

# How to Read and Understand Your Travel Insurance Certificate - Glossary of Travel Insurance Terms

I did it, I finally did it! No, I haven't learned the Riverdance yet (I'll get there one day). What I did do is read in detail the 40-page document that Seven Corners sends to its [Reside Prime](#) policyholders. While the policy is not exactly a page turner, it was more engaging than *The Scarlet Letter*.

I've been insuring with Seven Corners for nine years, but this is honestly the first time I've read through the entire policy (when a good chunk of your life is spent in airports, you end up having time for everything). While I took nearly a decade too long to become this familiar with my insurance coverage, it's something everyone should do.

Travel insurance does not need to be a passive thing we sign up for before a trip. If we are active participants in the insuring process, this ensures we're covered when we need to be. By informing yourself you might discover some insurance products that make your life and travel planning a lot easier.

I just discovered this year that Seven Corners offers [CFAR coverage](#) (Cancel for Any Reason), which opens up the doors of possibilities for planning a trip that future circumstances could cancel.

## Biggest Barrier to Optimum Travel Insurance Coverage

One of the biggest barriers between laypeople and understanding insurance in general is the language employed. So here are the terms I highlighted that I thought could use defining to help you better understand any travel insurance policy.

Learning these terms will also give you more to talk about with your lawyer friends (So Charlie, I'll probably be giving you a call this week to show off my new legalese vocabulary!)

When in doubt, feel free to call or email [Seven Corners customer service](#). One of the reasons I've always felt secure with Seven Corners, is how helpful they have been whenever I've had a doubt about coverage of a claim.

## Glossary of Terms to Know to Understand your Travel Insurance Policy

**Accident** - In insurance speak, an accident is an unexpected event or circumstance without deliberate intent. This is important because some travel insurance policies out there only cover the bare minimum of accidents.

**Accumulation Period** - You can't always just pay for a day of Insurance and instantly beginning racking up bills. An accumulation period is the amount of time the insured (you) must have to incur eligible medical expenses.

**Admission** - Becoming a hospital inpatient. Not the same as visiting a clinic.

**Aggregate** - The maximum dollar amount or total amount of coverage payable for a single loss, or multiple

losses, during a policy period, or on a single project.

**Beneficiary**- An individual who may become eligible to receive payment due to will, life insurance policy, retirement plan, annuity, trust, or other contract.

**Catastrophe Loss** - a large magnitude loss with little ability to forecast.

**CFAR (Cancel For Any Reason) Insurance** - A lot travel insurance that covers cancellation requires proof of health, family, weather, or political emergency to justify the cancellation and reimbursement of trip cost. Cancel for any reason means you can cancel without giving a reason.

Learn more about [Seven Corners CFAR Insurance here](#).

**Claim** - A request made by the insured for insurer remittance of payment due to loss incurred and covered under the policy agreement.

**Dangerous Sports Waiver** - Some (many and most) travel insurance policies don't cover you for doing certain activities deemed "high risk." Things from riding a motorcycle as a passenger to skydiving can fall under this. Adding a dangerous sports waiver to a travel policy "waives" these activities and covers them in the event of injury.

**Date of Issue** - The date when an insurance company (the insurer) issues a policy to a person (the insured or assured).

**Deductible** - Portion of the insured loss (in dollars) paid by the policy holder (generally you pay a higher premium for a lower deductible).

**Enrollment** – The total number of plans, not the total number of covered lives, providing coverage to the enrollee and their dependents.

**Group Accident and Health** - Coverage written on a group basis

**Hazard** - A circumstance which is likely to increase the probability or severity of a loss.

**Lapse** - Termination of a policy due to failure to pay the required renewal premium.

**Liability** - Naix.org defines liability as, "A certain or probable future sacrifice of economic benefits arising from present obligations of a particular entity to transfer assets or to provide services to other entities in the future as a result of a past transactions(s) or event(s). three essential characteristics: a) It embodies a present duty or responsibility to one or more other entities that entails settlement by probable future transfer or use of assets at a specified or determinable date, on occurrence of a specified event, or on demand; b) The duty or responsibility obligates a particular entity, leaving it little or no discretion to avoid the future sacrifice; and c) The transaction or other event obligating the entity has already happened."

But all you need to know is that liable means "who's responsible?" If an insurance company agreed to pay for loss of baggage as part of their coverage and you lose your baggage, they are liable to pay for the loss because of the previous agreement made through the insurance.

**Limits** - The agreed upon maximum value or "most" an insurance policy will pay out.

**Loss Frequency** - Number of claims on a policy during a premium period.

**Morale Hazard** - Negligence or disregard on the part of the insured which could lead to probable loss.

[Learn more about how to safe when when you travel here.](#)

**Negligence** - A failure to exercise reasonable consideration resulting in loss or damage to oneself or others.

**Peril** - The cause of damage, i.e. "Cause of Loss"

**Policy** - A written contract ratifying the legality of an insurance agreement.

**Policy Period** - Time period during which insurance coverage is in effect.

**Premium** - Money charged for the insurance coverage reflecting expectation of loss.

**Rate** - Value of insured losses expressed as a cost per unit of insurance.

**Rider** - An amendment to a policy agreement

**Term** - Period of time for which policy is in effect.

**Underwriter** - Person who identifies, examines and classifies the degree of risk represented by a proposed insured in order to determine whether or not coverage should be provided and, if so, at what rate.

Source: [National Association of Insurance Commissioners](#)