

Glossary

Binder - Proof of coverage provided to the insured until a permanent policy is issued

Claim - The policyholder's request for reimbursement from the insurance company for some loss covered by the policy

Coinsurance - The percentage of each cost to be paid out-of-pocket by the insured

Copayment - Amount the insured must pay out of pocket for receiving medical care or prescription medicine

Deductible - The amount that must be paid by the insured before the insurance company will pay for any loss

Effective Date - The date on which insurance coverage begins under the policy

Exclusion - Policy provision that can limit coverage of certain diseases or accidents under specified circumstances

Loss - The amount of money an insurance company pays on a claim

Mandated benefits - Health care benefits that are required by law to be included in health care plans

Medicaid - Health insurance program administered by the state that provides benefits for low-income individuals, particularly expectant mothers, children and disabled individuals

Medically necessary care - Care that results from illness or injury as authorized by a health care plan

Medicare - Federally sponsored health insurance program for individuals over age 65

Out-of-pocket maximum - The most the insured will pay during the year before he/she no longer pays a share of the covered expenses. Typical plans pay 100% of medical expenses after the insured reaches the out-of-pocket maximum

Premium - The amount paid by an insured to an insurance company to obtain insurance coverage

Primary care physician - Many health insurance companies require the insured to identify one family physician to treat most health care problems or make referrals to specialists

Whole life insurance - Whole life insurance is a type of cash value insurance. So long as the scheduled premium payments are made, coverage remains in effect for the duration of the insured's life. Premiums are usually based on the age of the insured at the time of purchase.