

GOAL INSURANCE

PROFESSIONAL INSURANCE & TAX GLOSSARY

A

Actual Cash Value (ACV)

Replacement cost of property minus depreciation at the time of loss.

Additional Insured

Person or entity added to a policy receiving coverage benefits without being the primary Named Insured.

Adjusted Gross Income (AGI)

Total income minus IRS-approved adjustments before standard or itemized deductions.

Adjusted Taxable Income

Income subject to tax after deductions but before credits.

Agency (Independent Insurance Agency)

Insurance brokerage representing multiple carriers and placing business on behalf of clients.

Agent of Record (AOR)

Officially designated agent authorized to service and manage a policy with a carrier.

Agreed Value

Pre-determined value paid in total loss situations, commonly used in Toy Vehicle or specialty policies.

Auto Insurance

Primary personal lines policy covering liability and physical damage for private passenger vehicles.

B

Binder

Temporary proof of insurance issued before formal policy documents are generated.

Bodily Injury Liability (BI)

Coverage for injuries caused to third parties by the insured.

Book of Business

Total portfolio of active policies managed by the agency.

Business Interruption

Coverage compensating for lost income due to a covered commercial loss.

Business Owner's Policy (BOP)

Bundled commercial package combining General Liability and Commercial Property coverage.

Business Tax

Taxes applicable to business income including Federal Income Tax and Self-Employment Tax.

C

Capital Gains

Profit from the sale of an investment asset.

Carrier

Insurance company underwriting and issuing the policy.

Cash Basis Accounting

Accounting method recognizing income when received and expenses when paid.

Cash Value

Savings component of permanent life insurance policies.

Child and Dependent Care Credit

Tax credit for dependent care expenses incurred for employment purposes.

Child Tax Credit

Federal tax credit for qualifying dependent children.

Churn Rate

$\text{Policies Cancelled} \div \text{Total Policies}$.

Claim

Formal request for compensation under policy coverage.

Collision Coverage

Coverage for damage to insured vehicle caused by collision.

**Commercial Auto**

Coverage for vehicles used for business operations.

Commercial Insurance

Insurance designed for business-related risks.

Commercial Property

Coverage protecting business buildings, equipment, and inventory.

Comprehensive Coverage (Other Than Collision)

Coverage for theft, fire, vandalism, weather, falling objects, animal strikes.

Coverage Limit

Maximum amount payable under a policy.

Credit-Based Insurance Score

Risk evaluation score used for underwriting and pricing (where legally permitted).

Cross-Sell

Selling additional product lines to an existing client.

CSR (Customer Service Representative)

Agency professional responsible for servicing, renewals, retention, and sometimes quoting.

D

Declarations Page (Dec Page)

Summary page outlining insureds, vehicles, limits, deductibles, and premium.

Deductible

Out-of-pocket amount paid before coverage applies.

Deduction (Tax)

Expense reducing taxable income.

Dependent

Individual qualifying for tax benefits under IRS rules.

Death Benefit

Amount paid to beneficiaries upon death of insured.

Dwelling Coverage (Coverage A)

Coverage for the primary structure under Homeowners Insurance.

E

Earned Income

Income received from employment or self-employment.

Earned Premium

Portion of premium recognized over the coverage period.

Effective Date

Date coverage begins.

Endorsement

Policy modification during the term.

Estimated Taxes

Quarterly tax payments made by self-employed individuals.

Expiration Date

Date policy coverage ends.

F

Federal Income Tax

Progressive tax imposed by the U.S. federal government.

Financial Responsibility

State requirement to maintain minimum liability coverage.

Flat Cancellation

Cancellation effective from inception date.

Form 1040

Primary federal income tax return form.

Form 1099-NEC

Tax form reporting nonemployee compensation.

Full Coverage

Non-technical term referring to Liability + Collision + Comprehensive.

G

General Liability (GL)

Commercial coverage protecting against third-party bodily injury and property damage.

Gross Written Premium (GWP)

Total premium written before cancellations or adjustments.

H

Head of Household

Tax filing status for qualifying single individuals with dependents.

Homeowners Insurance (HO Policy)

Coverage for owner-occupied residential properties.

I

In-Force Policies

Active policies generating recurring premium.

Independent Contractor (1099)

Self-employed worker receiving 1099-NEC instead of W-2.

Itemized Deductions

Detailed deductions claimed instead of standard deduction.

L

Liability Coverage

Mandatory coverage protecting against damages to third parties.

Life Insurance

Policy providing financial benefit to beneficiaries upon insured's death.

Loss History

Record of prior claims used for underwriting.

**Loss of Use (Coverage D)**

Coverage for additional living expenses after a covered loss.

Loss Ratio

Claims Paid ÷ Premium Earned.

M

Medical Payments (MedPay)

Optional no-fault medical coverage.

Mid-Term Cancellation

Cancellation occurring during active policy term.

Minimum Limits (State Minimum)

Minimum liability coverage required by state law.

MVR (Motor Vehicle Report)

Driving record used for underwriting.

N

Named Insured

Individual(s) listed on the policy with full policy rights.

Net Policy Growth (Growth Net)

New Policies Issued – Policies Cancelled.

Non-Renewal

Carrier decision not to renew policy at expiration.

O

Other Structures (Coverage B)

Coverage for detached structures under Homeowners Insurance.

P

Payroll Taxes

Social Security and Medicare taxes withheld from wages.

Personal Liability

Coverage for legal responsibility for injuries occurring on property.

Personal Property (Coverage C)

Coverage for contents inside a home.

Policy Cancellation

Termination of coverage before expiration.

Policy Term

Duration of coverage (typically 6 or 12 months).

Premium

Price paid for insurance coverage.

Professional Liability (Errors & Omissions – E&O)

Coverage for negligence in professional services.

Progressive Tax System

Tax structure where rates increase with income.

Property Damage Liability (PD)

Coverage for damages to another's property.

Q

Quote

Premium estimate provided before policy issuance.

Quote-to-Bind Ratio

Policies Issued ÷ Quotes Generated.

R

Refund

IRS reimbursement when taxes paid exceed liability.

Renewal

Continuation of policy into new term.

Rental Reimbursement

Coverage for rental vehicle during covered claim.

Replacement Cost Value (RCV)

Cost to replace property without depreciation deduction.

Retention Rate

$\text{Policies Renewed} \div \text{Policies Eligible for Renewal}$.

Rewrite

Issuing new policy, often with different carrier.

Re-Issue

Rewriting policy within same carrier.

Risk Tier

Underwriting classification level impacting premium.

Roadside Assistance

Optional coverage for towing, lockout, jump-start.

S

Schedule C

Tax form reporting self-employment income and expenses.

Schedule SE

Tax form calculating Self-Employment Tax.

Self-Employment Tax

Social Security and Medicare tax for self-employed individuals (15.3%).

Service Call

Inbound or outbound client servicing communication.

**SR-22 Filing**

State-required certificate proving financial responsibility.

Standard Deduction

Fixed IRS deduction reducing taxable income.

State Income Tax

Income tax imposed at state level (varies by state).

Subrogation

Insurer's right to recover claim costs from at-fault party.

Surcharge

Premium increase due to risk factors.

T

Tax Bracket

Income range subject to specific tax rate.

Tax Credit

Direct reduction of tax owed.

Tax Planning

Strategic structuring to legally minimize tax liability.

Tax Return

Official filing reporting income and calculating tax liability.

Tax Withholding

Amount withheld from wages for taxes.

Taxable Income

Income subject to tax after deductions.

Term Life Insurance

Life coverage for a specified period.

Toy Vehicle Insurance

Coverage for recreational vehicles (ATV, UTV, Motorcycle, Snowmobile, RV).

U

Underinsured Motorist (UIM)

Coverage when at-fault driver has insufficient limits.

Underwriting

Carrier's risk evaluation process.

Uninsured Motorist (UM)

Coverage for damages caused by uninsured driver.

Upsell

Increasing coverage limits or adding endorsements to existing policy.

W

W-2

Tax form reporting wages and withholding.

W-4

Form determining tax withholding from wages.

Whole Life Insurance

Permanent life policy with cash value accumulation.

Workers' Compensation

Commercial coverage for employee work-related injuries.

Written Premium

Total premium generated from issued policies.