GLOSSARY OF TERMS

ICRMA

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Types of terms found in this document:

Note: This glossary is not intended to be all inclusive; it is designed as a tool for ICRMA members to provide high-level explanation of some items we discuss at meetings.

COVERAGES

Aggregate	An aggregate limit is a maximum amount an insurer will reimburse a policyholder for all covered losses during a set time period, usually one year.
Automobile Liability	Designed to afford bodily injury and property damage liability coverage associated with owned, nonowned and hired vehicles. May include medical payments, uninsured/underinsured motorists' liability coverages.
Automobile Physical Damage	Usually a first party coverage; however, some entities have "Bailment" or "care, custody and control" liability exposures such as garages, maintenance facilities that service vehicles of others, and parking lots.
Design Immunity	The design immunity provided by California Government Code section 830.6 exonerates a public entity from liability for injuries caused by a reasonably approved plan or design of public property. (Design Immunity for Public Entities)
DIC	Difference In Conditions. A specialized property insurance policy written to provide coverage for perils not covered in a standard property policy. In particular, it is most often used to provide coverage for earthquake and/or flood losses.
Directors, Officers and Trustees Liability	Intended to protect nonprofit board members, officers, and directors for faulty decisions, which imperil the entity. Usually written to include entity reimbursement for legal actions and personal liability of specific wrongdoers.

COVERAGES

Employers' Liability	Included as part of a worker's compensation insurance policy. Covers liability for losses arising out of injuries to employees that are not covered by statutory workers' compensation benefits.
Environmental Impairment Liability	Also referred to as "Pollution" and "Pollution Legal" Liability; can be written to protect an entity from actions resulting from contamination of air, water, and property. First-party (damage to owned property) and third-party (liability for damage to others) protection can often be combined.
Errors and Omissions Liability	Damages, other than bodily injury or property damage, caused by protection for the misfeasance, malfeasance or nonfeasance of public officials, employees and volunteers. May also include incidental medical personnel (paramedics), police and fire personnel, architects and plan checkers, engineers, and on-staff attorneys.
Fiduciary Liability	Covers board members, executives and other decision-making personnel with responsibilities for pension funds, retirement plans and employee benefit monies for negligent decisions that result in losses to such funds.
General Liability	Written to protect the member's assets against liability for property damage of or bodily injury to third parties.
Inverse Condemnation	The United States Constitution and state Constitutions require that a private citizen be compensated if property is "taken" by a public entity. When the property is taken proactively it is called eminent domain. When the property is taken "accidentally," without due course, it is called inverse condemnation. Negligence need not be proven. The claimant's legal expenses are payable in addition to actual damages.

COVERAGES

MRL	Member Retained Limit – The amount stated in the Declarations which the Member must pay before ICRMA is obligated to make any payment.
MOC	Memorandum of Coverage – A negotiated agreement among the Members of the Authority adopted annually by the Board of Directors specifying the type, amount, and conditions of coverage provided to each participant.
Property Insurance	This covers damage to property, sometimes called first-party coverage.
Punitive Damages	Damages awarded separately and in addition to compensatory damages, usually on account of malicious or wanton misconduct, to punish the wrongdoer and possibly others. Sometimes referred to as “exemplary damages” when intended to “make an example” of the wrongdoer.
Replacement Cost	The cost to replace damaged property with like kind and quality, with no deduction for depreciation, but still subject to a “limit”.
SAM	Sexual Abuse and Molestation (SAM) insurance coverage is often also referred to as Sexual Molestation Liability (SML) insurance coverage - Sexual Molestation Liability insurance can provide protection for claims of sexual abuse made against a policyholder and a policyholder’s employees. Claims that may arise – whether true or false – can be related to abusive behaviors committed by the insured (and/or the insured’s employees), but also can involve a failure to supervise when inappropriate behavior occurs. Other claims that an SAM/SML policy might cover include failure to investigate allegations of sexual harassment, misconduct, molestation, or abuse, as well as negligent employment. (https://hcpnational.com)

COVERAGES

Self-Insurance	Planned assumption of risk.
Special Events Policy	Designed to cover sponsorship of events, such as fireworks shows, festivals, community/entity celebrations; often written to protect other policies' loss integrity. Another type of special event coverage, known as a "tenants' and users'" policy, can be issued for third parties who rent or use facilities. (See also "TULIP").
TIV	Total Insured Values. The values shown on an insured's schedule or appraisal for property coverage. Only those items shown on the schedule are covered for loss.
Trending	The necessary adjustment of historical statistics (both premium and losses) to present levels or expected future levels in order to reflect measurable changes in insurance experience over time, which are caused by dynamic economic and demographic forces, and to make the data useful for determining current and future expected cost levels.
TRIA/TRIP	Terrorism Risk Insurance Act of 2002, and the Terrorism Risk Insurance Program set up in the U.S. Department of Treasury to implement the Act.
TULIP	Tenants' and Users' Liability Insurance Program. A liability insurance policy available to provide coverage for special events but sponsored or organized by parties that do not own the property and who may not have insurance. Coverage protects both the sponsor and the property owner for losses that may occur during the event.

COVERAGES

Salvage and Subrogation	Those rights of the insured that, under the terms of the policy, automatically transfer to the insurer upon settlement of a loss. Salvage applies to any proceeds from the repaired, recovered, or scrapped property. Subrogation refers to the proceeds of negotiations or legal actions against negligent third parties and may apply to either property or casualty coverages.
UST	Underground Storage Tanks. Refers primarily to underground fuel tanks; used most often in reference to Underground Storage Tank Pollution Liability Program. It also includes coverage for government mandated clean-up costs.
Workers' Compensation	A statutory coverage designed as the "sole remedy" for workers injured in the course and scope of their duties.

CLAIMS

998 Offer	In California, a 998 offer is a cost-shifting mechanism to encourage settlement. Essentially, it means that if a settlement offer is made and rejected, the case goes to court, and the rejecting party fails to obtain a more favorable judgment in court, there is an effect on the payment of court costs. (https://www.cmalaw.net/998-offers)
ACV	Actual Cash Value. Value of property at the time of its loss or damage, determined by subtracting depreciation of the item from its replacement cost. Applies to vehicles and mobile (contractor's) equipment and other property subject to a higher rate of depreciation than the typical property types.
Defense	A defendant's denial to a complaint or cause of action.
MSJ	Motion for Summary Judgment – The statutory authorization for a motion for summary judgment in California is found in Code of Civil Procedure section 437c(a)(1) which states in pertinent part that, "Any party may move for summary judgment in any action or proceeding if it is contended that the action has no merit or that there is no defense to the action or proceeding." (https://www.thefearlessadvocate.com)
LMPP	ICRMA's Litigation Management Policies and Procedures – Guidelines created to ensure consistency in claim litigation management and define the expectations of claims defense counsel to achieve the best results in an efficient and cost-conscience manner consistent with ethical obligation. These policies and procedures represent a reasonable and effective path for the management of litigated matters.

CLAIMS

Origami	Risk Management Information System (RIMS). This is ICRMA's claim system. Origami Risk provides and integrated SaaS solution.
Plaintiff	The party who complains or sues in a personal action. A claimant becomes a plaintiff by filing suit.
RMIS	A Risk Management Information System is a systematic process for collecting, storing and analyzing data so that it can be converted into actionable information, such as key performance indicators.
Sterling	ICRMA's legal bill review provider and the platform Cities use to submit bills.

FINANCIAL/ACTUARIAL

ACAS	Associate of the Casualty Actuarial Society (Casualty Actuarial Society).
California Asset Management Program (CAMP)	a California Joint Powers Authority (“JPA”) established in 1989 to provide California public agencies with professional investment services. Investments offered through the Cash Reserve Portfolio (the “Pool” or the “CAMP Pool”) and CAMP Term are permitted for all local agencies under California Government Code Section 53601(p).
Expense Ratio	The percentage of premium used to pay all the costs of acquiring, writing and servicing insurance and reinsurance.
Experience	The loss record of an insured or of a class of coverage. Classified statistics of events connected with insurance, of outgo, or of income, actual or estimated. What figures show to have happened in the past.
GAAP	Generally Accepted Accounting Principles.
GASB	Governmental Accounting Standards Board.
Incurred But Not Reported (IBNR)	That part of the total claims that is unknown at any point in time.
Incurred Loss	This is the ultimate expected total value of any claim. It includes the amount already paid, plus the estimated amount yet to be paid (reserves).

FINANCIAL/ACTUARIAL

Incurred Loss Ratio	The percentage of losses incurred to premiums earned.
LAIF	Local Agency Investment Fund. This program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the State Treasurer's Office investment staff at no additional cost to the taxpayer. (https://www.treasurer.ca.gov)
Net Position	The difference between an entity's assets plus deferred outflows of resources and its liabilities plus deferred inflows of resources represents its net position. (https://nces.ed.gov)
Confidence / Probability Level	The confidence level, or percentage, is interpreted as the long-run probability that the estimates will hold true over many stimulated estimate periods. (https://www.irmi.com)
FASB	Financial Accounting Standards Board.
FCAS	Fellow of the Casualty Actuarial Society (Casualty Actuarial Society).
Law of Large Numbers	A mathematical concept which postulates that the more times an event is repeated (in insurance, the larger the number of homogeneous exposure units), the more predictable the outcome becomes. In a classic example, the more times one flips a coin, the more likely that the results will be 50% heads, 50% tails.
Loss Adjustment Expense (LAE)	All expenditures of an insurer associated with its adjustment, recording, and settlement of claims, other than the claim payment itself.

FINANCIAL/ACTUARIAL

Loss Development	The process of change in amount of losses as a policy or accident year matures, as measured by the difference between paid losses and estimated outstanding losses at one point in time, and paid losses and estimated outstanding losses at some previous point in time. In common usage it might refer to development on reported cases only, whereas a broader definition also would take into account the IBNR claims.
Loss Portfolio Transfer	The transfer of incurred losses to a third party. The assuming party hopes to profit by investing the sale price it has received over the length of time it requires to settle the claims it has assumed.
Loss Ratio	Proportionate relationship of incurred losses to earned premiums expressed as a percentage.
MAAA	Member of the American Academy of Actuaries (American Academy of Actuaries).
Operating Ratio	The arithmetic sum of two ratios: incurred loss to earned premium, and incurred expense to written premium. Considered the best simple index to current underwriting performance of an insurer.
Ultimate Net Loss	The total sum that the assured, or any company as his insurer, or both, become obligated to pay either through adjudication or compromise.

ORGANIZATIONS

AGRiP	Association of Governmental Risk Pools - The national membership association of public entity pools. Formed for educational, information gathering and advocacy purposes, “to unite the pooling community to achieve excellence in pooling management, operations and services”.
CAJPA	California Association of Joint Powers Authorities. Performs regulatory and legislative lobbying as well as accreditation of Joint Powers Authorities to promote the financial stability of JPAs in California.
CALPERS	California Public Employees' Retirement System – CALPERS administers retirement benefits for state employees.
CALPERLA	California Public Employers Labor Relations Association - CALPELRA helps California public sector employers better serve their communities by providing comprehensive, quality training in labor relations and personnel management and by fostering professional development with a dynamic network of support.
CIPRA	California Institute for Public Risk Analysis. Organized to develop, analyze and disseminate information on risk management in California’s public sector, especially self-insured entities and Joint Powers Authorities.
DIR	Department of Industrial Relations. https://www.dir.ca.gov/osip/sip.html

ORGANIZATIONS

FPPC	Fair Political Practices Commission - The Fair Political Practices Commission is a five-member independent, non-partisan commission that has primary responsibility for the impartial and effective administration of the Political Reform Act. The Act regulates campaign financing, conflicts of interest, lobbying, and governmental ethics. The Commission's objectives are to ensure that public officials act in a fair and unbiased manner in the governmental decision-making process, to promote transparency in government, and to foster public trust in the political system.
Joint Powers Authority (JPA)	An entity whereby two or more public authorities jointly exercise any power common to all of them. Permitted in California under Section 6502 of the Government Code).
NFIP	National Flood Insurance Program administered by the Federal Emergency Management Agency in the Department of Homeland Security.
OSIP	Office of Self Insurance Plans - The Office of Self-Insurance Plans (OSIP) is a program within the director's office of the Department of Industrial Relations (DIR) responsible for the oversight and regulation of workers' compensation self-insurance within California
PARMA	Public Agency Risk Managers Association. A statewide association in California for risk managers in the public sector.
PRIMA	Public Risk Management Association. A national association for risk managers in the public sector. Formed for educational and information gathering purposes.
RIMS	Risk and Insurance Management Society. National professional organization to promote principles of risk management and assist risk managers in their daily activities.

REINSURANCE

CAPACITY	The maximum limit an insurer or reinsurer will make available, per policy, based on its current underwriting standards. It is a reflection of its surplus condition, its reinsurance or retrocession treaties, and also an expression of not just how much it has available, but how it wants to allocate its risk financing strength across various classes of business, coverage lines, or individual risks".
Captive Insurance Company	A risk-financing method or form of self-insurance involving the establishment of a subsidiary corporation or association organized to write insurance. Captive insurance companies are formed to serve the insurance needs of the parent organization and to escape uncertainties of commercial insurance availability and cost. The insureds have a direct involvement and influence over the company’s major operations, including underwriting, claims, management policy, and investments.
CEDE	When a company transfers risk to another company.
LAYER	A horizontal segment of the liability insured.
LEAD REINSURER	The reinsurer who negotiates the terms, conditions, and premium rates and first signs on to the slip; reinsurers who subsequently sign on to the slip under those terms and conditions are considered following reinsurers.
WORKING LAYER	The first layer above the cedent’s retention wherein moderate to heavy loss activity is expected by the cedent and reinsurer.

RISK

RISK	The net negative impact of the exercise of a vulnerability, considering both the probability and the severity of occurrence.
RISK CONTROL	Those risk management techniques designed to minimize the frequency and/or severity of claims. Risk control techniques include exposure avoidance, loss prevention, loss reduction, segregation of loss exposures, and contractual transfer to shift losses to others.
RISK FINANCING	Techniques for generating funds to pay for losses that risk control methods do not entirely eliminate. There are two types of risk financing techniques -- retention and transfer. Retention involves paying for losses using an organization's own assets; transfer involves covering losses using an outside intermediary for a consideration (such as a payment of a premium).
RISK MANAGEMENT	One of the specialties within the general field of management, the process of managing an organization's activities to minimize the adverse effects of accidental losses on a cost-effective basis. Risk management has two components: risk control and risk financing.
RISKS	A term used to denote the physical units of property at risk or the object of insurance protection and not Perils or Hazard. The word is also defined as chance of loss or uncertainty of loss.

DESIGNATIONS

AIC OR AIC-M	Associate in Claims or Associated in Claims Management (American Institute for CPCU and Insurance Institute for America)
AIS	Associate in Insurance Services (American Institute for CPCU and Insurance Institute for America).
ALCM	Associate in Loss Control Management (American Institute for CPCU and Insurance Institute for America).
ARe	Associate in Reinsurance (American Institute for CPCU and Insurance Institute for America).
ARM	Associate in Risk Management (American Institute for CPCU and Insurance Institute for America).
ARM-P	Associate in Risk Management – Public (American Institute for CPCU and Insurance Institute for America).
ARPM	Associate in Risk Pool Management (Insurance Education Association).
CPCU	Chartered Property And Casualty Underwriter (American Institute for CPCU and Insurance Institute of America)
CRM	Certified Risk Manager (The National Alliance for Insurance Education & Research).
CSP	Certified Safety Professional (Board of Certified Safety Professionals).