Glossary of terms.

Acceptance terms	The terms by which an insurer or lender agrees to accept an application for insurance or home lending.
Annual premium income (API)	The annual equivalent of the premium payable by the customer. For example, $100 per month is the equivalent of an API of $1200.
Benefits	An insurance policy is made up of a collection of benefits. These are the services or payments you're entitled to under your policy. For example, the main benefit of Life Insurance is the lump sum payment made to your designated nominee if you pass away. However, it also includes other benefits such as advance payments for funeral costs or an early payment if you are diagnosed with a terminal illness.
Buy Back	If you make a claim for accelerated Trauma or accelerated TPD the payments made will be subtracted from your overall Life Insurance. This is referred to as a 'buy back.' A buy back lets you restore your Life Insurance policy cover to what it was twelve (12) months after you make an accelerated Trauma or TPD claim. For example, if you have $100,000 of life cover and make a claim for $20,000 accelerated Trauma benefit, your life cover would be reduced to $80,000. A buy back allows you to reinstate your cover to the full amount of $100,000.
Claim	The process by which a demand is made against the proceeds of an insurance policy.
Claims Ratio	The ratio of claims costs to premiums received for product providers.
Commission	The payment made by product providers to agents and brokers for the sale of their products.
CPI	The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.
Disclosure and Non-Disclosure	When you apply for cover, we will ask a number of questions about your work, lifestyle, habits, income and medical history. It's important that you answer completely and honestly. Failing to disclose relevant information or providing false information is called nondisclosure. This can have a serious impact on your ability to make a claim(s).

Advice4Life
Protecting Life's Plan

Declined	When an insurer or lender refuses to accept an application for its products, or where a claim against an insurance policy is turned down by the insurer.
Deferred	When an insurer delays the acceptance of an application for insurance until a current risk reduces to an acceptable level or an unknown risk is able to be quantified.
Endorsement	A special condition that applies to an insurance policy. For example, an endorsement may state that drivers younger than a nominated age are not covered under the policy or that a particular medical condition is not covered (e.g., asthma).
Exclusion	Anything that is not covered by the policy. There may be 'blanket' exclusions that apply to all customers and 'specific' exclusions that apply only to specific customers.
Expiry Date	The date that a benefit, policy or contract reaches its end date.
Free Look Period	By law there is a fifteen (15) day 'free look' period for insurance policies whereby the client can cancel the policy and receive back all premiums that have been paid.
Indexed Benefit	An indexed benefit is also known as 'inflation adjustment' or 'CPI increase'. This allows you to choose to have your cover increased by a small amount over time (based on the Consumer Price Index) to keep up with inflation. As your amount of cover changes, your premium can also change. This differs depending on the insurer.
Insurance and Financial Services Ombudsman Scheme (IFSO Scheme)	The IFSO Scheme provides a free and independent service for consumers with a complaint about services provided in New Zealand by participating financial service providers. Their website is www.ifso.nz.
Issued	A contract is issued once the application has been accepted by the product provider and all requirements to complete the contract have been received.
Lapse	A policy of insurance lapses when premiums remain unpaid for a pre-determined period. A lapsed policy provides no coverage during the period it remains lapsed.
Level Premium	Level premiums are locked at the same rate for a pre-determined timeframe. They won't increase due to your age. However, they can increase if you choose to have your sum

	insured increased to keep up with inflation. This differs depending on the insurer.
Life Assured	The 'life assured' can also be known as the 'insured'. This is the person covered by a life insurance policy.
Loadings	Additional premium charged to an insured who presents a higher risk of claiming than the average insured. These can be expressed as a percentage, such as+50% (meaning an additional 50% over and above the standard base rate) or as a 'per mille' loading, such as +$2.00 per mille (meaning an additional $2.00 per annum for every thousand dollars sum insured).
Loss of Policy Declaration	A declaration made by the policy owner to confirm that their original policy document has been lost, destroyed, or was not received. Upon receipt of the declaration, a copy of the policy document (which replaces the original document in all respects) is then sent to the policy owner. Loss of Policy Declaration forms can be obtained from the Insurance Company.
Medsafe	Government body responsible for establishing the safety and efficacy of medications. Only Medsafe approved treatments are able to be prescribed in NZ.
Memorandum of Transfer	The legal form that, once completed, enables ownership of a contract to be assigned from one party to another.
Nominated Beneficiary	A nominated beneficiary is the person you've chosen to receive any money paid out from your Life Insurance. For some policies, like income protection, you will receive the money, but if you pass away your insurance money will be paid to your estate unless you have chosen a nominated beneficiary.
NTU (not taken up), NPW (not proceeded with), WNC (will not complete)	Where an application for a contract is cancelled or withdrawn before the contract is completed and issued.
Outstanding Requirements	The requirements needed by a product provider to enable a contract to be assessed, completed and issued.
Personal Medical Attendants Report (PMAR)	A report of an applicant's complete medical history provided by the applicant's normal attending physician at the insurer's cost. Used for assessing the health risk of an applicant.

PHARMAC	Government body responsible for deciding which Medsafe approved medications will be publicly subsidised.
Policyholder / Policy Owner	The individual or organisation to whom the proceeds of the policy will be paid. Has the right to make changes to the policy details subject to the insurance company's normal processes.
Policy Document	The terms and conditions of the entire insurance contract.
Policy Fee	A mandatory fee that the insurance company places on policies for administration fees.
Policy Schedule	Included as part of the policy document. The schedule outlines the specific details relating to the insured, such as the policyholder's name and address, the types and amounts of cover, the premium payable, etc.
Pre-Existing Condition	A physical defect, medical condition or disease that an applicant has suffered from, or is suffering, at the date of an application for life or health insurance benefits.
Premium	The total amount payable to an insurer for an insurance policy.
Premium Rate	The rate charged for each unit of insurance for the particular client, excluding policy fees and loadings.
Premium Renewal	The new premium calculated each year for insured benefits.
Premium Review Date	Some life insurance contracts provide for period longer than twelve (12) months between renewals. The premium review date indicates the next date that premiums will be renewed.
Proposal Form	An application form for insurance benefits.
Rating Agency	An agency that rates a product provider on its financial strength and capability to meet claims. Ratings are based on the company's investment performance, liquidity, earnings, reinsurance programs, management experience and integrity.
Rate for Age/ Stepped	This is also known as a 'stepped premium'. If premiums are 'Rate for Age' they will increase every year in line with the Consumer Price Index (CPI) and the policyholder's increase in age.
Reinstatement	When an insurance policy has lapsed, the insurer may allow those benefits to be put back into force upon receipt of the outstanding premiums. The company may require the insured to

	be re-underwritten before agreeing to reinstate the coverage.
Reinsurance	This occurs when an insurance company pays a wholesale insurance company to share the claims risk with them. Reinsurance helps the insurer to spread the impact of any one type of risk.
Sum Insured/Sum Assured	The amount of protection provided by an insurance policy. Also known as 'cover.'
Underwriting	The assessment of the risk posed to an insurer or lender by the individual demographics of the applicant and/or the asset to be insured.
Unearned Premium	The amount of premium paid in advance by the insured which would be refunded if the policy was cancelled at that time.
Wait Period	This defines how many days the policyholder must wait from the date of any illness, injury or disability before the insurer will start to pay the claim(s).
Waiver of Premium	The waiver of premium benefit is mandatory for Income Protection insurance. If a policyholder is unable to work due to total disability, the premium payments will be waived while the insurance remains in place.