

JARGON SIMPLIFIED

Insurance: The Basics

Insurance

You pay premiums to **spread financial risk among many people** in order to reduce the financial risk to any specific individual (e.g. you).

Premium

Cost of your insurance.

Deductible

Amount **you're responsible for paying**, before the insurer pays any expenses.

Replacement Cost Insurance

Fire insurance coverage that **repairs or replaces your covered property** at the time of loss.

Actual Cash Value Insurance

Fire insurance that **repairs or reimburses you at the market value** of your covered property.