



**County of Los Angeles  
Chief Executive Office  
Risk Management Branch**

**GLOSSARY OF RISK MANAGEMENT TERMS**





**Absolute Liability:** Liability arising from extremely dangerous operations; for example, blasting. County of Los Angeles (County) or insured is liable for such operations, without exception, for any resulting harm.

**Accident:** An unforeseen, unintended event, something unexpected, not foreseen; for example, accidental bodily injury where the County could not reasonably foresee its action would result in injury or death; may also include occupational disease, but generally, does not include stress other than an acute reaction to a traumatic event. Under workers' compensation an event or circumstance(s) causing or leading to an injury, arising out of an in the course of employment; may, include occupational disease, but generally, does not include stress other than as an acute reaction to a traumatic event.

**Accident Type:** Categories of loss that summarize causes of loss, nature of the loss, or what body part was injured.

**Accident Year:** Specific twelve month period utilized to measure the ultimate activity of all claims occurring during that period regardless of the date the claims were reported, opened or closed.

**Accommodation:** The changing of work or work methods in order to permit a person to return to productive employment including reasonable modifications to work environment.

**Accounts Receivable Insurance:** Pays for loss of records evidencing amounts due the County. Loss due to inability to collect outstanding accounts receivable due to loss of records by covered peril.

**Accrue:** When a right is vested in the County that right is said to accrue to the County's benefit.

**American College of Occupational and Environmental Medicine (ACOEM) Practice Guidelines:** The American College of Occupational and Environmental Medicine's occupational medicine practice guidelines.

**Act of God:** Act or event resulting from natural causes, without any human intervention.

**Actual Cash Value:** Present day value of property measured in cash, arrived at by taking the replacement cost and deducting for depreciation.

**Actuary:** Professional concerned with the application of probability and statistical theories to the practical problems of insurance, self-insurance, or risk management.

**Additional Insured:** An entity or person, other than the one in whose name coverage is written, protected against loss by an insurance policy or other coverage document.

**Adjuster:** One who acts for the insured, pool or self insured like the County in the settlement of tort claims.

**Administrator:** Administrator services include filings, coverage analysis, risk analysis and underwriting, policy issuance and control, loss control, claims and litigation management.

**Admitted Company:** An insurance company is termed “admitted” within a given state when licensed by the state’s regulatory authority to do business in that state; also known as an “Authorized Company.”

**Adverse Selection:** The tendency of poorer risks or less desirable insureds to seek or continue insurance to a greater extent than do better ones, and the tendency of insureds to take advantage of favorable options in insurance contracts.

**Agreed Medical Examiner (AME):** An evaluation performed by a physician agreed upon by the employer/third party administrator and the employee/attorney. This evaluation is for the physician’s opinion, which may be considered final in many workers' compensation claims.

**Aggregate Amount Clause:** Policy provision in which the insured or County agrees to maintain a stated or determinable amount of insurance.

**Aggregate Excess Coverage:** Amount under which the County retains the full amount, subject to its per claim SIR, until those retentions total a specified dollar amount during a given period of time. Once this total is reached, the reinsurer pays the full amount of all losses (subject to other policy provisions) for the remainder of that time period.

**Aggregate Limit:** Maximum amount of coverage an insurer or pool must pay for all losses during a specific period.

**Allocated Loss Adjustment Expense (ALAE):** Those expenses, such as court fees and outside legal counsel, which can be assigned directly to a particular claim.

**All-Risk Insurance:** Coverage that covers loss caused by all perils except those specifically excluded in a coverage document or agreement.

**Alternate Job or Work:** In lieu of vocational rehabilitation, a job for the injured/ill employee that accommodates the permanent work limitations/restrictions of the employee. An alternate County job typically must meet the following criteria:

- 1) The employee must meet the minimum requirements of the new job;
- 2) The employee must be able to perform the essential functions of the new job;
- 3) The job must be a budgeted position lasting at least 12 months;
- 4) The wages offered must be at least 85% of wages paid at time of injury/illness; and,
- 5) The job must be within a reasonable commuting distance for the employee.

**Americans with Disabilities Act (ADA):** A federal law that prohibits discrimination against disabled persons. Within the act's structure, employers are to afford disabled employees the same rights, opportunities and benefits as non-disabled employees. The ADA requires that a physical disability must "substantially limit one or more of the major life activities of such individuals."

**Appeal:** The legal recourse for reconsideration of a judgment or findings.

**Applicant:** Under State of California (California) workers' compensation, the party, usually the injured worker, who establishes a case before the California Workers' Compensation Appeals Board.

**Application:** A questionnaire or survey providing information utilized to determine insurance coverage.

**Application for Adjudication of Claim (Application or AAP):** Filing this form establishes a case before the California Workers' Compensation Appeals Board (WCAB). A WCAB case number will be assigned.

**Apportionment:** An approved methodology to determine how much of an employee's permanent disability is due to his/her industrial injury and how much is due to other causes.

**Appraisal:** An estimate of quantity, quality or value; especially, "building appraisals."

**Appreciation:** An increased conversion value of property due to economic causes.

**Arbitration:** A third party is appointed by the first and second parties to consider the facts and dispute at issue and render a decision about them. The arbitrator's award is binding and final on both the first and second parties.

**Arising Out of and Occurring in the Course of Employment (AOE/COE):** Injury or illness caused by a worker's job and occurring during the course of his/her work. An injury or illness must be AOE/COE to be covered or compensable by workers' compensation.

**Arson:** Willful and malicious burning of property.

**Assets:** All the available properties of an insurer or a County to pay its debts and liabilities.

**Assumption of Risk:** Where one places one's self in a position of known risk and danger.

**Attractive Nuisance:** A dangerous place or instrumentality attractive to children, the owner of which has the legal duty of taking unusual care to guard them from it.

**Audit:** Survey of records to determine the premium or contribution which should be paid a pool or insurer for the protection furnished.

**Automobile, Collision:** Insurance against loss of, or damage to, a vehicle due to collision with another vehicle or object.

**Automobile, Comprehensive:** Insurance against any physical loss to a vehicle except collision.

**Automobile, Liability:** Insurance against bodily injury or property damage to others arising from accidents or use of a covered vehicle.

**Automobile, Medical:** Optional coverage pays medical expenses of passengers and insureds irrespective of responsibility for the accident.

**Autopsy:** Report by a medical examiner providing information on causes of death.

**Average Weekly Benefits:** Weekly amount prescribed by statutes for disability or death.

**Aviation Insurance:** Insurance protection against losses connected with airline or airplane accidents.

## ◆ B ◆

**Bailee:** One who has temporary possession of property belonging to another.

**Benefit:** Under workers' compensation, a payment made to a worker or a dependent in relation to a compensable injury or condition.

**Betterment:** Enhancement of value from improvements. Improvements to property that adds value not repairs or replacements.

**Blanket Insurance:** Insurance that covers more than one type of property in one location or one or more types of property at several locations.

**Blanket Position Bond:** Protects an insured or the County from loss caused by its employees' dishonest acts.

**Bodily Injury:** Injury to the body of a person as defined in coverage documents.

**Boiler and Machinery Insurance:** Covers property damage resulting from accidents of boilers, pressure vessel, chillers, or related property.

**Bond:** An obligation of a surety to protect the obligee (for example, an owner) against financial loss caused by act or omission of the principal (for example, a contractor).

**Bond, Bid:** A guarantee a contractor will enter into an awarded contract; also, termed "Performance Bond."

**Bond, Blanket:** A broad bond covering all employees.

**Bond, Performance:** A bond guaranteeing the construction of an improvement in connection with which, and prior to the completion of which, a mortgagee or other lender lends money to the owner.

**Bond, Public Official:** A guarantee that a public official will properly account for public funds and will perform such other duties as are prescribed by law.

**Bordereau:** Passing of reinsurance from an insurer or a pool to a reinsurer under a reinsurance contract.

**Builder's Risk:** Insurance against loss to buildings and materials in course of construction; also, known as "Course of Construction" (COC).

**Burglary:** Breaking and entering into premises of another with felonious intent.

**Business Interruption:** Protection for business owners for economic losses during a period of interruption.

**Business Necessity:** Under workers' compensation or disability benefits, when an employer must release an employee out due to injury or illness, based on the hardship placed on the business to maintain at least a minimum level of service for its clients.

## ✦ C ✦

**Calendar Year:** All claims activity (loss payments, claims closed, claims opened, legal fees, etc.) occurring during a specific calendar year regardless of when the claim first occurred.

**California Family Rights Act (CFRA):** Similar to the Federal Family Medical Leave Act (FMLA), except CFRA it allows time off to care for a domestic partner and specifically excludes pregnancy related disabilities. Typically, an employee may not coordinate CFRA leave with Pregnancy Disability Leave (PDL). However, twelve weeks of CFRA may run consecutively with PDL to care for a newborn. (Note: a combined FMLA and CFRA twelve week cap exists on the continuation of County health coverage.)

**Cancellation, Pro-rata:** A premium rate charged for a short term at the same proportion of the rate for a longer term as the short term bears to the longer term.

**Cancellation, Short Rate:** Rate for a period less than that for which coverage was originally written; higher than a pro-rata rate.

**Care, Custody and Control:** A liability exclusion denying coverage of the County's liability damage to others' property in the County's care, custody or control.

**Case Evaluation and Plan (CEP):** Document provided by defense counsel within 30 days of assignment providing an assessment of the merits of the case, defenses available and recommended budget.

**Case Evaluation and Plan Analysis:** Document provided by defense counsel following trial or settlement of lawsuit providing an analysis of the lawsuit's original CEP.

**Case Reserves:** The reserves established for individual claims. The case reserve may be modified over time as new facts about the claims become known.

**Casualty Insurance:** A class of insurance made up of variety of subclasses, principally concerned with insurance against loss due to legal liability to third persons, but comprising also several unrelated lines or coverages.

**Catastrophe:** A sudden and severe disaster which causes an extraordinarily large loss.

**Causation:** Under workers' compensation, the legal determination that employment resulted in or 'caused' an illness or injury.

**Cause of Action:** Basis upon which a suit may be brought against another party.

**Cede:** To buy reinsurance.

**Ceding Insurance Pool:** Pool or insurer that places reinsurance of its original risk with a reinsurance company.

**Certificate of Insurance:** Evidence of insurance that a specific entity or property is covered by insurance.

**Claim:** A demand for payment of damages upon the County or under a coverage agreement, insurance contract or bond.

A notification to the County that an event may have occurred that resulted in damage to an individual or organization. A third party must file tort claims with the Executive Office of the Board of Supervisors.

- First Party Claim  
A property claim by a County department or employee.
- Small Court Claims  
Claim for damage that does not exceed \$5,000 and are administered within the State of California Small Court System.
- Third Party Claim  
A liability bodily injury or property damage claim by a third party against the County.
- Tort Claim  
Any tort claim or lawsuit initiated by a third party against the County. A tort third party claim for bodily injury or property damage caused by alleged negligence of the County or imposed by statute or contract; includes Employment Practices Liability claim filed by County employees against the County.
- Closed Claim  
A claim for which no further action or activity is expected; or a claim which is not actively being adjudicated for any liability, expense benefits or appeals.
- Litigated Claim  
A third party claim, employee claim wherein the claimant is represented by an attorney; or, if a workers' compensation claim, where an application for adjudication has been filed.
  - General Liability Claims (GL)  
Bodily injury and/or property damage claims; e.g., slip/fall, excessive use of force, violation of civil rights, etc.



- Vehicle Liability Claims (AL)  
Bodily injury and/or property damage caused by the driver of a County vehicle.
- Medical Malpractice Claims (MEDMAL)  
Bodily injury and professional negligence claims arising from the provision or administration of medical treatment.
- Employment Practice Liability Claims (EPL)  
Claims filed by County employees arising from employment related issues, including but not limited to discrimination, hostile work environment, sexual harassment.
- Contract Tort Liability Claim (CL)  
Tort liability demands or complaints arising out of alleged breach of contracts or agreements.
- Professional Liability Claims (PL)  
Claims arising from professional negligence; e.g., errors and omissions.
- Medical Only Claim (MO)  
A work related injury case, in which there is no lost time away from work.
- Non-Board of Supervisors Claims  
Claims that meet the requirements of California Government Code 910; however, a verified claim is currently not being filed with the Executive Office of the Board of Supervisors. Examples include Sheriff Expedited Claims and department Property Loss Allegations/claims (Sheriff Department jail, Department of Health Services and Department of Coroner loss property allegations/claims).
- Sheriff Expedited Claims  
Property damage claims administered by the Sheriff Department that do not exceed the Sheriff Department's \$2,500 claim authority.
- Property Loss Allegations/Claims  
Property loss allegations/claims for small property claims (under \$5,000); e.g., property lost by jail inmates, hospital patients, equipment vendors. These allegations/claims are administratively adjusted without a verified claim being filed upon the Executive Office of the Board of Supervisors.

**Claim, Accepted:** A workers' compensation claim in which the claims adjuster or administrator determines that the worker's injury is covered by workers' compensation.

**Claim Form:** Under workers' compensation, a form to report a work injury or illness to the employer.

**Claimant:** One who makes a claim.

**Claim Assignment:** The act of assigning a claim or lawsuit for adjusting.

**Claim Data Coding and Data Entry:** The responsibility of completing data fields in the County's Risk Management Information System (RMIS). The process begins by completing all mandatory and known data fields during the initial claim set-up process. If required, the fields are modified or changed as the claim is being adjusted.

**Claim Frequently and Severity:** Respectively, the rate of claims or accidents and a measure of the seriousness of claims or accidents.

**Claim Liability:** The funds set aside to cover all claims, reported and currently reserved, including claim adjustment expense; and, also, includes a reserve for Incurred But Not Reported (IBNR) claims.

**Claims Administrator:** A person or group that adjusts workers' compensation claims for employers; also known as "claims examiner", "claims adjuster", "third party administrator" (TPA). The County utilizes TPAs to function as its claims administrator.

**Claims Made Insurance:** Covers claims brought in the policy period, regardless of when the loss occurred.

**Closed Claim:** A claim for which no further action or activity is expected; or a claim which is not actively being adjudicated for any benefits or appears.

**Coinsurance:** An insurance provision requiring the County to contribute a fair share of the total premiums out of which losses are paid.

**Collective Bargaining Agreement:** A written agreement made between an employer and a union which contains the terms and conditions under which work is to be performed and sets out the rights and duties of the employer, the workers and the union.

**Collision Insurance:** Coverage against loss to insured property caused by striking or being struck by an object; includes loss caused by vehicle upset.

**Compensation:** Under workers' compensation, a term commonly used to refer to benefits paid to employees by employers or insurers.

**Completed Operations:** Liability insurance which covers accidents arising out of past operations which have been completed or abandoned.

**Compromise and Release (C&R):** A final settlement of an employee's workers' compensation case where the parties agree on a single lump sum payment. It usually settles all outstanding issues except for future vocational rehabilitation. The worker may become responsible for paying future medical care for the injury.

**Condemnation:** Legal taking of private property for public use and interest.

**Condition:** Provisions of an insurance policy or coverage document which will limit, defeat or put off rights of a policy.

**Consequential Damage or Loss:** Damage or loss not directly caused by the damage to property but which arises from the result of such damage.

**Constructive Total Loss:** A loss of sufficient amount to make the cost of salvaging or repairing the property equal to or greater than the value of the property when repaired.

**Consultative Rating:** Under workers' compensation, a rating or permanent disability provided by the California Division of Workers' Compensation Disability Evaluation Unit when a claim is litigated or if the injured worker is represented by an attorney. (See Permanent Disability Rating.)

**Contract of Adhesion:** The insurance contract or coverage document offering limited bargaining between insurers and County.

**Corridor Deductible:** The amount of loss which must be paid by an insured or pool before reinsurance contract affords coverage.

**Cost/Benefit Analysis:** The analysis of the total costs of adjusting or litigating a claim versus the likely settlement or trial value.

**Credibility:** The measure of relative weight attached to a body of loss experience data for purposes of actuarial analysis. Generally, as the body of experience becomes more extensive, the corresponding credibility increases.

**Cumulative Trauma (CT):** An injury that is caused by repeated events or repeated exposures at work; for example, Carpal Tunnel Syndrome may result from repetitively performing the same motion.



**Damages:** The estimated reparation in money for injury sustained. May be compensatory or punitive and awarded as compensation for a loss, or in the case of punitive damages awarded as punishment for causing the loss.

**Damages, Economic:** Compensatory damages for the loss of earnings or earning capacity.

**Date of Injury (DOI):** The date on which a work-related injury takes place. If the injury was caused by one event (a specific injury) it is the date of the event. If the injury was caused by repeated exposures (a cumulative injury), it is the date that the worker knew or should have known the injury was caused by work.

**Death Benefits (DB):** Under workers' compensation or disability plans, benefits paid to surviving dependents if a covered injury or illness results in death within five years from the date of injury.

**Debris Removal:** Coverage for removal of debris resulting from damage to property caused by an insured peril.

**Decision and Order (D&O):** Under workers' compensation, a decision by the State of California Rehabilitation Unit on a vocational rehabilitation dispute.

**Declaration:** That part of an insurance policy which contains information regarding the insurance for which the policy is issued.

**Declaration Judgment:** Process brought to obtain the opinion of judgment of a court concerning a point of law.

**Declaration of Readiness (DOR or DR):** A form to request a hearing before a workers' compensation administrative law judge in order to resolve a dispute.

**Deductible:** An arrangement in which the County pays or reimburses an insurer or pool for the first specified amount of each claim. This can be applied on either a specific basis (per claim) or in aggregate (total amount of deductibles for a cohort of claims).

**Defendant:** Usually the insured, employee or insured or employer or their representative.

**Demolition Insurance:** Covers loss due to the demolition of any part of a building not damaged by a covered peril, if required by law or ordinance.

**Department of Workers' Compensation, Medical Unit:** The California Division of Workers' Compensation unit that certifies Qualified Medical Evaluators (QME) and

issues Panel QMEs when there is a dispute with the treating physician's report (see Panel QME.)

**Deposition:** A formal session in which an attorney asks questions of a party under oath. It is the equivalent of testifying at a trial. The testimony is recorded by a court reporter and may be used as evidence in a trial. Under workers' compensation, depositions may only take place if an application for adjudication has been filed.

**Depreciation:** The reduced value of property or a vehicle from age and use. Loss in value, the difference between replacement cost now and present value.

**Development Triangle:** A compilation of loss experience statistics by accident year and evaluation data in a triangular format. The aggregated statistics could be claim incurred loss dollars, paid loss dollars, claim counts, etc.

**Diary:** The calendaring system to notify claim adjuster and supervisor of required activities and important events in the life of a claim.

**Disability:** The limiting loss or absence of capacity of a worker to meet personal, social or occupational demands or to meet statutory or regulatory requirements.

**Disability Benefits:** Payments (or other benefits) to an insured or pool member, conditioned on the insured or pool member's total or partial disability.

**Disability Evaluation Unit (DEU):** A unit within the California Division of Workers' Compensation that calculates the percent of permanent disability based upon medical reports.

**Disability Income:** An income based on the amount of coverage in case of permanent-total disability.

**Disability Management:** The proactive, insured or employer-centered process of coordinating the activities of labor, management, insurance carriers, health care providers and vocational rehabilitation professionals for the purpose of minimizing the impact of injury, disability or disease on a worker.

**Disability Management Coordinator:** The insurer, insured or employer representative directing the workplace's disability management activities.

**Disability, Permanent (PD):** Payments to a worker whose job injury permanently limits the employee's type and scope of work.

**Disability, Permanent Partial (PPD):** Partial loss of earning capacity. Benefits are paid to a worker capable of working but whose ability to compete in the open labor market is reduced.

**Disability, Permanent Total (PTD):** Complete and permanent loss of earning power. Payments to a worker is considered permanently unable to compete in the open labor market.

**Disability, Temporary Partial (TPD):** Partial loss of earning power but from which recovery is expected. A wage replacement benefit that may be paid when an injured employee returns to work but at less than full earnings. Also known as “wage loss”, and filed pursuant to a workers’ compensation, Long-Term Disability and Short-Term Disability claim.

**Disability, Temporary-Total (TTD):** Condition which disables the employee from working but from which full recovery is expected.

**Disability, Temporary (TD):** A wage replacement benefit paid when a physician reports that an employee cannot work due to an industrial injury or illness pursuant to the filing of a workers’ compensation claim. It is a non-taxable benefit paid over a seven day week and is designed to replace wages while an employee is temporarily disabled.

**Disabling Injury:** Usually an injury which causes loss of working time beyond the day or shift on which the injury occurs.

**Discount Factor:** A factor applied to outstanding losses in order to estimate the present value of those losses at a specified rate of interest. A discount factor is dependent on the assumed rate of interest and expected timing of loss payment.

**Discounting:** The credit for future claim payments and expenses at their present value.

**Discrimination Claims (LC 132a):** Under State of California workers’ compensation, a petition filed against an employer for the discharged discriminatory action taken or against an employee due to an industrial injury.

**Division of Workers’ Compensation (DWC):** A division of the California Department of Industrial Relations.

**Doctor’s First Report of Injury:** A State of California form (Form PR 5201) completed by a physician after an injured employee’s first visit describing the cause of injury, medical treatment advice or any needed work restrictions.

## ◆ E ◆

**Earned Premium/Contribution:** That part of an insurance premium or contribution which pays for the protection an insurance company or pool has given on the policy.

**Earnings:** Under workers’ compensation, wages, salary, overtime or any other related remuneration designated as such.

**Earnings Replacement Benefit:** A benefit paid to a worker experiencing a loss of earnings as a result of workplace injury.

**Earthquake Insurance:** Coverage against loss caused by earthquake

**Effective Date:** Date when an insurance policy or coverage comes into effect and from which protection begins.

**Employer's Liability:** Protects County or insureds against claims resulting from worker injury not covered by workers' compensation insurance.

**Endorsement:** An amendment in writing added to or taken from and made a part of the coverage or insurance contract.

**Ergonomics:** The science of adapting work environments to suit the capabilities and characteristics of an individual. Size, shape, age, gender, and physical abilities, in addition to strength, endurance, and work tolerance affect the ability of some workers to perform their jobs. Ergonomics considers job design, tools and equipment, the management of physical environments, and worker capabilities and limitations.

**Errors and Omissions Insurance:** Coverage against losses of others resulting from failure, through error or unintentional omission of the County.

**Essential Job Duties:** Core functions of a job without which the job's responsibilities can not be achieved. Typically, these essential duties cannot be reassigned to other workers.

**Examination:** Audit of a pool, self insured or an insurer's records, transactions, methods, and assets by a state regulatory agency or department.

**Excess Insurance:** Policy designed to provide coverage over primary coverage which does not pay until the primary coverage has paid its limits.

**Expense, Expediting:** Expense incurred in order to hasten repair or replacement or property to reduce the loss amount.

**Expense, Extra:** Extra funds needed to continue a business, uninterrupted, after a loss.

**Expense Loading:** That part of the premium or contribution rate the purpose of which is to make provision for meeting the expenses of the insurer or pool.

**Expense Ratio:** The ratio of expenses to premium or contributions.

**Expiration Date:** The date on which the coverage agreement terminates.

**Explosion, Collapse and Underground (X, C, U):** General liability exclusion for property damage resulting from blasting, explosion and collapse, and damage to underground property.

**Exposure:** State of being subject to loss; or extent of risk measured by payroll, operating expense, etc.

**Exposures:** A rating element used to measure an insured's or County's expected risk of loss.

**Extended Coverage Endorsement:** An endorsement on the fire insurance coverage document that extends the coverage to cover loss caused by windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicle, and smoke.

## ◆ F ◆

**Fair Employee Housing Act (FEHA):** A California law, administered by the Department of Fair Employment and Housing that prohibits discrimination against disabled persons. In some respects, FEHA expands the Federal Americans with Disabilities Act (ADA).

**Fair Labor Standards Act (FLSA):** Federal act that requires hourly paid employees working FLSA overtime hours must be compensated for their overtime hours at a rate not less than one and a half times the regular hourly wage.

**Family Medical Leave Act (FMLA):** A federal law, administered by the Department of Labor, that requires most employers of 50 or more employees to grant unpaid leave, without loss of job, to workers with serious health problems or who need to care for a child or other family member.

**Financial Responsibility Law:** A law requiring an operator or owner of a motor vehicle to give evidence of financial ability to meet claims for damages in order to be licensed to drive a motor vehicle or to have the vehicle registered.

**Findings and Award (F&A):** A workers' compensation administrative law judge's decision finding that an applicant is entitled to disability benefit payments, future medical treatment or both.

**Findings and Order (F&O):** A workers' compensation administrative law judge's decision in which no disability payments or future medical treatment is awarded.

**Fine Arts Insurance:** Coverage for fine arts against all risks, except those excluded, on a valued basis.

**Fire:** An agent that produces heat and a flame or glow.



**Fire, Friendly:** A fire which is not outside the place where it was intended to be.

**Fire, Hostile:** A fire outside the place where it was intended to be.

**Fire-Resistive Construction:** Construction designed to offer a high degree of resistance to damage by fire, and making use of non-combustible materials.

**First Aid:** Any one-time treatment, and any follow-up visit for the purpose of observation, or minor scratches, cuts, burns, splinters, etc., which do not ordinarily require medical care. The one-time treatment and follow-up visit for observation may be provided by a physician or registered professional. First aid treatment need not be reported to the insurer or workers' compensation TPA.

**Flood Insurance:** Coverage against loss caused by tidal wave, overflowing of rivers and streams, and cloudbursts.

**Fraud:** Any knowingly false or fraudulent material statement for the purpose of obtaining or denying insurance coverage, claim payments or workers' compensation benefits.

**Funding:** The amount of assets to cover specified exposures.

**Future Medical:** Under workers' compensation, on-going benefits for medical treatment for a work related injury.

## ◆ G ◆

**Glass Insurance:** Coverage designed to replace, or to pay for, replacing of damaged glass and to pay certain incidental costs.

## ◆ H ◆

**Hangarkeepers Liability Insurance:** Coverage designed to protect owners of airplane hangars from the exposures generated from that activity.

**Hazard:** A specific situation that introduces or increases the probability of occurrence of a loss arising from a peril.

**Hazard, Moral:** Hazards resulting from personal or physical characteristics; for example, habits, integrity, etc.

**Hazard, Natural:** Hazards naturally existing in the environment. Considered not to be artificially created, but out of doors.

**Hearing:** Under workers' compensation, formal proceeding held at the California Workers' Compensation Appeals Board before a workers' compensation administrative law judge, to discuss issues or receive information from various sources in order to make a decision about a dispute or a proposed settlement.

**Hold Harmless Agreement:** Agreement within which indemnitor agrees to pay losses on behalf of the indemnitee; indemnitor holds the insured or County harmless from financial responsibility for a loss; for example, a claim brought by a third party against the County.



**Incident Report:** A report of an occurrence or incident out of which no claim or lawsuit has yet been filed.

**Incurred But Not Reported (IBNR) Reserves:** The liability for claims relating to insured events that have occurred but have not been reported, and includes a provision for claims now closed, which may reopen.

**Incurred Loss:** The total of a given claim's paid expenses and reserves for future expenses, or the aggregate of all open claims' paid expenses and reserves.

**Indemnity:** To restore the loss victim to its position prior to the loss occurring.

**Indemnity Agreement:** Agreement within which the indemnitor agrees to directly reimburse the indemnitee; for example, when a contractor directly reimburses the County.

**Independent Contractor:** One who agrees to perform services or supply commodities under a contract. In carrying out the contract, Independent Contract is not under the control of, not an employee of, the party with whom the Independent Contractor is contracted.

**Independent Medical Examination (IME):** A medical examination conducted by a physician arranged by a party to the claim (defendant or plaintiff).

**Industrial Accident (IA):** An accident arising out, or occurring during the course, of employment (AOE/COE), or (proximately caused) by employment.

**Inherent Explosion:** An explosion arising out of the inherent characteristics of the risk insured.

**Inherent Vice:** An inherent characteristic that may cause loss of value.

**Impairment:** The loss of use or derangement of any body part, system or function.

**Injury:** For workers' compensation purposes, any injury or disease arising out of employment. There are three types of injuries:

- a) specific incident;
- b) repetitive or cumulative over time; and,
- c) an aggravation of a medical condition which is either pre-existing to employment or not directly related to employment.

**Inland Marine Insurance:** Covers property against various risk or losses while being transported; may, also, be termed "Floater", for example, builder's risk, installation floater, etc.

**Insurable Interest:** Any interest that may suffer loss by a peril that may be insured against.

**Insurance:** (1) A pooling of hazards in order to indemnify those who experience losses. (2) The contractual relationship between the insured and insurer or member and pool, who agrees, in return for a premium or contribution, to indemnify the insured or pool member for losses due to specified causes, includes specified services.

**Insurance Service Office, Inc. (ISO):** This New York City based corporation provides advisory rating, actuarial, statistical and other services (like forms) related to property and liability insurance but not workers' compensation insurance.

**Insured:** The party to an insurance contract or coverage agreement to whom, or on behalf of whom, the insurer or pool agrees to pay losses or benefits.

**Insured, Additional:** A person or entity other than the original named insured protected under an insurance contract or coverage agreement.

**Insured, Named:** The insured with whom the insurance contract is made and who is specifically named as such.

**Insuring Clause:** The part of a coverage agreement or insurance contract which constitutes the agreement to protect the insured or pool member against loss from specified perils or to pay benefits under specified circumstances.

**Intangible Property:** Property without a physical component; for example, goodwill, etc.

**Interactive Process:** A process that is mandated by the California FEHA and strongly recommended by the Federal ADA intended to provide insured, employer, and

employees the opportunity to discuss and cooperatively determine the most appropriate plan of action.

## ◆ L ◆

**Law of Large Numbers:** Theory of probability that the larger the number of risks the more closely will the actual results obtained approach the probable results expected.

**Liability:** An obligation, usually financial, and the probable cost of meeting the obligation.

**Liability, Contingent:** Liability for damages arising out of the acts or omission of others, not employees or agents.

**Liability, Contractual:** An obligation assume by contract to pay damages for which another is legally liable. See, also, Hold Harmless Agreement.

**Liability Insurance:** Insurance against loss due to claims for damages because of bodily injury to other parties; also, can include loss under contractual liability agreement.

**Liability Insurance, Products:** Coverage against loss due to claims against an insured or pool member for damages arising from handling, use of, or any condition in, products manufactured, sold, handled, or distributed by the insured or member.

**Liability Insurance, Property Damage:** Coverage against loss due to claims for damages because of injury to others' property.

**Light Duty:** Temporary change in job assignment to accommodate work restrictions while an injured employee is healing. The position may or may not pay at the same rate as employee's normal work assignment. Lost wages may be partially made up by temporary partial disability (TPD) payments.

**Limit, Aggregate:** The maximum amount of damages the insurer or pool will pay under a policy or an agreement, or section of a policy or an agreement, during the policy or agreement period.

**Limit, Basic:** The limit of liability for which the basic rate on a liability coverage agreement is quoted.

**Limit, Excess:** A limit higher than the basic limit.

**Limits:** Maximum amount for which an insurer or a pool may be liable for any loss, as set forth in the policy or coverage document, during a specific period.

**Lloyd's, London:** A corporation that maintains facilities for the insurance business of underwriting and broker members, regulates membership, and collects and disseminates information.

**Lloyd's, Syndicate:** A group of underwriters at Lloyd's, London who underwrite insurance as a group but whose liability is several in accordance with agreed proportions.

**Lloyd's, Underwriter:** A member of Lloyd's, London who underwrites insurance at Lloyd's.

**Long-Term Disability (LTD):** A benefit that provides employees with partial income replacement if they become sick or injured and cannot work.

**Loss:** Injury or damage sustained by an insured or the amount for which the insurer or pool becomes liable on occurrence of the event insured against.

**Loss Adjustment Expense:** Expenses incurred during claims adjustment; for example, attorney expense, court costs, etc.

**Loss Control:** Methods of reducing the frequency and severity of losses including avoidance, loss prevention, reduction, segregation of exposure units and non-insurance risk transfer

**Loss Development:** The phenomenon of change in the dollars of reported or paid losses for a particular accident year at different points in time.

**Loss Development Factor:** A factor that is applied to losses from an accident year evaluated at one particular point in time in order to project the losses for the same accident year evaluated at a later evaluation point in time.

**Loss Payable Clause:** A clause in a coverage agreement or insurance contract providing for payment of loss, for which the County, insurer or pool is liable to the member or to someone other than the member.

**Loss Ratio:** The ratio of losses to premiums or contributions.

**Loss Reserves, Reported:** The liability for losses resulting from accidents or occurrences that have taken place on which the County, insurer or pool has received notices or reports of loss.

**Losses, Incurred:** The amount of loss, paid and reserved, for which the County, insurer or pool has become liable.

**Losses, Paid:** The amount of loss for which money has been disbursed by the County, insurer or pool.

## ◆ M ◆

**Malpractice:** Alleged professional misconduct or lack of ordinary skill in the performance of a professional act.

**Mandatory Settlement Conference (MSC):** A required conference to discuss settlement of disputed issues prior to trial.

**Margin for Adverse Experience, or Confidence Level:** The theoretical probability of a particular outcome assuming a value less than a specific level. Usually, this specified level of confidence is defined in terms of a percentage.

**Market Value:** The value of assets based upon a current market valuation.

**Medical Authorization Form:** A form releasing medical information of the involved party(s).

**Medical File:** The medical file of a patient at a medical facility. This file contains all the patient's medical information.

**Medical Only Claim (MO):** A work related injury case, in which there is no lost time away from work.

**Medical Provider Network (MPN):** Under State of California workers' compensation, any entity or group of providers approved as a Medical Provider Network by the State of California Workers' Compensation Administrative Director pursuant to Labor Code sections 4616 to 4616.7.

**Medical Treatment:** Treatment reasonably required to 'cure or relieve' a third party claimant or employee from the effects of a liability claim or work-related injury or illness; also, includes prescriptions or prescribed items such as durable medical equipment.

**Mobile Equipment:** General liability coverage for land vehicles, whether self-propelled or not, not subject to motor vehicle registration.

**Mortgagee Clause:** A clause in a coverage agreement or insurance contract making the proceeds payable to a named mortgagee, as its interest may appear, and stating the terms of the agreement between the insurer or pool and the mortgagee.

**Modified Job or Duty:** Scope, extent and type of work an injured employee is allowed to engage in until released by a physician to return to the work performed prior to the employee's injury; also called "Transitional Duty." An injured worker will work the

position as “usual and customary” held with a variation or slight limitation until released to usual and customary. A modification of the usual and customary job is designed to accommodate a Qualified Injured Worker (see definition). A modified job or duty must meet the following criteria:

- 1) The employee must be able to perform the essential function of the job;
- 2) The job must be a regular position lasting at least 12 months;
- 3) The wages offered must be the same as wages paid at the time of injury;  
and,
- 4) The job must be within a reasonable commuting distance.



**Named Insured:** Entity with whom an insurance or coverage contract is made and who is specifically designated by name as being protected.

**Named Perils:** Named perils policies specify what specific perils are covered against.

**National Association of Insurance Commissioners (NAIC):** A national organization of state officials who are charged with the regulation of insurance.

**National Council on Compensation Insurance (NCCI):** Statistical and rate making organization for insurers and pools offering workers’ compensation coverage.

**Nature/Extent of Injury or Damages:** The “nature” describes the diagnosis, type of injury, damage or root cause of loss. The “extent” describes the degree of severity of the alleged injury or damage. Injuries are analyzed and detailed by nature in categories.

**Negligence:** A tort; a failure to do something which a “reasonable person” would do under the circumstances, or during something a “reasonable person” would not do.

**Negligence Per Se:** The unexcused violation of a statute; automatic negligence; self-evident negligence; e.g., violation of a motor vehicle law.

**Nonadmitted Insurer:** Insurer not licensed to do business in the jurisdiction in question.

**Noninsurance Transfer:** Transfer of a loss exposure to another; for example indemnity or hold-harmless agreements, being named as an additional insured under another’s insurance, etc.

**Nurse Case Manager (NCM):** A Registered Nurse assigned by the self-insured, insurer or TPA claims adjuster to monitor medical treatments.

## ◆ O ◆

**Obligee:** The person or organization protected by a bond.

**Obligor:** Principal or Surety to a bond.

**Occupational Accident:** An accident occurring in the course of employment and caused by an occupational hazard.

**Occupational Disease:** Health impairment caused by continued exposure to conditions inherent in an occupation. A disease arising out of an in the course of employment and resulting from causes or conditions which are peculiar to, or characteristic of, a particular trade, occupation, or place of employment.

**Occurrence:** Continued or repeated exposure to conditions which unexpectedly results in injury during the period the policy or coverage is in effect.

**Order Taking Off Calendar (OTOC):** Under workers' compensation, an order that places a State of California WCAB claim in an inactive status.

**Other Insurance Clause:** A clause in a coverage agreement or insurance contract stating the effect thereon of other insurance.

## ◆ P ◆

**Paid Losses:** Total amount actually paid for a given claim; or group of claims, losses, loss adjustment expenses, legal fees, etc.

**Panel Qualified Medical Evaluator (PQME):** Under California workers' compensation, a list of three independent Qualified Medical Evaluators issued by the California Division of Workers' Compensation Medical unit. The injured employee selects any one of the three physicians for the employee's evaluation. A PQME is utilized for workers not represented by an attorney.

**Party:** The insurer, insured, injured worker, claims administrator, employer, attorney, and any other person or group possessing an interest in a claim.

**Partial Loss:** A loss of less than the entire value of property.

**Parts of the Body:** This tells what part of the body was injured by the accident. Like nature of injury, this information assists in the development of training plans.

**Payee Clause:** A clause in a coverage agreement or insurance contract providing for payment of loss to a person or class of persons.



**Peril:** The cause of a possible loss.

**Permanent and Stationary (P&S):** A term used to describe the employee's condition as a result of an industrial injury when the injury will neither improve nor deteriorate. P&S is determined by the treating physician, and is a prerequisite to determining any permanent disability.

**Permanent Disability Advance (PDA):** A voluntary lump sum payment on the undisputed portion of permanent disability due in the future.

**Permanent Disability Payments:** Mandatory bi-weekly payments of permanent disability, subsequent to an award.

**Permanent Disability Rating:** The determination of the level of permanent disability based on a physician's medical report. Ratings can be calculated by claims administrators, attorneys, independent raters or the Disability Evaluation Unit. A numeric percentage from 1% to 100%.

**Personal Injury Insurance:** Liability insurance to cover libel, slander, false arrest, etc.

**Petition for Reconsideration:** An appeal of decision issued by a workers' compensation administrative law judge. Typically, it must be filed within 20-30 days of the judge's final decision.

**Physical Evidence:** Any evidence of a tangible nature that verifies a loss; e.g., photographs, statements, death certificate, contractual documents, etc.

**Plan of Action:** A detailed schedule of activities with the purpose of the efficient resolution of the claim, project or assignment.

**Policy Year:** A coverage and claim experience period that includes the claims that would be covered by a policy written in that year, regardless of whether the claims have yet been reported.

**Pool:** Group of homogenous entities joined together for the purpose of sharing risk and systematic provision of funds to pay for loss or injury sustained by the pool's members.

**Power of Attorney:** Authority given a person or corporation, called an "Attorney-In-Fact," to act for, and obligate another to, a specified extent.

**Pre-designation or Pre-designated Physician:** Under California workers' compensation, an employee informs an employer in writing, before a worker injury, that the employee wishes to be treated by the employee's personal physician should a job injury occur. If employee pre-designates a physician, the employee will be allowed to

be treated by the employee's personal physician immediately following a worker injury rather than be treated by a physician selected by the employee's employer, insurer or TPA.

**Pre-Existing Injury or Damages:** Damage or injury that was in existence prior to the occurrence or incident claimed.

**Pre-Injury Work:** Under workers' compensation, the work performed on the date of the injury, with all the duties, functional demands, obligations, rights, rules, earnings, qualifications, opportunities and other pertinent aspects.

**Premises:** Particular location or portion thereof as defined by the coverage agreement or insurance contract.

**Premium:** Total annual cost of insurance or membership fees charged to an insured or pool member.

**Premium Discount Plan:** A plan providing for percentage reductions in premiums or contributions, the percentage increasing with the size of the risk.

**Premium Earned:** That part of premium or contribution applicable to the expired part of the coverage period; including the short-rate premium on cancellation, the entire premium or contributions on the amount of loss paid under some agreements, and the entire premium or contribution on the agreement on the expiration of the coverage period.

**Premium, Minimum:** The lowest premium or contribution for which an insurer or a pool will cover a risk for a specified period.

**Premium Rate (Contribution Rate):** The price per unit of coverage.

**Premium, Unearned:** That part of the premium or contribution applicable to the unexpired part of the insurance or coverage period.

**Premium Written (Contribution Written):** The entire amount of premium or contributions on insurance contracts or coverage agreements written by an insurer or pool.

**Primary Treating Physician (PTP):** Under workers' compensation, the physician possessing overall responsibility for treatment of an employee's industrial injury or illness; however, only one PTP can exist at any one time.

**Principal:** The person or organization whose obligations are guaranteed.

**Product Liability:** Liability imposed for damages caused by an accident and arising out of goods or products manufactured, sold, handled, or distributed. The accident must have occurred after possession of goods is relinquished to others.

**Prognosis:** A physician's opinion of the future aspect of an injury or illness.

**Proof of Loss:** A formal written statement of a claim for payment of loss, with supporting data.

**Pro Per:** An injured worker or other party third claimant not represented by an attorney.

**Proximate Cause:** A cause of loss that in continuous sequence results in an event, without other effective intervening cause.

## ◆ Q ◆

**Qualified Injured Worker (QIW):** An employee whose expected permanent disability, arising from worker injury, permanently precludes, or is likely to preclude, the employee from engaging in the employee's usual occupation or the position in which the employee was engaged at the time of injury.

**Qualified Medical Evaluation (QME):** Under California workers' compensation, an independent physician certified by the California Division of Workers' Compensation Medical Unit to perform medical evaluations.

**Qualified Rehabilitation Representative (QRR):** Under workers' compensation, a person trained and able to develop and implement a vocational rehabilitation plan and whose experience and regular duties involve the evaluation, counseling or placement of disabled persons; also, known as "rehabilitation counselor."

## ◆ R ◆

**Rain Insurance:** Coverage against loss of expense incurred, or of income expected, caused by reduction of patronage of sales or other events by rain, hail, snow or sleet.

**Reinsurance:** An agreement between an entity or insurer and a reinsurance company by which the risk of loss is apportioned.

**Reinsurance, Excess:** Reinsurance against loss in an amount in excess of a stipulated primary amount.

**Reinsurance, Facultative:** Reinsurance term meaning the reinsurance company may exercise its faculty (prerogative) to accept or reject a risk.

**Reinsurance, Deferred Premiums:** Premium paid to a reinsurer or excess carrier that has not been earned by the reinsurer as of the date of a specific financial statement.

**Reinsurance, Prepaid Premiums:** Include amounts paid by insurer or pools to reinsurers relating to the unexpired portion of reinsured policies.

**Reinsurance, Quota Share:** Acceptance by the reinsurer of a share of the risk or risks of the reinsured, the insurers sharing all losses and expenses as agreed.

**Reinsurance, Recoveries:** Claim amounts for which the insurer or pool will recover from reinsurers on claims which meet or exceed the limits established in the reinsurance treaty.

**Reinsurance, Stop-Loss:** Excess reinsurance against all loss incurred after an insurer or pool's aggregate loss reaches a specified amount.

**Reinsurer:** An insurer reinsuring risks of another insurer or pool under a contract of reinsurance.

**Renewal:** Continuation of coverage agreement or insurance contract beyond the original date of expiration, by endorsement, certificate, or new contract or agreement.

**Replacement Cost Insurance:** Insurance providing that the insured will be paid the cost of replacing damaged property without deduction for depreciation.

**Reserves (Loss Reserves):** Unpaid claim liabilities comprised of case reserves and IBNR reserves.

**Res Ipsa Loquitor, "The facts speak for themselves":** Injury or damage could not have happened unless an act or omission occurred. A doctrine or presumption that when an injury occurs to a third party through a situation under the sole and exclusive control of the insured or County where such injury would not have occurred if the insured or County had used due care, then it is presumed the insured or County is negligent.

**Retained Earnings:** Fund balance or surplus of uncommitted dollars. This surplus belongs to a pool's members and may be utilized at the pool's Board of Trustees' discretion.

**Return-To-Work Coordinator (RTWC):** An individual whose primary responsibility is to assist in the development of each injured worker's Return-to-Work Plan.

**Return-to-Work Plan:** An individual plan which is designed to assist the injured worker to successfully return to work. Return-to-Work Plans include time frames and

schedules that are transitional and depend upon the type of injury, physical abilities and limitations, skills and pre-accident employment duties of the worker.

**Return-To-Work Program:** An employer, insurer or self-insured program that facilitates injured workers return to safe and productive work activities as soon as physically possible.

**Risk:** A person or object injured; uncertainty as to the outcome of an event or process. A measure of the combined probability and severity of potential harm to one or more resources as a consequence of exposure to one or more hazards. Mathematically, risk is the simple product of severity and probability that one or more hazards will impose upon one or more resources. In insurance, a person or thing insured.

**Risk Acceptance:** The acceptance by an individual or organization of a level or degree of risk that has been identified as the potential consequence of a given course of action.

**Risk Assessment:** The process of determining the degree of threat that is posed by one or more hazards to one or more resources, or the product of that process. Risk may be assessed either subjectively (i.e., nonquantitatively) or numerically.

**Risk Management Coordinator:** Individual assigned the responsibility of monitoring a County department's risk management activities.

**Risk Management Information System (RMIS):** An electronic system utilized by the County and its liability claims Third Party Administrators to perform and document claim and billing activities and to provide data and reports.

**Risk Management:** The professional assessment of all loss potentials in an organization's structure and operations, leading to the establishment and the administration of a comprehensive loss-control program. Related to and dependent upon an ongoing program of accident prevention, risk management encompasses the selection of purchased insurance, self-insurance, and assumed risk. Its goal is to reduce losses to an acceptable minimum at the lowest possible cost.

**Risk Manager:** A management-level person typically responsible for insurance programs and other activities that minimize losses resulting from fire, accidents, and other natural and manmade events.

**Risk Prevention:** The process of minimizing accidental loss by anticipating and preventing the occurrence of unplanned events. In its broadest form, risk prevention incorporates a wide range of elements including worker safety and health, environmental affairs, property conservation, fire protection, security, transit, product safety, third-party liability, and contractual liability.

**Risk-Sharing:** The act of accepting a perceived risk that may expose others to a danger of which they may be unaware or which they accept voluntarily or involuntarily.

**Robbery:** The unlawful taking of property by violence, force, or intimidation.

**Root Causes of Loss:** The major act of omission or commission that resulted in loss, damage or injury.

**Roundtable Reviews or Discussions:** A meeting scheduled to collaboratively evaluate all aspects of a claim or incident by the department, CAO Risk Management, County Counsel, defense counsel and TPA; and, if required or appropriate, begin to develop a Corrective Action Plan.



**Salvage:** Value of recovered property or sale of partially damaged property.

**Self-Insurance Retention (SIR):** After a cost-benefit analysis, the optimal amount per claim or occurrence a County must pay prior to its insurer or pool becoming legally liable for additional losses or expenses.

**Serious and Willful Misconduct (S&W)** Under workers' compensation a petition filed if the injury is caused by the serious and willful misconduct of the employer or the injured worker.

**Settlement:** An agreement for the resolution of a lawsuit or claim acceptable to all parties.

**Short-Term Disability (STD):** A disability benefit that may replace part of an insured or employee's pay for a limited number of days, if employee incurs an Industrial or Non-Industrial illness/injury.

**Sprinkler Leakage Insurance:** Coverage against loss from accidental leakage or discharge from a sprinkler system (in some contracts, fire-protection equipment) due to cause other than a hostile fire or certain other specified causes.

**State of California Disability Insurance (SDI):** A branch of the State of California Employment Development Department that pays temporary disability benefits for non-industrial injuries or illnesses. County of Los Angeles is not a covered entity.

**Structured Settlement:** An alternative to lump sum settlement of workers' compensation claims, bodily injury claims or court verdicts, typically, arranged utilizing annuities.

**Statute of Limitations:** A statute placing a time limit on the bringing of legal actions.

**Statute of Limitations California (Government Code 911.2):** “A claim relating to a cause of action for death or for injury to person or to personal property or growing crops shall be presented as provided in Article 2 (commencing with Section 915) or this chapter not later than six months after the accrual of the cause of action. A claim relating to any other cause of action shall be presented as provided in Article 2 (commencing with Section 915) of this chapter not later than one year after the accrual of the cause of action.”

**Stipulation with Request for Award (STIP):** Under workers’ compensation, a settlement where the parties agree on the terms of an award. STIP may include any future medical treatment. Payment takes place over time.

**Subpoena:** A legal document that requires provision of evidence or a witness to appear at a hearing. Under workers’ compensation, an application for adjudication must be on file for a subpoena to be valid.

**Subrogation:** Legal right of one who has paid an obligation owed to another to collect from the party originally owing the obligation.

**Suitable Employment:** Under liability or workers’ compensation, any employment that a claimant or worker possesses the necessary skills to perform, is medically able to perform and that does not pose a health or safety hazard to the claimant, worker or any co-worker.

**Summary Rating:** Under workers’ compensation, the percentage of permanent disability calculated by the California Division of Workers’ Compensation Disability Evaluation Unit, based on either the primary treating physician or a Panel QME. This type of rating is only available for workers not represented by an attorney.

**Surety:** The corporation or individual guaranteeing performance or faithfulness under a bond.

**Surplus:** Excess of assets of a pool or insurer, determined in accordance with law, over liabilities and capital, similarly determined.

**Survivor Income Benefits (SIB):** A benefit program for survivors of insureds or employees that die either as a direct consequence or result of injury, disease, or illness.



**Tangible Property:** Property that, by its nature, is susceptible to the senses.

**Temporary Disability (TD) or Temporary Total Disability (TTD):** A wage replacement benefit paid subject to a physician report stating that an employee cannot

work due to an industrial injury or illness pursuant to the filing of a workers' compensation claim. TD is a non-taxable benefit paid over a seven day week and is designed to replace wages while an employee is temporarily disabled.

**Temporary Partial Disability (TPD):** A wage replacement benefit that may be paid when an injured employee returns to work but at less than full earnings; also known as "wage loss."

**Tender:** The acceptance by a third party under contract or agreement for the County's indemnification, defense and payment of damages.

**Theft:** Taking and removing property with intent to deprive the rightful owner of it.

**Third Party Administrator (TPA):** A contractor hired by an insurer or self insured like the County to adjust its claims. Contractors providing services to an insurer, insured, self-insured or employer for property, liability, workers' compensation, Long Term Disability, or Short Term Disability claims administration and Medical Case Management.

**Timeline:** A document typically developed in Medical Malpractice claims providing chronological sequence of events.

**Tort:** A legal wrong allegedly committed by the County apart from responsibility in a contract or agreement. A private or civil wrong or injury other than breach of contract for which a court may require remedy in the form of an action for damages.

Elements of a Tort:

1. Existence of legal duty of insured or County to plaintiff,
2. Breach of insured or County's duty,
3. Breach of insured or County's duty resulting in damages.

**Tort Claim Adjusted by County Counsel:** A tort claim adjusted by County Counsel, to include Sheriff Department claims (use of force, wrongful death, etc.) and County Employment Practice Liability claims.

**Tortfeasor:** A wrong doer, one who commits a tort.

**Total Loss:** Loss to an insured or member of the entire value of a lot of goods or other property by destruction, damage, or deprivation or a loss entailing the payment of the face amount of a coverage agreement or insurance contract.

**Transferable Skills:** Skills acquired in the performance of jobs or hobbies that can be used in other jobs.



**Transitional Work:** Under workers' compensation, Long Term Disability, or Short Term Disability, temporary assignment of tasks to perform while recovering from injury or illness; also see "Modified Work or Duty."

**Treating Physician:** A physician as defined by statute or code, that examines or provides treatment to a claimant or employee.

**Trend:** Changes in the frequency and/or severity of claims.

**Trend Factor:** A factor applied to adjust prior years' losses to reflect the impact of trends.

## ◆ U ◆

**Ultimate Losses:** The total amount of losses for an exposure period. Ultimate losses are the sum of Paid Losses + Outstanding Case Reserves + IBNR.

**Unallocated Loss Expense Payable:** The amount of administrative cost of an insurer or pool to settle open claims if its claims Third Party Administrator (TPA) contract was canceled.

**Underinsurance:** Insurance less in amount than the possible loss to which it applies.

**Underwriter:** A person whose duty it is to select risks for coverage and to determine in what amounts and on what terms they will be accepted by an insurer or pool.

**Undue Hardship:** Evidence of detrimental impact on the productivity, operation or profitability of an employer's business. Used in connection with employer's duty to alter the work or the work environment to facilitate an injured worker's return to work.

**Unearned Premium:** The pro rata portion of the premiums or contributions in force applicable to the unexpired period of the policy or coverage term.

**Unoccupied:** Furnished but not resided or worked in.

**Unpaid Losses:** Total of case reserves on open claims and IBNR reserves.

**Unreported Losses Recoverable:** The amount the County, insurer or pool anticipates would be returned to the County, insurer or pool by the reinsurer on IBNR.

**Unsafe Acts:** Such acts are errors in judgment that cause loss or injury.

**Usual and Customary (U&C):** Referring to the employee's ordinary or regular work at the time of injury.

**Utilization Review (UR):** A systemic review conducted by a professional that evaluates the appropriateness, quality, and need for health care services rendered to injured workers.



**Vacant:** Not furnished, resided in or worked in.

**Vehicle Physical Damage Claim:** Damage to a County or an insured's owned vehicle.

**Verified Claim:** A claim for loss or damage filed with the Executive Office of the Board of Supervisors under Government Code Section 911.2.

**Vicarious Liability:** Liability for another's acts.

**Vocational Rehabilitation (VR):** Services provided to an employee unable to return to the employee's customary job. These services may include, but are not limited to, vocational and medical evaluation, counseling, job analysis, job modification assistance, modification of the worksite to accommodate the disability, job placement assistance or a formal training program, and placement assistance into a new, more appropriate line of work.

**Vocational Rehabilitation Plan (VRP):** A written description that proposes the method for a qualified injured worker to be returned to suitable gainful employment. The plan typically specifies the anticipated completion date of vocational rehabilitation services and the amount and source of payments to be made to the qualified injured worker during the period of the plan.

**Voice Recognition:** A software program that recognizes an individual's voice pattern to allow for an alternative means of computer input rather than the keyboard.



**Wage Loss:** Temporary Disability benefits that may be paid when an insured or employee returns to work at less than full earnings; also, known as "Temporary Partial Disability."

**Waiver:** Voluntary surrender of a right or privilege known to exist.

**Waiver of Subrogation:** Voluntary release, before a loss, by a subrogee of rights which, after a loss, it may become subrogated.

**Warranty:** A clause in a coverage agreement or insurance contract prescribing a condition relating to the degree of hazard, noncompliance with which invalidates the agreement contract.

**Warranty, Implied:** A warranty assumed to be a part of the coverage agreement or insurance contract, even though not expressly included.

**Witness:** Person who has first hand information or knowledge of the claim, occurrence or incident.

**Witness, Expert:** A person most qualified to provide analysis of the events or injuries arising from a claim.

**Workers' Compensation:** Statutorily established insurance or self-insurance providing coverage for the work related injuries sustained by insureds or County employees, officials and, in some cases, volunteers.

**Workers' Compensation Appeals Board (WCAB):** In the State of California, the judicial unit that formally resolves workers' compensation disputes.

**Work Hardening:** Work duties used as part of a recovery program that conditions and strengthens the worker's physical capabilities and increases workday tolerance.

**Work Hardening Transitional Assignment Agreement (WHTAA):** The agreement used to document the specifics regarding a work hardening assignment.

**Work Restrictions:** Limitations of work activities which are imposed by a physician based upon objective medical evidence.



**Year 2000 Problem:** Inability of a computer system, microprocessor, computer chips not part of a computer or microprocessor, or other computerized, electronic equipment or components to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.