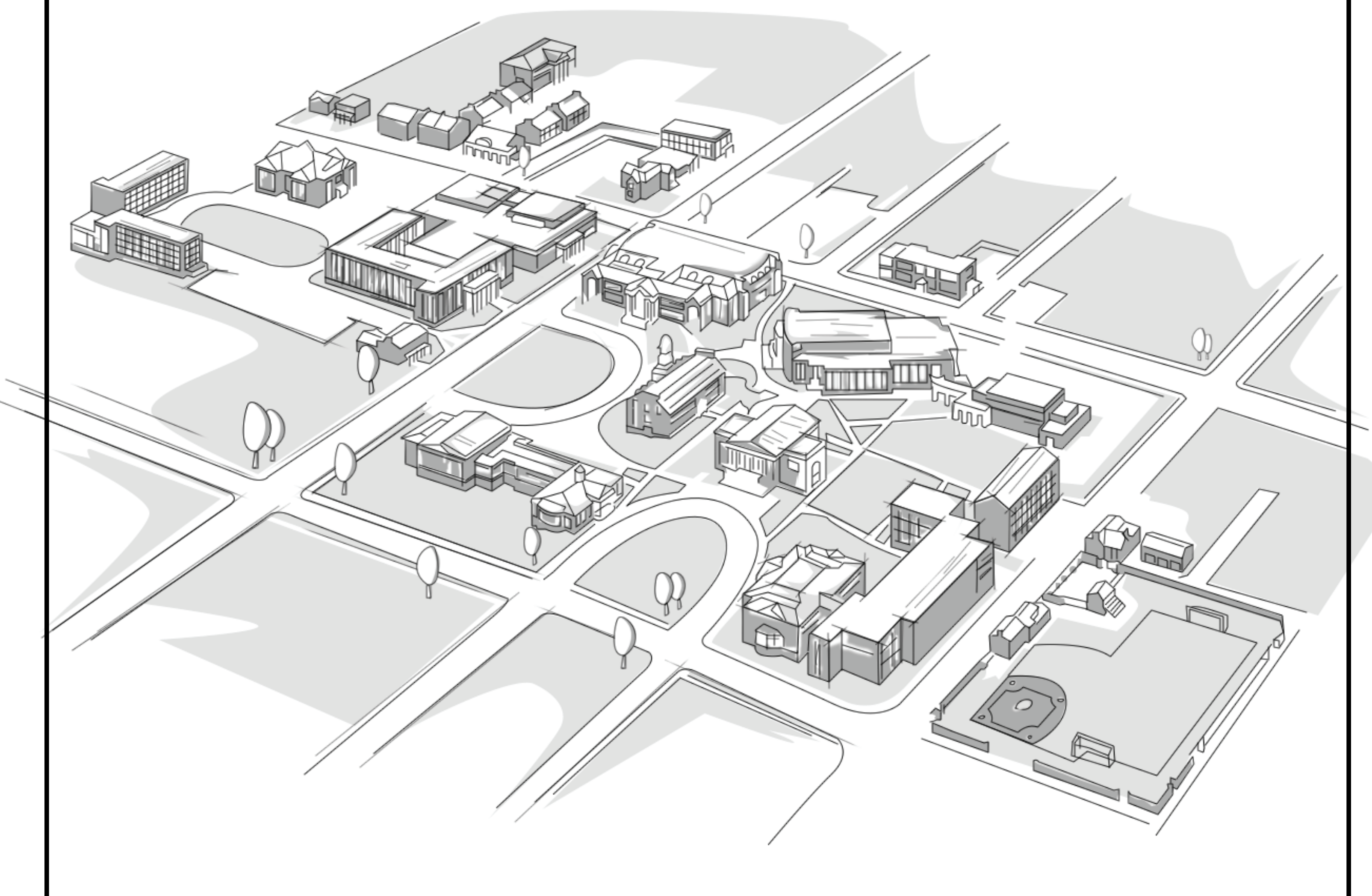
BROOKLYN UNI INSURANCE LINGO DICTIONARY



Here is an example of pompous language which has nothing to do with insurance.

I find the rapid accumulation of cumulous nimbus and the absence of solar radiation presages an increased rate of condensation and therefore a vertical precipitation of moisture is expected at any time.

Means: It’s going to rain.

Here are some examples of insurance language that might also result in misunderstandings.

Insurer to a broker. This account is driving my combined ratio south. I am sure I will be underwater if we include IBNR and IBNER.

Before you ask: I won’t write this on a burner or CED.

What is all that about ?????

Is a “proposal form” something that a shy man sends to his girlfriend to propose marriage?

Is “General Average” what you say to someone on a Monday morning when they ask, how are you?

Why would a client need an Umbrella policy? Surely Umbrella’s aren’t worth insuring!

Insurance has many complex and unique terms. Our clients find this difficult and often come to us for explanations. Clearly it is important we know most of the common terminology and can explain it in simple language to our clients.

The individual definitions in this subject have been sourced from various insurance dictionaries available on line. Additional words or explanations have been added where necessary. There are also some terms where definitions that are unique to Australia have been supplied by the author, such as FSL for example.

Hopefully you can keep this subject matter for future reference. It probably covers half the insurance language you may come across in your lifetime. A Google search and/or a conversation with an experienced colleague will usually get you the answer for the other half. Perhaps as you discover new words or concepts you can add them here. It may become a useful tool in your office and certainly a good tool for you to pass to colleagues just joining the industry.

It should be remembered that any definitions of a particular word that appear in a policy wording will apply to that wording.

Read on to get help in understanding some of the insurance language you may encounter in your career.

DEFINITIONS

Ab initio - Latin for from the beginning.
For example. If a policy is cancelled ab initio, it is cancelled from inception.

Activities of Daily Living - A term used to describe someone with significant disabilities e.g. to define if a disability claim is payable. Someone who needs assistance with bathing, preparing and eating meals, moving from room to room, getting into and out of beds or chairs, dressing, using a toilet is considered to have a significant disability. Insurers use slightly different versions and sometimes say inability to complete 3 out of 5 activities qualifies.

Actuary - A specialist in the mathematics of insurance who calculates rates, reserves, dividends and other statistics.

Admitted Insurer - An Insurer who is licensed or authorised to do business in a particular country. The Insurer may not necessarily need to have a physical presence in that country. For example Lloyd's because of EU rules is deemed to be an admitted Insurer in all European Union countries.

Advance Profits Insurance - Business interruption insurance of the expected profits of a new enterprise or an extension to an existing business.

Agent - Someone who acts for another person (the principal) usually for reward. An Insurance agent legally act in the interest of the Insurer not the Insured.

Aggregate - Can be used in regard to limit of indemnity, premium, retention etc.

Generally used in regard to a limit of liability where it means the most the Insurer will pay during the period of insurance.

For example $10,000,000 any one claim and in the aggregate any one period of insurance means the most the Insurer will pay for all claims in one period of insurance is $10,000,000.

Agreed Value Policy - An insurance contract under which the Insurer agrees to pay the insured a stated amount in the event of the total loss of the property insured. Commonly used in motor vehicle policies.

DEFINITIONS

All Risks - A property insurance which covers any accidental loss or damage that is not specifically excluded under the policy.

An ISR policy is an example of an All Risks policy.

The opposite of an all risks policy is a named perils policy, which specifically names the perils intended to be covered.

Assurance - A term interchangeable with insurance but generally used in connection with life cover as assurance implies the certainty of an event and insurance the probability.

Attachment Date - Another term for inception date, being the date on which an insurance or reinsurance contract comes into force.

Average (see also Coinsurance) - If the sum insured is expressed to be "subject to average" and that sum is less than the value of the subject matter of the insurance then any claim that is agreed under the policy will be reduced proportionately to reflect the under insurance.

Bailee - A person who holds the property of another person (the bailor) under a contract or agreement according to which the property held is to be returned to the bailor or delivered somewhere to his order.
A bailee for reward is paid for his services.

Balance Sheet - An accounting term referring to a listing of a company's assets, liabilities and surplus as of a specific date.

Binding Authority - An agreement between an Insurer and an agent (or cover holder) under which the Insurer delegates its authority to enter into a contract of insurance.

Bordereaux - A list of premiums payable and claims paid or due which is prepared by an agent (or cover holder) for an Insurer or Reinsurer. Bordereaux is commonly produced on a monthly or quarterly basis. They breakdown block premium payments that are made to Insurers and detail claim payments made on behalf of or due from Insurers.

Broker - An insurance broker arranges insurance on behalf of a business or person and has access to multiple Insurers. The broker is acting on behalf of its client not the Insurer.

DEFINITIONS

Burner - A method of quoting a deposit premium which is adjustable at pre agreed ratios depending on claims incurred during the year (usually including an IBNR factor). Example. A deposit premium of $500,000 is paid with an agreement that a minimum premium of $300,000 and a maximum premium of $800,000 applies. The poylicy is adjustable 3 months after expiry based on claims x 100/80. (80 represents an allowance for 20% to pay for Insurers administrative expenses.)

CED - Abbreviation for Claims Experience Discount. A method of quoting a premium which allows for a partial refund at the end of the policy period if claims fall below a certain threshold. Slightly simplified example. A premium of $500,000 is charged but it is pre agreed if claims fall below say $300,000, the Insurer will share in the “profit” of $200,000 on a 50/50 basis with the client. Allowing a refund of $100,000.

Claims made policy - A policy which only pays claims that are notified to the Insurer during a specified period.

Coinsurance - This may refer to either of the following situations:
(a) Where two or more Insurers underwrite the same risk with several liability such that each Insurer is not bound to follow the decisions of any co-Insurer unless it has agreed to do so.
(b) Where the insured acts as its own Insurer for a specified proportion of the sum insured (See Average above)

Combined Ratio - The claims and expenses of an Insurer/Reinsurer for a given period divided by its premium for the same period. It is normally expressed as a percentage with any figure in excess of 100% signifying a technical underwriting loss.

Commercial Insurance - Insurance for business firms, governmental units or non-profit organisations to protect against losses through unforeseen circumstances in return for the payment of a premium.

Comercial Lines - Insurance which is sold to firms. This term is used in contrast to personal lines.

Commision - Fee paid to an agent or broker as a percentage of the policy premium. The percentage varies widely depending on coverage, the Insurer and the marketing methods.

Common Law - Law derived from customs and judicial precedent. Recognised by the courts and given the force of law. It is in itself a complex system of law, both civil and criminal, although it is greatly modified and extended by statute law and equity. It is unwritten, and has come down in the recorded judgements of judges who for hundreds of years have interpreted it.

Consequential Loss - Insurance of loss following direct damage e.g. loss of profits; business interruption insurance.

DEFINITIONS

Constructive Total Loss - A constructive total loss arises where the subject matter of an insurance is reasonably abandoned to the Insurer by the insured on account of its actual total loss appearing unavoidable or because it could not be preserved from actual total loss without an expenditure that would exceed its value. Example: A car over an inaccessible cliff

Contract Certainty - Refers to the situation where the terms of an insurance or reinsurance contract are agreed before the inception date of the contract rather than being negotiated afterwards.

Deductible - The amount that is deducted from some or all claims arising under an insurance. The practical effect is the same as an excess:

It is important that it is clear how the Limit of Liability or Sum Insured relates to the Deductible or Excess. From a broker or clients perspective it is best that "The Limit of Liability applies in excess of any Deductible (or Excess.)" Clarifying language along those lines is recommended in every insurance policy.

Depreciation - The decrease in the value of an item due to age, use or wear and tear. Such devaluation is not covered under a contract of indemnity. However an Insurer may agree to provide cover on "a new for old" basis which represents a modification of the principle of indemnity and avoids the need to determine rates and amounts of deprecation when settling claims.

Duty of Disclosure - The duty of every person seeking insurance or reinsurance to inform the Insurer/ Reinsurer from whom a quotation for insurance/reinsurance is sought of every material fact.

Earned Premium - The proportion of premium that relates to a used period of cover.

Employers Liability Insurance - Coverage against common law liability of an employer for accidents to employees, as distinguished from liability imposed by a workers' compensation law.

Endorsement - A document that is attached to a slip, cover note or policy which evidences one or more changes in the terms of the insurance or reinsurance contract to which it refers.

Ex Gratia Payment - A payment made by an Insurer or Reinsurer "as a favour" or "out of kindness" without an admission of liability so as to maintain goodwill.

Excess of Loss - A type of reinsurance that covers specified losses incurred by the reassured in excess of a stated amount (the excess) up to a higher amount, for example $50 million excess of $10 million. An excess of loss reinsurance is a form of non-proportional reinsurance.

DEFINITIONS

Exclusions - Items or conditions or perils that are not covered by the insurance contract.

Expense Ratio - The ratio of underwriting expenses (including commissions) to net premiums written. This ratio measures the Insurance company's operational efficiency in underwriting its book of business.

Extended Reporting Period - If granted, the period after the expiry of a claims made policy in which claims under that policy must be made if they are to be covered. It may be possible for an insured to extend this period on payment of an additional premium.

Facultative Risk - A reinsurance risk that is placed by means of separately negotiated contract as opposed to one that is ceded under a reinsurance treaty. See label

Fidelity Guarantee Insurance - A type of insurance which is designed to protect a firm from losses caused by the dishonest acts of its employees.

First Loss Insurance - Insurance where the sum insured is accepted to be less than the value of the property but the Insurer undertakes to pay claims up to the sum insured, without application of average.

Following Insurer - An Insurer that agrees to accept a proportion of a given risk on terms set by another Insurer who is called the leading Insurer or lead Insurer.

FSL - Abbreviation for Fire Services Levy. This is a levy that applies to property insurance in some states. It is calculated as a % of premium and is collected by insurance companies at the same time they collect premium, stamp duty and GST. It is passed to relevant state's fire brigade to fund their operations. It is gradually being phased out in favour of a tax on building owners (whether they purchase insurance or not) to fund the fire brigade.

General Average - A loss that arises from the reasonable sacrifice at a time of peril of any part of a ship or its cargo for the purpose of preserving the ship and the remainder of its cargo together with any expenditure made for the same purpose.

An example of a general average loss would include jettisoning cargo to keep a ship afloat and an example of general average expenditure would include towing a stricken vessel into port. An average adjuster calculates the value of each saved interest to each interested party which is then obliged to contribute towards the general average loss or expenditure proportionately.

Hard Market - When the availability of some or all classes of insurance or reinsurances is limited relative to demand for such insurance or reinsurance resulting in increased premiums and/or coverage restrictions. Compare soft market.

DEFINITIONS

Hazard - A circumstance that increases the likelihood or probable severity of a loss. For example, the storing of explosives in a home basement is a hazard that increases the probability of an explosion.

HouseKeeping - Housekeeping relates to an assessment of the appearance, quality and maintenance of construction, upkeep of premises, maintenance of any machinery and waste removal. Many Insurers link the quality of housekeeping to the quality of management and general risk management quality. Poor housekeeping can often result in an Insurer declining to provide a quotation.

Inception Date - The date from which, under the terms of a policy, an Insurer is deemed to be at risk.

Incurred but not enough reported (IBNER) losses - Estimated losses which an Insurer or Reinsurer, based on its knowledge or experience of underwriting similar contracts, for an incident that has arisen but not enough information is known to accurately estimate the final cost.

Incurred but not reported (IBNR) losses - Estimated losses which an Insurer or Reinsurer, based on its knowledge or experience of underwriting similar contracts, believes have arisen or will arise under one or more contracts of insurance or reinsurance, but which have not yet been notified to an Insurer or Reinsurer

Incurred Losses - The aggregate of the paid and outstanding claims of an Insurer or Reinsurer for a year of account or some other given period of time.

Indemnity - The principle according to which a person who has suffered a loss is restored (so far as possible) to the same financial position that he was in immediately prior to the loss.

Indemnity Period - Under a business interruption insurance the period during which cover is provided for disruption to the business following the occurrence of an insured peril.

Indication - A non-binding statement by an Insurer of the likely level of premium that he would charge to underwrite a risk, subject to the provision of additional information.

Insurable Interest - For a contract of insurance to be valid the policyholder must have an interest in the insured item that is recognised at law whereby he benefits from its safety, well-being or freedom from liability and would be prejudiced by its damage or the existence of liability. This is called the insurable interest and must exist at the time the policy is taken out and at the time of the loss.

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Insurable Value - The value of the insurable interest which the insured has in the insured occurrence or event. It is the amount to be paid out by the Insurer (assuming full insurance) in the event of total loss or destruction of the item insured.

Intervening Cause - An event that prevents a loss being attributable to another event by breaking the chain of causation. Compare to proximate cause.

Investment Income - That part of the income of an Insurer or Reinsurer that comes from the investment of premiums and loss reserves.

Jurisdiction Clause - A clause in an insurance or reinsurance contract which states to which territory's courts any contractual dispute shall be referred for resolution.

Lapse Ratio - The ratio of the number of policies that lapsed within a given period to the number in force at the beginning of that period.

Layer - Often used in liability and professional risks. It refers to policies sitting on top of each other in layers (imagine a wedding cake). The first layer may provide $10m in cover, the next layer may provide $40m in excess of $10m. This is known as the first excess layer and the next layer may provide $50m in excess of $50m. This would be known as the second excess layer.

Leading Underwriter - The underwriter of a Lloyds syndicate or insurance company who is responsible for setting the terms of an insurance or reinsurance contract that is subscribed by more than one Lloyds syndicate or insurance company and who generally has primary responsibility for handling any claims arising under such a contract..

Lessee - Someone who holds property and pays rent by use of a lease.

Lessor - Someone who rents a property to others and receives rent by way of a lease.

Line - The proportion of an insurance or reinsurance risk that is accepted by an Insurer. When it refers to a line that is entered on a slip it is commonly expressed as a percentage of the limit of indemnity.

DEFINITIONS

Lloyd's - Depending on the context this term may refer to –
(a) The society of individual and corporate underwriting members that insure and reinsure risks as members of one or more syndicates. Lloyd's is not an insurance company;
(b) The underwriting room in the Lloyd's Building in which managing agents underwrite insurance and reinsurance on behalf of their syndicate members. In this sense Lloyd's should be understood as a market place; or
(c) The Corporation of Lloyd's which regulates and provides support services to the Lloyd's market.

Long Tail (Risk) - This refers to a type of insurance where claims may be made many years after the period of the insurance has expired. Liability insurance is an example of long tail business. The opposite of long tail business is short tail business.

Loss Adjuster - A person who is appointed to investigate the circumstances of a claim under an insurance policy and to advise on the amount that is payable to the policyholder in order to settle that claim. Loss adjusters are generally appointed by Insurers but sometimes policyholders appoint their own loss adjusters to calculate and negotiate claims on their behalf.

Loss Control - All methods taken to reduce the frequency and/or severity of losses including exposure avoidance, loss prevention, loss reduction, segregation of exposure units and noninsurance transfer of risk. A combination of risk control techniques with risk financing techniques forms the nucleus of a risk management program.

Loss Ratio - The ratio of incurred losses and loss-adjustment expenses to net premiums earned. This ratio measures the company's underlying profitability, or loss experience, on its total book of business.

Material Damage Warranty - A warranty in a business interruption insurance policy stipulating that for the interruption insurance to become effective there must be a policy in force in respect of the material damage and a claim paid or admitted thereunder for such damage caused by an insured peril. It is there essentially to ensure the Insured has sufficient funds to rebuild and recommence business.

Material fact - This refers to any fact which would influence the judgment of a prudent Insurer in deciding whether to accept an insurance/reinsurance risk and the terms on which he would be willing to grant cover. See duty of disclosure.

Material Fact - Any fact which would influence the Insurer in accepting or declining a risk or in fixing the premium or terms and conditions of the contract is material and must be disclosed by a proposer.

Moral hazard - Those personal characteristics of a prospective insured or its employees or associates that may increase the probability or size of an insurance loss.

DEFINITIONS

Mortgagee - The party that lends money to purchase property, usually a bank or finance company under a mortgage.

Mortgager - The party that borrows money to purchase property, secured by a mortgage i.e. a conveyance of property as security for a debt.

Mutual Insurance Companies - Companies with no capital stock, and owned by policyholders. The earnings of the company over and above the payments of the losses, operating expenses and reserves are the property of the policyholders.

Named Perils - Perils specifically covered on insured property.

Negligence - Perhaps the most common form of tort. In Blyth v Birmingham Waterworks Co. (1856) it was defined as 'the omission to do something which a reasonable man guided by those considerations which ordinarily regulate the conduct of human affairs would do, or doing something which a prudent and reasonable man would not do'. Gives rise to civil liability.

Net premium - The amount of the premium that is left after the subtraction of some or all permitted deductions such as brokerage.

No Claims Bonus (or discount) - A rebate of premium given to an insured person by an Insurer where no claims have been made by that insured. Very common in motor insurance.

Non-Admitted Insurer - An Insurer who is not licensed or authorised to carry out insurance in a particular country. For example, if you are not a resident Insurer in PNG you may not write insurance business in that Country (unless locally licensed Insurers confirm they are unable to write the risk and the Reserve Bank of PNG approves an offshore placement.)

Non Disclosure - The failure by the insured or his broker to disclose a material fact or circumstance to the Insurer before acceptance of the risk.

Non-proportional reinsurance - A type of reinsurance in which the Reinsurer does not share similar proportions of the premiums earned and the claims incurred by the reassured plus certain associated expenses. Excess of loss reinsurance is an example of non-proportional reinsurance.

Peril - A contingency, of fortuitous happening, which may be covered or excluded by a policy of insurance.

DEFINITIONS

Pre-Existing Condition - A coverage limitation included in many travel or personal accident policies which states that certain physical or mental conditions, either previously diagnosed or which would normally be expected to require treatment prior to issue, will not be covered under the new policy for a specified period of time.

Pro rata cancellation - When an insurance contract is terminated mid-term by an Insurer, the return premium will usually be calculated on a pro rata basis. For example this means that if a 12 month contract is cancelled 4 months before its expected expiry date then the Insured would receive back 4/12 of its premium.

Proportional Reinsurance - A type of reinsurance in which the Reinsurer shares similar proportions of the premiums earned and the claims incurred by the Reassured plus certain associated expenses. Quota share treaties and surplus line treaties are examples of proportional reinsurance.

Proposal form - A standard form which is prepared by an Insurer and which contains a number of questions which a person seeking insurance is required to answer for the purpose of enabling the Insurer to decide whether or not it is willing to grant cover and, if so, the terms on such cover.

Proximate cause - An Insurer will only be liable to pay a claim under an insurance contract if the loss that gives rise to the claim was proximately caused by an insured peril. This means that the loss must be directly attributed to an insured peril without any break in the chain of causation. Compare to the definitions of intervening cause.

Quantum - Latin for amount. Where an insured or reassured makes a claim it must first be established whether the Insurer or Reinsurer is legally liable to pay the claim (i.e. it must be shown the relevant loss is covered under the insurance or reinsurance). If the Insurer or Reinsurer is liable to pay the claim it must then be established how much the Insurer must pay.

Quota share treaty - A reinsurance treaty which provides that the reassured shall cede to the Reinsurer a specified percentage of all the premiums that it receives in respect of a given section or all of its underwriting account for a given period in return for which the Reinsurer is obliged to pay the same percentage of any claims and specified expenses arising on the reinsured account.

Reinstatement - A term often used in property insurance to signify how a loss will be paid if property is lost or damaged. By reinstatement, it means the property will be reinstated on a “new for old” basis. This can either mean through repair or replacement. It often has a qualification along the lines of the reinstatement will be “equal to but not better or more extensive than, its condition when new.”

Reinsurance - A contract under which a Reinsurer agrees to pay specified types and amounts of underwriting loss incurred by an Insurer or another Reinsurer in return for a premium. Reinsurance serves to ‘lay-off’ risk. Reinsurance may be proportional or non-proportional and may take the form of a cover in respect of an individual risk exposure (see facultative risk) or cover in respect of multiple risk exposures (see treaty).

DEFINITIONS

Reinsurer - An underwriter of reinsurance.

Reserves - The amount of money that has been set aside by an Insurer or Reinsurer to meet outstanding claims, incurred but not reported losses and any associated expenses.

Retroactive date - Indemnity provided under claims made policies may include cover for activities undertaken before the policy was taken out. The specific date stated in the policy under this heading is known as the retroactive date. It specifies that for a valid claim to be made, the activity must occur after the retroactive date.

Risk Management - Management of the pure risks to which a company might be subject. It involves analysing all exposures to the possibility of loss and determining how to handle these exposures through practices such as avoiding the risk, retaining the risk, reducing the risk, or transferring the risk, usually by insurance.

Salvage - A recovery of all or part of the value of an insured item on which a claim has been paid.
The Insurer will normally dispose of the item and apply the proceeds to reduce the cost.

Schedule - The part of a policy containing information peculiar to that particular risk. For example it will state the Insured's name, the Insurer(s)name (and stamp and signature) the policy limits, or sums insured and the deductibles applicable

Short-tail (risk) - A type of insurance where claims are usually made during the term of the policy or shortly after the policy has expired. Property insurance is an example of short tail business. The opposite of short tail business is long tail business.

Soft market - When the availability of some or all classes of insurance or reinsurances is high relative to demand for such insurance or reinsurance. Competition amongst Insurers and Reinsurers leads to downward pressure on premiums and to the availability of more extensive coverage terms. Compare hard market.

Stamp Duty (often abbreviated to SD or S/D) - A state tax added to insurance premiums at prescribed rates to fund state government spending.

Stop Loss - Any provision in a policy designed to cut off an Insurer's losses at a given point. If for example IAG wished to limit its liability to $50m for a single Sydney hailstorm, it may buy "stop loss" insurance. This means that a Reinsurer would pay the aggregate of losses that exceeded $50m any one event and IAG would know that whatever happens its losses will "stop" at $50m.

Subject to Survey - Phrase used by an Insurer to signify provisional acceptance of an insurance pending inspection by a surveyor whose report is necessary to determine the rate and conditions applicable.

DEFINITIONS

Subrogation - The right of an Insurer which has paid a claim under a policy to step into the shoes of the insured so as to exercise in his name all rights he might have with regard to the recovery of the loss which was the subject of the relevant claim paid under the policy up to the amount of that paid claim.

Surplus - The amount by which assets exceed liabilities.

Term Life Insurance - Life insurance that provides protection for a specified period of time.

Third Party - A person claiming against an insured. In insurance terminology the first party is the Insurer and the second party is the insured.

Third Party Liability - Liability of the insured to persons who are not parties to the contract of insurance and are not employees of the insured.

Tort - A private wrong, independent of contract and committed against an individual, which gives rise to a legal liability and is adjudicated in a civil court. A tort can be either intentional or unintentional, and liability insurance is mainly purchased to cover unintentional torts.

Treaty - A reinsurance contract under which the reassured agrees to offer and the Reinsurer agrees to accept all risks of certain size within a defined class.

Uberrima fides - Latin for utmost good faith. See below.

Umbrella Policy - A term usually used in Liability insurance, referring to an Umbrella Liability policy. It lists a number of policies providing a liability component of cover, e.g. Primary Public and Products Liability, Motor Vehicle, Personal Accident and Travel. It states that the Umbrella policy will provide excess liability cover over each of the policies noted, it will also provide cover (subject to its wording) for any gaps in cover resulting in an uninsured loss under the various policies stated.

Underlying Insurance - The primary insurance as distinct from excess insurance.

Underwriter - The individual trained in evaluating risks and determining rates and coverages for them. Also, an Insurer.

Underwriting Expense Ratio - This represents the percentage of a company's net premiums written that went toward underwriting expenses, such as commissions to agents and brokers, salaries, employee benefits and other operating costs. The ratio is computed by dividing underwriting expenses by net premiums written. A company with an underwriting expense ratio of 31.3% is spending more than 31 cents of every dollar of net premiums written to pay underwriting costs.

DEFINITIONS

Underwriting Guide - Details the underwriting practices of an insurance company and provides specific guidance as to how underwriters should analyse all of the various types of risks. Also called an underwriting manual, underwriting guidelines, or manual of underwriting policy.

Unearned premium - The proportion of premium that relates to the unused period of cover.

Unearned Premiums - That part of the premium applicable to the unexpired part of the policy period.

Utmost good faith - Contracts of insurance and reinsurance are contracts of utmost good faith. The duty of utmost good faith requires each party to inform the other all material facts during the negotiation of the placement, renewal or alteration of cover. An insured has a separate duty of good faith when making a claim under an insurance policy

Vicarious Liability - When a person or orgaisation is held liable for the negligent actions of another person or organisation. Examples include a parent being vicariously liable for the actions of their child, a principal being responsible for the negligent actions of their contractor, an employer being responsible for the negligent actions of their employee.

Whole Life Insurance - Life insurance which might be kept in force for a person's whole life and which pays a benefit upon the person's death, whenever that might be.

Without Prejudice - Term used in discussion and correspondence. Where there is a dispute or negotiations for a settlement and terms are offered 'without prejudice' an offer so made or a letter so marked and subsequent correspondence cannot be admitted in evidence without the consent of both parties concerned.

Term also used by an underwriter when paying a claim which he feels may not attach to the policy.
This payment must not be treated as a precedent for future similar claims.