A Beginner’s Guide to Insurance Jargon

Insurance has a habit of turning normal concepts into awkward wording. Here are some of the terms you are most likely to come across.

Premium
The amount you pay for the policy.

Excess
The amount you pay towards a claim before the insurer contributes.

Sum insured
The maximum amount covered for a particular section or item.

Policyholder
The person or business who owns the policy.

Endorsement
A change, restriction, or special condition added to the policy.

Exclusion
Something the policy does not cover.

Claim
A request made to the insurer for payment or support after a loss or insured event.

Underwriter
The party that accepts the insurance risk and sets the terms.

Renewal
The process of continuing or replacing the policy at the end of its term.

Cancellation
Ending the policy before its renewal date, either by the insurer or the policyholder.

Schedule
The document showing your specific policy details, such as names, dates, cover sections, and limits.

Policy wording
The full terms and conditions of the cover.

Optional extra
An additional feature you can choose to add for an extra cost.

Limit
The maximum amount the insurer will pay under a section of the policy.

Settled claim
A claim that has been accepted and paid, either fully or partially.

Declined claim
A claim the insurer does not agree to pay, often based on policy wording, evidence, or eligibility.

Why this matters
Understanding the language helps you:

- compare quotes more accurately
- spot weak cover
- ask better questions
- avoid confusion at claim stage

Final thought
Insurance jargon is only useful if you understand it. Once the terms are clearer, the whole buying process becomes easier to manage.