
Certificate in Actuarial Science

General Insurance

General Insurance: General insurance refers to the type of insurance that provides financial protection against unforeseen events such as accidents, natural disasters, and other liabilities. It covers a wide range of risks and helps individuals and businesses protect themselves from potential financial losses.

Certificate in Actuarial Science: A certificate in actuarial science is a program that provides individuals with the necessary knowledge and skills to work as actuarial professionals. Actuaries are responsible for assessing and managing risks related to insurance, pensions, investments, and other financial areas.

Key Terms and Vocabulary for General Insurance:

1. **Premium:** The amount of money paid by the policyholder to the insurance company in exchange for coverage. Premiums can be paid monthly, quarterly, or annually, depending on the insurance policy.
2. **Policyholder:** The individual or entity that purchases an insurance policy and is entitled to receive coverage in case of a covered loss.
3. **Insurer:** The insurance company that provides coverage and pays out claims to policyholders in the event of a covered loss.
4. **Coverage:** The specific protections and benefits provided by an insurance policy. Coverage can vary depending on the type of insurance and the terms of the policy.
5. **Deductible:** The amount of money that the policyholder must pay out of pocket before the insurance company will start covering the costs of a claim. Higher deductibles typically result in lower premiums.
6. **Claim:** A formal request made by the policyholder to the insurance company for payment of benefits or coverage for a covered loss.
7. **Underwriting:** The process by which insurance companies evaluate the risk associated with insuring a particular individual or entity. Underwriting helps insurers determine the appropriate premium to charge for coverage.
8. **Actuary:** A professional who uses mathematical and statistical methods to assess and manage risks in insurance, finance, and other industries. Actuaries play a crucial role in pricing insurance policies and ensuring the financial stability of insurance companies.
9. **Reinsurance:** The process by which insurance companies transfer a portion of their risk to other insurers in exchange for a premium. Reinsurance helps spread risk and protect insurers from large losses.
10. **Policy Limit:** The maximum amount of coverage provided by an insurance policy. Policy limits can vary depending on the type of insurance and the terms of the policy.

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11. **Exclusion:** Specific risks or events that are not covered by an insurance policy. Exclusions are important to understand as they can impact the coverage provided by the policy.
 12. **Loss Ratio:** A key metric used by insurance companies to assess the profitability of their underwriting. The loss ratio is calculated by dividing the total losses incurred by the insurer by the total premiums earned.
 13. **Actuarial Science:** The discipline that applies mathematical and statistical methods to assess and manage risks in insurance, finance, and other industries. Actuarial science helps insurers price their products accurately and manage their exposure to risk.
 14. **Insurable Interest:** The legal requirement that policyholders must have a financial interest in the subject matter of the insurance policy. Insurable interest helps prevent individuals from taking out insurance policies on assets in which they have no stake.
 15. **Risk Management:** The process of identifying, assessing, and controlling risks to minimize the impact of potential losses. Risk management is essential in the insurance industry to ensure the financial stability of insurers.
 16. **Underinsured:** A situation in which the policyholder has purchased an insurance policy with coverage limits that are insufficient to cover the full extent of a loss. Being underinsured can result in financial hardship in the event of a claim.
 17. **Actuarial Reserve:** The amount of money set aside by insurance companies to cover future claims that have not yet been reported or settled. Actuarial reserves are an important component of an insurer's financial stability.
 18. **Insolvency:** The financial condition in which an insurance company is unable to meet its financial obligations, including paying claims to policyholders. Insolvency can have serious consequences for policyholders and the insurance industry as a whole.
 19. **Loss Adjustment Expenses:** The costs incurred by insurance companies in investigating, evaluating, and settling insurance claims. Loss adjustment expenses are an important consideration in assessing the profitability of an insurer's underwriting.
 20. **Aggregate Limit:** The maximum amount of coverage provided by an insurance policy for all covered losses during a specific period. Aggregate limits help insurers manage their exposure to risk and prevent large losses from impacting their financial stability.
 21. **Actuarial Model:** A mathematical model used by actuaries to assess and predict future events and their impact on insurance portfolios. Actuarial models help insurers make informed decisions about pricing, underwriting, and risk management.
 22. **Moral Hazard:** The risk that policyholders may act in a way that increases the likelihood or severity of a covered loss, knowing that they are protected by insurance. Moral hazard is an important consideration for insurers when assessing risk.

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23. **Peril:** A specific cause of loss or damage that is covered by an insurance policy. Perils can include natural disasters, accidents, theft, and other unforeseen events.
24. **Premium Rate:** The price charged by an insurance company for coverage, usually expressed as a cost per unit of coverage. Premium rates are based on the insurer's assessment of risk and the likelihood of a covered loss.
25. **Risk Pooling:** The practice of spreading the risk of potential losses among a large group of policyholders. Risk pooling helps insurers manage their exposure to risk and provide coverage to a wide range of individuals and entities.
26. **Salvage Value:** The value of damaged or destroyed property that can be recovered or sold after a covered loss. Salvage value is an important consideration in assessing the total cost of a claim.
27. **Subrogation:** The process by which an insurance company seeks reimbursement from a third party responsible for a covered loss. Subrogation helps insurers recover costs and prevent policyholders from receiving a double payment for the same loss.
28. **Tort:** A civil wrong that causes harm or loss to another party, leading to legal liability. Torts can include negligence, defamation, and other wrongful acts that may be covered by insurance.
29. **Unearned Premium:** The portion of the premium that has been paid by the policyholder but has not yet been used to provide coverage. Unearned premiums are an important consideration in determining an insurer's financial position.
30. **Actuarial Assumption:** An estimate or prediction made by actuaries about future events or trends that may impact insurance policies. Actuarial assumptions help insurers plan for potential risks and uncertainties.
31. **Catastrophe Risk:** The risk of large-scale losses caused by natural disasters, such as hurricanes, earthquakes, and wildfires. Catastrophe risk is a significant concern for insurers and can impact their financial stability.
32. **Depreciation:** The decrease in the value of property over time due to wear and tear, obsolescence, or other factors. Depreciation is an important consideration in assessing the value of property covered by insurance.
33. **Endorsement:** A written amendment or addition to an insurance policy that changes the terms or coverage provided. Endorsements can be used to add or remove coverage, update policy details, or make other modifications.
34. **Indemnity:** The principle that insurance policies should provide financial compensation to policyholders to restore them to the same financial position they were in before a covered loss occurred. Indemnity is a fundamental concept in insurance.
35. **Loss Prevention:** The practice of taking proactive measures to reduce the likelihood or severity of potential losses. Loss prevention helps policyholders and insurers mitigate risk and protect against financial

losses.

36. **Microinsurance:** Insurance products designed to provide coverage to low-income individuals and micro-entrepreneurs in developing countries. Microinsurance helps improve financial inclusion and protect vulnerable populations against risks.
37. **Peril-Specific Policy:** An insurance policy that provides coverage for a specific type of risk or peril, such as fire, flood, or theft. Peril-specific policies are designed to address specific risks that may not be covered by a standard insurance policy.
38. **Risk Assessment:** The process of evaluating and quantifying the likelihood and impact of potential risks. Risk assessment helps insurers determine the appropriate premium to charge for coverage and manage their exposure to risk.
39. **Underinsurance:** A situation in which the policyholder has purchased an insurance policy with coverage limits that are insufficient to cover the full extent of a loss. Underinsurance can leave policyholders vulnerable to financial losses.
40. **Actuarial Valuation:** The process of assessing the financial value of insurance liabilities, assets, and reserves using actuarial methods. Actuarial valuations help insurers maintain financial stability and meet regulatory requirements.
41. **Coinsurance:** A provision in an insurance policy that requires the policyholder to share a percentage of the cost of a covered loss with the insurance company. Coinsurance helps align the interests of the policyholder and the insurer in managing risk.
42. **Excess Insurance:** An additional layer of coverage that provides protection above and beyond the limits of a primary insurance policy. Excess insurance helps protect policyholders against large losses that exceed the limits of their primary coverage.
43. **Loss Ratio Method:** A method used by insurers to assess the profitability of their underwriting by comparing incurred losses to earned premiums. The loss ratio method helps insurers evaluate the effectiveness of their pricing and underwriting strategies.
44. **Actuarial Analysis:** The process of using mathematical and statistical methods to assess and quantify risks in insurance, finance, and other industries. Actuarial analysis helps insurers make informed decisions about pricing, underwriting, and risk management.
45. **Insurable Risk:** A risk that meets certain criteria and can be covered by an insurance policy. Insurable risks are typically accidental, measurable, and financially significant.
46. **Risk Transfer:** The process of shifting the financial consequences of a potential loss from one party to another through insurance or other risk management techniques. Risk transfer helps individuals and businesses protect themselves against financial losses.
47. **Actuarial Report:** A detailed document prepared by actuaries that summarizes the results of their

analysis and provides recommendations for managing risks. Actuarial reports are used by insurers, regulators, and other stakeholders to assess the financial health of insurance companies.

48. Insurable Value: The financial value of the property or asset covered by an insurance policy. Insurable value is used to determine the appropriate amount of coverage and the premium to be charged for insurance.

49. Risk Mitigation: The process of reducing the impact of potential risks through proactive measures such as prevention, mitigation, and transfer. Risk mitigation helps individuals and businesses protect themselves against financial losses.

50. Actuarial Forecast: A prediction made by actuaries about future events or trends that may impact insurance policies. Actuarial forecasts help insurers plan for potential risks and uncertainties and make informed business decisions.