. Types of Bankruptcy Court Bonds include: Agents, Appraisers, Creditors' Committees, Disbursing Agents, Distributors, Receivers, Ancillary Receivers, and Trustees.

Barratry: Willful and illegal sinking, casting away, or damaging of a ship at sea or its cargo.

Base Rate: The manual or starting rate for a specific coverage, based on a normal or average for class risk. Deviations are made from the base rate for risk-specific characteristics, hazards, exposures, protection or lack of, and individual loss experience. After all credits and debits have been computed, a final rate is determined, which is used to calculate the coverage premium

Basic Cause Of Loss: Property insurance covering only those causes of loss (perils) specified as covered. The types of losses insured are fire, lightning, explosion, windstorm or hail, smoke, aircraft or vehicle damage, riot or civil commotion, vandalism, sprinkler leakage, sinkhole collapse, and volcanic action.

Basic Limits: Certain minimum amounts of liability in liability insurance (determined by custom or laws), for which "basic" premiums apply. Additional amounts of liability insurance are charged for by the addition of certain percentages of the premium charged for the minimum limits.

Beneficiary: The person or entity named in a life insurance policy to receive the proceeds.

Benefits: In life, health and accident insurance, the money payable or services rendered under the policy.

Binder: An oral or written agreement to provide insurance that serves as evidence of coverage prior to the issuance of a policy. It is often considered to be a temporary insurance policy to provide coverage until a permanent policy has been issued.

Binding Authority: When one party (usually an agent) has been given the right and commensurate authority to represent another party (usually an insurer), in effecting or creating an insurance contract.

Binding Receipt: Once the initial payment has been made and while the pending life and health application for insurance is being investigated and either issued or rejected, a binding receipt is issued to verify receipt of payment and offer temporary coverage until final decision is made.

Blanket Contract: 1) in property insurance, contracts or policies providing coverage for either more than one location, coverage or type of property. 2) In the case of health insurance, a policy or contract covering an entire specified group of people (such as employees) against a listed set of hazards or perils (for example, for medical or dental protection).

Blanket Coverage: 1) in property insurance, a single limit of insurance that covers a number of items, such as one amount of insurance to cover two buildings or a single building and its contents. A blanket policy usually contains certain restrictions, which may be absent in "specific" or "itemized" policies, such as the use of a 90% coinsurance clause. 2) In the case of health insurance, a policy or contract covering an entire specified group of people (such as employees) against a listed set of hazards or perils (for example, for medical or dental protection).

Blanket Position Bond: A fidelity bond that insures an employer against loss from dishonest acts by employees. As the name implies, blanket coverage is granted for all employees in the regular service of the employer during the term of the bond. The bond is issued for a fixed sum and each employee is covered up to the full amount of the bond. The maximum amount payable for any one embezzlement involving more than one employee would thus be the amount of the bond multiplied by the number of employees involved.

Blanket Position Public Official Bonds: A type of public official bond, which lists specific positions and their corresponding penalty amounts. Position schedule bonds use one bond, but attach a schedule of positions to be bonded. Each name will list a specific dollar amount for which that individual is being bonded. This type of bond may be used to bond certain positions that have a high amount of turnover. Using a position instead of a name will reduce the paperwork involved year-to-year.

Blanket Public Official Bonds: Blanket public official bonds cover all public employees of the public entity stated on the bond to the stated amount of the bond.

Blanket Rate: A fire insurance rate that applies to blanket insurance.

Bobtail Coverage: Sometimes called "deadheading," this is auto coverage for the liability exposure of a trucking operation, which covers tractor-trailer rigs returning empty from a trip and, therefore, not protected by the policy of the client contracting with the trucker.

Bodily Injury (BI): Injury, sickness, or disease sustained by a person, including death at any time resulting there from.

Boiler And Machinery Insurance: Protection against loss from disruption of boilers and machinery by an insured peril: loss to the boiler and machinery itself, damage to other property, business interruption losses, or all three. Also known as machinery breakdown insurance.

Bond: There is more than one type of bond. Insurance bonds are normally three-party contracts in which one party agrees to guarantee the act, performance, or behavior of a second party, to a third party. Two common types of bonds are fidelity and surety.

Bond--fidelity: An insurance policy that reimburses an employer for employee theft or embezzlement.

Bond--surety: A written agreement wherein one party, called the surety, obligates itself to a second party, called the obligee or beneficiary, to answer for the default of a third party, called the principal.

BOP--Business Owners Policy: Similar to the commercial package policy (CPP), it provides broad property and liability protection in a single contract and is designed for small and medium-sized mercantile, service, office, or apartment risks

Breach Of Warranty: Warranties are statements of commitments by the insured on the literal truth of which the insurance contract depends. Warranties may relate to matters existing at or before the time the policy is issued or may be undertakings by the insured that something be done or omitted after the policy takes effect and during its continuance. Breach of warranty exists when a warranty is broken or violated by an insured.

Broad Cause Of Loss: Property coverage providing protection for loss from a specified group of causes including all of those provided in the basic cause of loss form (fire, lightning, explosion, windstorm or hail, smoke, aircraft or vehicle damage, riot or civil commotion, vandalism, sprinkler leakage, sinkhole collapse, and volcanic action) plus additions which include breakage of glass, falling objects, weight of ice, sleet, or snow, water damage, and collapse as defined in the cause of loss form.

Broker: A licensed, legal representative of the insured who negotiates with underwriters on behalf of the insured; nevertheless, the broker receives a commission from the insurer (underwriter).

Broker Of Record: A licensed broker who has been designated by the policyholder to represent that policyholder

Builders Risk: 1) A building or a ship in the course of construction. 2) A special form dealing with the unique loss exposure of property under construction.

Bumbershoot: An umbrella or excess liability policy specifically for ocean marine risks.

Burglary: Theft by forcible and illegal entry, evidenced by visible signs made by tools, explosives, electricity, or chemicals

Business Auto Policy: Coverage designed to provide a "standard" form for insuring commercial vehicles (other than private passenger cars).

Business Income Insurance: A time element coverage which pays for loss of earnings or income when business operations are interrupted, curtailed or suspended due to property loss as a result of an insured cause of loss. Also covered are loss of rents and rental value. Extra expenses incurred to continue operations at another location are included as long as they reduce the total amount of loss.