

MALPRACTICE INSURANCE

Professional liability coverage for physicians, lawyers, and other specialists against suits alleging negligence or errors and omissions that have harmed clients.

MANAGED CARE

Arrangement between an employer or insurer and selected providers to provide comprehensive health care at a discount to members of the insured group and coordinate the financing and delivery of health care. Managed care uses medical protocols and procedures agreed on by the medical profession to be cost effective, also known as medical practice guidelines.

MANUAL

A book published by an insurance or bonding company or a rating association or bureau that gives rates, classifications, and underwriting rules.

MARINE INSURANCE

Coverage for goods in transit, and for the commercial vehicles that transport them, on water and over land. The term may apply to inland marine but more generally applies to ocean marine insurance. Covers damage or destruction of a ship's hull and cargo and perils include collision, sinking, capsizing, being stranded, fire, piracy, and jettisoning cargo to save other property. Wear and tear, dampness, mold, and war are not included. (See Inland marine and Ocean marine)

MCCARRAN-FERGUSON ACT

Federal law signed in 1945 in which Congress declared that states would continue to regulate the insurance business. Grants insurers a limited exemption from federal antitrust legislation.

MEDIATION

Nonbinding procedure in which a third party attempts to resolve a conflict between two other parties.

MEDICAID

A federal/state public assistance program created in 1965 and administered by the states for people whose income and resources are insufficient to pay for health care.

MEDICAL PAYMENTS INSURANCE

A coverage in which the insurer agrees to reimburse the insured and others up to a certain limit for medical or funeral expenses as a result of bodily injury or death by accident. Payments are without regard to fault.

MEDICAL UTILIZATION REVIEW

The practice used by insurance companies to review claims for medical treatment.

MEDICARE

Federal program for people 65 or older that pays part of the costs associated with hospitalization, surgery, doctors' bills, home health care, and skilled-nursing care.

MEDIGAP/MEDSUP

Policies that supplement federal insurance benefits particularly for those covered under Medicare.

MINE SUBSIDENCE COVERAGE

An endorsement to a homeowners insurance policy, available in some states, for losses to a home caused by the land under a house sinking into a mine shaft. Excluded from standard homeowners policies, as are other forms of earth movement.

MONEY SUPPLY

Total supply of money in the economy, composed of currency in circulation and deposits in savings and checking accounts. By changing the interest rates the Federal Reserve seeks to adjust the money supply to maintain a strong economy.

MORTALITY AND EXPENSE (M&E) RISK CHARGE

A fee that covers such annuity contract guarantees as death benefits.

MORTGAGE GUARANTEE INSURANCE

Coverage for the mortgagee (usually a financial institution) in the event that a mortgage holder defaults on a loan. Also called private mortgage insurance (PMI).

MORTGAGE INSURANCE

A form of decreasing term insurance that covers the life of a person taking out a mortgage. Death benefits provide for payment of the outstanding balance of the loan. Coverage is in decreasing term insurance, so the amount of coverage decreases as the debt decreases. A variant, mortgage unemployment insurance pays the mortgage of a policyholder who becomes involuntarily unemployed.

MORTGAGE-BACKED SECURITIES

Investment grade securities backed by a pool of mortgages. The issuer uses the cash flow from mortgages to meet interest payments on the bonds.

MULTIPLE PERIL POLICY

A package policy, such as a homeowners or business insurance policy, that provides coverage against several different perils. It also refers to the combination of property and liability coverage in one policy. In the early days of insurance, coverages for property damage and liability were purchased separately.

MUNICIPAL BOND INSURANCE

Coverage that guarantees bondholders timely payment of interest and principal even if the issuer of the bonds defaults. Offered by insurance companies with high credit ratings, the coverage raises the credit rating of a municipality offering the bond to that of the insurance company. It allows a municipality to raise money at lower interest rates. A form of financial guarantee insurance

MUNICIPAL LIABILITY INSURANCE

Liability insurance for municipalities.

MUTUAL HOLDING COMPANY

An organizational structure that provides mutual companies with the organizational and capital raising advantages of stock insurers, while retaining the policyholder ownership of the mutual.

MUTUAL INSURANCE COMPANY

A company owned by its policyholders that returns part of its profits to the policyholders as dividends. The insurer uses the rest as a surplus cushion in case of large and unexpected losses.