

DECLARATION

Part of a property or liability insurance policy that states the name and address of policyholder, property insured, its location and description, the policy period, premiums, and supplemental information. Referred to as the "dec page."

DEDUCTIBLE

The amount of loss paid by the policyholder. Either a specified dollar amount, a percentage of the claim amount, or a specified amount of time that must elapse before benefits are paid. The bigger the deductible, the lower the premium charged for the same coverage.

DEFERRED ANNUITY

An annuity under which the annuity payment period is scheduled to begin at some future date.

DEFINED BENEFIT PLAN

A retirement plan under which pension benefits are fixed in advance by a formula based generally on years of service to the company multiplied by a specific percentage of wages, usually average earnings over that period or highest average earnings over the final years with the company.

DEFINED CONTRIBUTION PLAN

An employee benefit plan under which the employer sets up benefit accounts and contributions are made to it by the employer and by the employee. The employer usually matches the employee's contribution up to a stated limit.

DEMAND DEPOSIT

Customer assets that are held in a checking account. Funds can be readily withdrawn by check, "on demand."

DEMUTUALIZATION

The conversion of insurance companies from mutual companies owned by their policyholders into publicly-traded stock companies.

DEPOSITORY INSTITUTION

Financial institution that obtains its funds mainly through deposits from the public. Includes commercial banks, savings and loan associations, savings banks, and credit unions.

DEREGULATION

In insurance, reducing regulatory control over insurance rates and forms. Commercial insurance for businesses of a certain size has been deregulated in many states.

DERIVATIVES

Contracts that derive their value from an underlying financial asset, such as publicly-traded securities and foreign currencies. Often used as a hedge against changes in value.

DIFFERENCE IN CONDITIONS

Policy designed to fill in gaps in a business's commercial property insurance coverage. There is no standard policy. Policies are specifically tailored to the policyholder's needs.

DIMINUTION OF VALUE

The idea that a vehicle loses value after it has been damaged in an accident and repaired.

DIRECT PREMIUMS

Property/casualty premiums collected by the insurer from policyholders, before reinsurance premiums are deducted. Insurers share some direct premiums and the risk involved with their reinsurers.

DIRECT SALES/ DIRECT RESPONSE

Method of selling insurance directly to the insured through an insurance company's own employees, through the mail, or via the Internet. This is in lieu of using captive or exclusive agents.

DIRECT WRITERS

Insurance companies that sell directly to the public using exclusive agents or their own employees, through the mail, or via Internet. Large insurers, whether predominately direct writers or agency companies, are increasingly using many different channels to sell insurance. In reinsurance, denotes reinsurers that deal

directly with the insurance companies they reinsure without using a broker.

DIRECTORS AND OFFICERS LIABILITY INSURANCE/D&O

Covers directors and officers of a company for negligent acts or omissions, and for misleading statements that result in suits against the company, often by shareholders. Directors and officers insurance policies usually contain two coverages: personal coverage for individual directors and officers who are not indemnified by the corporation for their legal expenses or judgments against them – some corporations are not required by their corporate or state charters to provide indemnification; and corporate reimbursement coverage for indemnifying directors and officers. Entity coverage for claims made specifically against the company may also be available.

DIVIDENDS

Money returned to policyholders from an insurance company's earnings. Considered a partial premium refund rather than a taxable distribution, reflecting the difference between the premium charged and actual losses. Many life insurance policies and some property/casualty policies pay dividends to their owners. Life insurance policies that pay dividends are called participating policies.

DOMESTIC INSURANCE COMPANY

Term used by a state to refer to any company incorporated there.