

**IDENTITY THEFT INSURANCE**

Coverage for expenses incurred as the result of an identity theft. Can include costs for notarizing fraud affidavits and certified mail, lost income from time taken off from work to meet with law-enforcement personnel or credit agencies, fees for reapplying for loans and attorney's fees to defend against lawsuits and remove criminal or civil judgments.

**IMMEDIATE ANNUITY**

A product purchased with a lump sum, usually at the time retirement begins or afterwards. Payments begin within about a year. Immediate annuities can be either fixed or variable.

**INCURRED BUT NOT REPORTED LOSSES / IBNR**

Losses that are not filed with the insurer or reinsurer until years after the policy is sold. Some liability claims may be filed long after the event that caused the injury to occur. Asbestos-related diseases, for example, do not show up until decades after the exposure. IBNR also refers to estimates made about claims already reported but where the full extent of the injury is not yet known, such as a workers compensation claim where the degree to which work-related injuries prevents a worker from earning what he or she earned before the injury unfolds over time. Insurance companies regularly adjust reserves for such losses as new information becomes available.

**INCURRED LOSSES**

Losses occurring within a fixed period, whether or not adjusted or paid during the same period.

**INDEMNIFY**

Provide financial compensation for losses.

**INDEPENDENT AGENT**

Agent who is self-employed, is paid on commission, and represents several insurance companies.

**INDIVIDUAL RETIREMENT ACCOUNT/IRA**

A tax-deductible savings plan for those who are self-employed, or those whose earnings are below a certain level or whose employers do not offer retirement plans. Others may make limited contributions on a tax-deferred basis. The Roth IRA, a special kind of retirement account created in 1997, may offer greater tax benefits to certain individuals.

**INFLATION GUARD CLAUSE**

A provision added to a homeowners insurance policy that automatically adjusts the coverage limit on the dwelling each time the policy is renewed to reflect current construction costs.

**INLAND MARINE INSURANCE**

This broad type of coverage was developed for shipments that do not involve ocean transport. Covers articles in transit by all forms of land and air transportation as well as bridges, tunnels and other means of transportation and communication. Floaters that cover expensive personal items such as fine art and jewelry are included in this category.

**INSOLVENCY**

Insurer's inability to pay debts. Insurance insolvency standards and the regulatory actions taken vary from state to state. When regulators deem an insurance company is in danger of becoming insolvent, they can take one of three actions: place a company in conservatorship or rehabilitation if the company can be saved or liquidation if salvage is deemed impossible. The difference between the first two options is one of degree – regulators guide companies in conservatorship but direct those in rehabilitation. Typically the first sign of problems is inability to pass the financial tests regulators administer as a routine procedure.

**INSTITUTIONAL INVESTOR**

An organization such as a bank or insurance company that buys and sells large quantities of securities

**INSURABLE RISK**

Risks for which it is relatively easy to get insurance and that meet certain criteria. These include being definable, accidental in nature, and part of a group of similar risks large enough to make losses predictable. The insurance company also must be able to come up with a reasonable price for the insurance.

**INSURANCE**

A system to make large financial losses more affordable by pooling the risks of many individuals and

business entities and transferring them to an insurance company or other large group in return for a premium.

### **INSURANCE POOL**

A group of insurance companies that pool assets, enabling them to provide an amount of insurance substantially more than can be provided by individual companies to ensure large risks such as nuclear power stations. Pools may be formed voluntarily or mandated by the state to cover risks that can't obtain coverage in the voluntary market such as coastal properties subject to hurricanes.

### **INSURANCE REGULATORY INFORMATION SYSTEM / IRIS**

Uses financial ratios to measure insurers' financial strength. Developed by the National Association of Insurance Commissioners. Each individual state insurance department chooses how to use IRIS.

### **INSURANCE SCORE**

Insurance scores are confidential rankings based on credit information. This includes whether the consumer has made timely payments on loans, the number of open credit card accounts and whether a bankruptcy filing has been made. An insurance score is a measure of how well consumers manage their financial affairs, not of their financial assets. It does not include information about income or race.

Studies (1) have shown that people who manage their money well tend also to manage their most important asset, their home, well. And people who manage their money responsibly also tend to handle driving a car responsibly. Some insurance companies use insurance scores as an insurance underwriting and rating tool.

*Related Study - The Relationship of Credit-Based Insurance Scores to Private Passenger Automobile Insurance Loss Propensity, by EPIC Actuaries, LLC, June 2003*

### **INSURANCE-TO-VALUE**

Insurance written in an amount approximating the value of the insured property.

### **INTEGRATED BENEFITS**

Coverage where the distinction between job-related and non-occupational illnesses or injuries is eliminated and workers compensation and general health coverage are combined. Legal obstacles exist, however, because the two coverages are administered separately. Previously called twenty-four hour coverage.

### **INTERMEDIATION**

The process of bringing savers, investors and borrowers together so that savers and investors can obtain a return on their money and borrowers can use the money to finance their purchases or projects through loans.

### **INTERNET INSURER**

An insurer that sells exclusively via the Internet.

### **INTERNET LIABILITY INSURANCE**

Coverage designed to protect businesses from liabilities that arise from the conducting of business over the Internet, including copyright infringement, defamation, and violation of privacy.

### **INVESTMENT INCOME**

Income generated by the investment of assets. Insurers have two sources of income, underwriting (premiums less claims and expenses) and investment income. The latter can offset underwriting operations, which are frequently unprofitable.