THE ART AGENCY

INSURANCE MADE SIMPLE

Every term from Page 1 — explained so a teenager gets it

AUTO INSURANCE

Key Coverages — What Protects You on the Road

Liability Coverage
If YOU cause an accident, this pays for the OTHER person's injuries or damage. Think of it as your "I messed up, I'll pay for it" coverage.

Bodily Injury
Pays for the other person's medical bills, pain, or lost wages when you're at fault. Their broken arm? This covers it.

Property Damage
Pays to fix or replace the other person's stuff you damaged — their car, fence, mailbox, whatever you hit.

Comprehensive Coverage
Covers damage to YOUR car from things that aren't crashes — hail, theft, a tree falling on it, hitting a deer, vandalism.

Collision Coverage
Covers damage to YOUR car when you hit something (another car, a pole, a guardrail) — regardless of who's at fault.

Uninsured Motorist
Protects you when the OTHER driver has no insurance at all. They hit you and can't pay? This kicks in.

Underinsured Motorist
Protects you when the other driver has insurance, but not ENOUGH to cover all your costs.

Medical Payments
Pays medical bills for you and your passengers after an accident — no matter who caused it. Quick and simple.

Roadside Coverage
You break down on the highway? This sends someone to jump your battery, change your tire, or tow your car.

Transportation Expenses
If your car is in the shop after a covered accident, this helps pay for a rental car so you're not stranded.

Auto Protection Program
A bundle of extra protections for your car — often includes gap coverage, new car replacement, and more.

Other Auto Concepts — The Fine Print, Simplified

Premium
The price you pay for your insurance — like a subscription fee. Usually paid monthly or every 6 months.

Deductible
The amount YOU pay out of pocket before insurance starts paying. Higher deductible = lower premium, but more risk.

Endorsement
An add-on or change to your policy. Like adding extra toppings to your pizza — it customizes your coverage.

Declarations Page
The summary page of your policy — shows your name, what's covered, your limits, your premium. Your insurance receipt.

Binder
A temporary proof of insurance that holds you over until your full policy paperwork is ready. Like a placeholder.

Named Insured
The main person listed on the policy. It's YOUR policy — your name is on it.

Insurable Interest
You can only insure something you'd actually lose money on if it were damaged. You can't insure your neighbor's car.

Mortgage Clause
Tells the insurance company that the bank (who lent you money for the car) also gets notified about the policy.

SR-22
A form your insurance company files to prove you have coverage — usually required after major violations like a DUI.

At-Fault
You caused the accident. This matters because YOUR insurance has to pay for the other person's damages.

Carrier / Insurer
The insurance company — the business that actually pays claims. Like Allstate, GEICO, etc.

Insured
The person who is protected by the insurance policy — that's you (and sometimes your family members).

Underwriter
The person at the insurance company who decides whether to insure you and how much to charge. They're the gatekeeper.

EFT / EZP
Automatic payment from your bank account. EFT = Electronic Funds Transfer. EZP = Easy Pay. Set it and forget it.

Liability Limits
The maximum amount your insurance will pay. Example: 100/300/100 means $100K per person, $300K per accident for injuries, $100K for property.

UIM
Underinsured / Uninsured Motorist — shorthand for coverage that protects you from drivers with little or no insurance.

Med Pay
Short for Medical Payments. Covers doctor bills for you and your passengers after an accident.

Towing
Your car gets towed to a shop after a breakdown or accident, and this coverage pays for it.

Rental Car
If your car is being repaired after a covered claim, this pays for a rental so you can keep driving.

GAP Coverage
If your car is totaled and you owe MORE on your loan than the car is worth, GAP pays the difference. Super important for new cars.

Auto Discounts — Ways to Save Money

Safe Driving
No accidents or tickets? You get rewarded with a lower price.

Smart Student
Good grades (usually B average or better) can earn young drivers a discount.

Protective Device
Anti-theft systems, alarms, or tracking devices on your car lower your rate.

Responsible Payment
Pay on time every time and you get a discount for being reliable.

Multiple Policy
Bundle auto + home (or other policies) together and save on both.

eSmart
Go paperless — get documents electronically instead of mailed, and save a bit.

DriveWise
A program that tracks your driving habits. Drive safely and you earn a discount.

EZP / Full Pay
Pay your whole premium at once (or use autopay) and get a discount for making it easy.

Anti-Lock Brakes
Your car has ABS? Safer car = cheaper insurance.

Homeowner Discount
Own a home? Even on your auto policy, that shows stability and earns a discount.

HOME INSURANCE

Key Coverages — What Protects Your Home

Coverage A — Dwelling
Pays to rebuild or repair the actual structure of your house — walls, roof, foundation. The building itself.

Coverage B — Other Structures
Covers structures that aren't attached to your house — a detached garage, a shed, a fence, a pool house.

Coverage C — Personal Property
Covers your STUFF inside the house — furniture, clothes, electronics, kitchen stuff. If it's stolen or destroyed, this helps replace it.

Coverage D — Loss of Use
If your home is so damaged you can't live in it, this pays for a hotel and extra living expenses while repairs happen.

Coverage E — Family Liability
If someone gets hurt on your property (or your dog bites someone), this pays for their medical bills and legal costs.

Coverage F — Medical Payments
Pays small medical bills for guests injured at your home — no lawsuit needed. They trip on your stairs? This covers it.

Replacement Cost Coverage
Pays to replace your damaged stuff with brand-new versions at today's prices. No discount for age or wear.

Actual Cash Value
Pays what your stuff was ACTUALLY worth when damaged — so a 5-year-old TV gets you 5-year-old TV money. Less than replacement cost.

Other Home Concepts — The Fine Print, Simplified

Water Back-up
Covers damage when water backs up through your drains or sump pump fails. Standard policies usually don't include this — it's an add-on.

BSRIL
Building Structure Reimbursement — extra coverage that pays MORE than your dwelling limit if rebuilding costs spike unexpectedly.

Roof Surface Endorsement
Changes how your roof claim is paid. Could mean you get full replacement cost or just actual cash value for your roof.

Insurance Score
A number based on your credit history that insurers use to set your price. Better score = lower premium. Not the same as credit score.

RCT
Replacement Cost Tool — the software insurers use to estimate how much it would cost to rebuild your home from scratch.

YCA
Your Choice Auto — a bundled auto program offered alongside home insurance for extra savings.

Homeowners vs. Renters
Homeowners insurance covers the building AND your stuff. Renters insurance only covers your stuff — the landlord insures the building.

Homeowners vs. Condo
Homeowners covers the whole house. Condo insurance covers YOUR unit's interior — the condo association insures the exterior and shared areas.

Time to Add a New Car
Most policies give you 14-30 days to add a newly purchased vehicle. Check your policy — don't wait too long!

Min Full Coverage for Financed Car
If you have a car loan, the bank requires you to carry comprehensive + collision coverage to protect their investment.

Mortgage & Paycheck Protection
Extra coverage that helps pay your mortgage or replace lost income if you're injured and can't work.

High Deductible
Choosing a bigger amount you pay before insurance kicks in. Saves you money monthly, but you pay more if something happens.

Building Codes
If your home needs to be rebuilt, this coverage pays the extra cost to meet current building codes, which may be stricter than when built.

Jewelry Coverage
Standard policies cap jewelry payouts (often around $1,500). This endorsement lets you insure expensive pieces for their full value.

CCDB
Claims, Coverage, Discounts, and Billing — the main categories your insurance agent looks at when reviewing your policy.

Home Discounts — Ways to Save Money

Protective Device
Smoke detectors, burglar alarms, deadbolts — safety features lower your rate.

Hail Resistant Roof
A tough roof that resists hail damage? Less risk = lower premium.

Claim Free
Haven't filed a claim in years? You're rewarded with big savings.

Home Buyer
Just bought a new home? Many companies give you a welcome discount.

Loyalty
Stick with the same company for years and your discount grows over time.

Welcome
New to the company? Some insurers offer a discount just for signing up.

Responsible Payment
Pay on time consistently and you'll save money.

Multiple Policy
Bundle your home + auto together for a discount on both policies.

UMBRELLA COVERAGE — Your Extra Layer of Protection

Imagine your auto liability tops out at $300,000 and your home liability tops out at $300,000 — but you cause a serious car accident and the other person's bills reach $750,000. Your auto policy pays its $300,000 max... and you're personally on the hook for the remaining $450,000. That's where an **umbrella policy** comes in. It sits on TOP of your auto and home insurance and picks up where they leave off. Think of it like a safety net ABOVE your safety nets. Umbrella policies typically start at $1 million in extra coverage and are surprisingly affordable — often just $150–$300 per year — because they only kick in after your other policies are maxed out.

Key Things to Know

What It Covers
Umbrella coverage extends your liability protection beyond your auto and home policy limits. It can also cover things your base policies might exclude, like libel, slander, or certain lawsuits.

Who Needs It?
Anyone with assets to protect — a house, savings, future earnings. If someone sues you and wins more than your base policies cover, they can go after everything you own.

How It Works
Your base policy pays first, up to its limit. Then the umbrella policy kicks in and covers the rest, up to its own limit (usually $1M–$5M). It's a second layer of defense.

Why It's Affordable
Because it only pays AFTER your other insurance is used up, the chance of it actually paying out is lower — so the premium is surprisingly cheap for the amount of protection you get.

Common Requirement
Most insurers require you to carry minimum liability limits on your auto and home policies before they'll sell you an umbrella. Typically 250/500 on auto and $300K on home.

Real-World Example
Your dog bites a neighbor's child. Medical bills and a lawsuit total $800K. Your home policy pays $300K. Without an umbrella, you owe $500K. With one, the umbrella covers it.

Prepared by The Art Agency — A quick-reference guide for new learners. Not legal or financial advice.