

ENGLISH FOR WORK / ENGLISH FOR INSURANCE PROFESSIONALS

Insurance English

Explain the wording. Establish the facts. Keep the decision clear.



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Eight practical lessons. Eleven extended conversations.

Vocabulary, phrase banks, guided speaking, and explained answers.

Revised 2026 edition / Upper-intermediate to advanced

Your route through the book

01 Underwriting and Risk Selection, page 4

Request material missing information while preserving the difference between review, quotation, and binding.

02 Policy Language and Coverage Interpretation, page 17

Explain the roles of policy documents without deciding coverage from an isolated heading.

03 Claims Intake and Reserving, page 31

Ask for precise missing claim information and distinguish an estimate from a settlement commitment.

04 Coverage Disputes and Denials, page 44

Respond to pressure for certainty with an accurate status, specific outstanding issue, and useful follow-up.

05 Broker and Client Renewal Meetings, page 59

Explain a renewal trade-off using a bounded deductible calculation and a complete comparison request.

06 Fraud Indicators and SIU Referral, page 71

Make an objective specialist referral that separates observed records, suspicion, and findings.

07 Actuarial Assumptions and Pricing, page 86

Explain claim-cost movement using consistent exposure, separate drivers, and a limited pricing conclusion.

08 Compliance, Market Conduct, and Complaints, page 100

Restate a complaint accurately, investigate its actual basis, and provide a substantive status without inventing a remedy.

[Professional communication notes, page 3](#)

[Three additional workplace cases, page 116](#)

[Answers and explanations, page 130](#)

[Phrase finder, page 188](#)

[Vocabulary index, page 190](#)

[References and publication notes, page 195](#)

Suggested study range: B2-C1. This is an editorial study range, not a certified proficiency assessment.

Distinguish information, interpretation, and authority

Insurance conversations depend on precise status words. A quote is not necessarily bound cover, a reserve is not a settlement promise, and a reported concern is not an established finding. These cases practice keeping those distinctions understandable.

Ask for the missing fact

Identify the exact information needed and its purpose. Do not convert an empty field into a favorable answer, and do not ask a client to guess dates or amounts merely to complete the form. "The loss-history field is blank; that does not establish that there were no losses."

Read documents together

Summaries and declarations help locate information, but the applicable wording, endorsements, conditions, and exclusions matter. Avoid treating a convenient heading as a complete coverage decision.

"The summary is not the complete policy; we need the applicable endorsement too."

Separate estimates from commitments

A reserve, quote, review appointment, and payment decision have different meanings. Name the status and the person or process with authority to change it.

"The review is pending; no coverage decision or payment commitment has been made."

Compare like with like

Premium changes do not describe every change in protection. Claim counts need exposure context, and average claim costs need a consistent basis. State the assumptions before presenting the comparison.

"The premium is lower, but the deductible is higher; the terms are not identical."

Professional boundaries

All insurers, policies, claims, people, figures, and local procedures are fictional. This is professional-English practice, not insurance, actuarial, legal, financial, or claims-handling advice. Actual wording, authority, notice requirements, privacy obligations, and complaint rights depend on the policy and applicable jurisdiction. No example binds coverage, determines a real claim, or prescribes an investigation.

A Read the situation

LESSON 01 / UNDERWRITING AND RISK SELECTION

Request material missing information while preserving the difference between review, quotation, and binding.

An incomplete submission cannot establish the risk

Broker Lena submits an application for Atlas Services, describing its activity only as maintenance. The application omits operating locations and the requested three-year loss history. Underwriter Theo does not know whether the work is performed at a workshop, at customer premises, or both. No quote, binder, or coverage confirmation has been issued. Lena will obtain the activity breakdown, location details, and loss records, and give Theo a status update Monday at 11:00. Atlas wants cover urgently, but neither the requested start date nor a complete submission automatically establishes acceptance or coverage.

People: Lena, Insurance broker; Theo, Underwriter.

Read the record

Choose one answer per question using the facts above.

1. Which information is missing?

- A.** An already issued binder
- B.** Operating locations and the requested three-year loss history
- C.** The applicant's name
- D.** Every description of any activity

2. What does the blank loss-history field establish?

- A.** The information is missing.
- B.** No losses occurred.
- C.** Three claims were paid.
- D.** Coverage has already been declined.

3. What is committed for Monday at 11:00?

- A.** A completed claim settlement
- B.** A submission-status update
- C.** Guaranteed coverage inception
- D.** An accepted quote

[Answers and explanations, page 130](#)

B Vocabulary in use

CORE TERMS

underwriting

Assessment and selection of risk under an insurer's applicable process.

complete underwriting review

applicant

The person or organization requesting insurance.

identify the applicant

risk appetite

The types and characteristics of risk an insurer is prepared to consider.

assess fit with risk appetite

operating location

A place where the business carries out its activities.

list operating locations

off-site work

Work performed away from the business's own location.

disclose off-site work

loss run

A report listing claims and related information for a defined account and period.

request a loss run

submission

Information supplied for an insurance assessment or quotation.

prepare an underwriting submission

business activity

The operations performed by the applicant.

describe the business activity

exposure

A condition or measure associated with the possibility of insured loss.

identify the exposure

premises

Buildings or land occupied or used for an activity.

describe the premises

loss history

A record of prior losses or claims over a stated period.

obtain the loss history

valuation date

The date at which reported amounts or claim statuses are evaluated.

state the valuation date

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

underwriting UNDERWRITING

complete underwriting review

Keep the meaning precise: Assessment and selection of risk under an insurer's applicable process.

exposure EXPOSURE

identify the exposure

Keep the meaning precise: A condition or measure associated with the possibility of insured loss.

B Precision and professional shorthand

EXTEND YOUR RANGE

risk selection

Deciding which risks to accept under the relevant criteria.

support risk selection

underwriting authority

The defined power to make specified underwriting decisions.

confirm underwriting authority

binder

A document or agreement providing temporary insurance as applicable to its terms.

confirm the binder terms

subjectivity

A stated requirement attached to a proposed underwriting arrangement.

identify an underwriting subjectivity

occupancy

The use of premises relevant to a property-risk assessment.

describe the occupancy

declination

A decision not to offer the requested insurance.

communicate a declination

referral

Escalation to a person or level with the required authority.

make an underwriting referral

quote

Proposed insurance terms subject to their stated conditions and status.

issue a quote

inception date

The date on which insurance begins under the applicable agreement.

verify the inception date

material information

Information relevant under the applicable decision or disclosure framework.

request material information

risk engineering

Technical assessment of risk conditions and controls.

request risk engineering input

submission completeness

Whether the requested submission information has been supplied.

check submission completeness

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

valuation date VALUATION DATE

state the valuation date

Keep the meaning precise: The date at which reported amounts or claim statuses are evaluated.

binder BINDER

confirm the binder terms

Keep the meaning precise: A document or agreement providing temporary insurance as applicable to its terms.

Phrases that move the work forward

Specify the missing information

We still need the operating locations and three-year loss history.

Avoid a favorable assumption

A blank loss-history field does not mean no losses.

Check the reporting basis

Include the loss run's valuation date.

Separate the stages

Completing the submission does not guarantee acceptance.

Recognize urgency

I understand that the requested start date is important.

Name the follow-up

Lena will obtain the activity and location breakdown.

Limit the commitment

That is an update time, not a promise of bound cover.

Preserve uncertainty

We have not established where all the work takes place.

Clarify the activity

Does maintenance mean workshop work, customer-site work, or both?

Name the information period

Please supply the requested three-year records.

Explain the purpose

These details are needed to assess the risk presented.

Avoid a coverage promise

No quote, binder, or coverage confirmation has been issued.

Keep the date accurate

A requested inception date is not a confirmed inception date.

Give a concrete contact

We will update the submission status Monday at 11:00.

Check authority

Any decision must follow the applicable underwriting authority.

Close the handoff

Send the missing records with their period and source clearly identified.

Precision in real exchanges

Purpose: Name the information period

Useful wording: Please supply the requested three-year records.

Purpose: Check the reporting basis

Useful wording: Include the loss run's valuation date.

D Choose the response that fits

Choose one response for each situation. Preserve the facts, the decision boundary, and the purpose of the exchange.

1. Which request is most useful?

- A.** Please resend the applicant name and preferred start date.
- B.** Please confirm that maintenance is the description on the form.
- C.** Please provide this year's paid claims without location details.
- D.** Please provide the operating locations, activity breakdown, and three-year loss records.

2. Which statement improperly promises coverage?

- A.** Cover begins Monday because that is when the update is due.
- B.** No binder has been issued.
- C.** The application remains under review.
- D.** The start date is requested, not confirmed.

3. A colleague needs the term for this meaning: The operations performed by the applicant. Which term fits?

- A.** off-site work
- B.** occupancy
- C.** underwriting authority
- D.** business activity

D Choose the response that fits / continued

4. Rebuild the exchange from "An incomplete submission cannot establish the risk". Lena: "The client may have records from its previous insurer. I will ask what period they cover and whether the reported amounts are current." Theo: [missing response] Lena: "Atlas also has a storage address. I do not yet know whether work is performed there or whether it is only used for supplies." Which response belongs in the gap?

- A.** Correct. Request the loss history for the specified three years. Missing information is not a favorable answer. We need the actual record and any relevant explanation of its coverage or limitations.
- B.** If a loss run is available, include its valuation date. Claim amounts and statuses can change. We should know the basis of the record rather than treat every figure as a final settled amount.
- C.** Do not present it as a binder. This exchange requests information and describes review status. It does not create an insurance agreement or authorize you to represent that one has been issued.
- D.** We can explain the relevant referral status when applicable. Keep the distinction between a review route and a decision. Neither an escalation nor a request for information is automatically a declination.

[Answers and explanations, page 130](#)

One useful distinction

A complete submission is not the same as an acceptable risk, a quote, or bound insurance. Preserve the stage of the process. The urgency of a requested inception date does not itself create coverage.

Conversation

An incomplete submission cannot establish the risk

An incomplete submission cannot establish the risk

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

business activity / Submission completeness / underwriting authority / inception date / referral / loss history / binder / operating location / loss run / submission

- 01 **Lena:** Atlas needs cover quickly. The application says maintenance, but I can see the operating-location fields and three-year loss-history section are incomplete.
- 02 **Theo:** We need a clearer ¹ _____ description first. Does the work happen in a workshop, at customer premises, or both? We cannot choose one simply because the label sounds familiar.
- 03 **Lena:** I will obtain a breakdown from the client. The blank history field should not be treated as a statement that no losses occurred.
- 04 **Theo:** Correct. Request the ² _____ for the specified three years. Missing information is not a favorable answer. We need the actual record and any relevant explanation of its coverage or limitations.
- 05 **Lena:** The client may have records from its previous insurer. I will ask what period they cover and whether the reported amounts are current.
- 06 **Theo:** If a ³ _____ is available, include its valuation date. Claim amounts and statuses can change. We should know the basis of the record rather than treat every figure as a final settled amount.

E Conversation / continued

- 07 **Lena:** Atlas also has a storage address. I do not yet know whether work is performed there or whether it is only used for supplies.
- 08 **Theo:** Clarify each ⁴ _____ and its use. An address alone does not tell us the occupancy or whether there is off-site work. The activity and location details need to agree.
- 09 **Lena:** Would complete records let Atlas tell its customer that insurance is arranged? They want a definite answer today.
- 10 **Theo:** No. ⁵ _____ is one stage, not an acceptance decision. The information allows the risk to be reviewed under the applicable criteria and authority. It does not predetermine the outcome.

Conversation continues on the next page.

An incomplete submission cannot establish the risk

CONVERSATION / CONTINUED

- 11 **Lena:** I will explain that distinction. The client requested Monday as the start date, but I have no document confirming that insurance begins then.
- 12 **Theo:** Keep the ⁶ _____ described as requested. No quote, binder, or coverage confirmation has been issued. An urgent preference does not become confirmed insurance because we repeat it confidently.
- 13 **Lena:** I will call the date requested. Does this call provide temporary cover while the paperwork catches up?
- 14 **Theo:** Do not present it as a ⁷ _____. This exchange requests information and describes review status. It does not create an insurance agreement or authorize you to represent that one has been issued.
- 15 **Lena:** I will update you Monday at eleven, even if a previous insurer has not yet supplied every record. Is that useful?
- 16 **Theo:** Yes. Give the ⁸ _____ status and identify exactly what remains missing. A useful update can explain an unresolved dependency without disguising it as a completed review or an expected acceptance.
- 17 **Lena:** If the clarified activities require a more senior decision, I would rather know the next review step than make a promise to the client.
- 18 **Theo:** We can explain the relevant ⁹ _____ status when applicable. Keep the distinction between a review route and a decision. Neither an escalation nor a request for information is automatically a declination.

An incomplete submission cannot establish the risk / continued

- 19 **Lena:** My client update will list the requested facts, Monday's status contact, and the absence of any coverage confirmation. It will avoid a guaranteed outcome.
- 20 **Theo:** Good. Any eventual decision must respect ¹⁰ _____ and the applicable process. Clear information helps that decision, but it does not substitute for the required authorization or the actual terms offered.

CHECK THE GAPS

1. business activity / **2.** loss history / **3.** loss run / **4.** operating location / **5.** Submission completeness / **6.** inception date / **7.** binder / **8.** submission / **9.** referral / **10.** underwriting authority

[Why these answers fit, page 132](#)

F Check accuracy and scope

An incomplete submission cannot establish the risk

Return to the case

Broker Lena submits an application for Atlas Services, describing its activity only as maintenance. The application omits operating locations and the requested three-year loss history. Underwriter Theo does not know whether the work is performed at a workshop, at customer premises, or both. No quote, binder, or coverage confirmation has been issued. Lena will obtain the activity breakdown, location details, and loss records, and give Theo a status update Monday at 11:00. Atlas wants cover urgently, but neither the requested start date nor a complete submission automatically establishes acceptance or coverage.

Choose one answer per question. Use the case facts and keep any uncertainty or limits intact.

1. What does supplying all requested records accomplish by itself?

- A. It addresses submission completeness, not automatic acceptance.
- B. It automatically binds every requested risk.
- C. It eliminates every possible exposure.
- D. It forces the insurer to offer the lowest premium.

2. Why ask for a loss run's valuation date?

- A. Reported claim amounts and statuses relate to a stated evaluation date.
- B. It always equals the future policy inception date.
- C. It proves every claim is permanently closed.
- D. It replaces the requested three-year history.

[Answers and explanations, page 133](#)

Listen for the distinction

Swap roles for turns 11-20; distinguish the requested start date from bound cover.

Be specific without sounding obstructive

A broker under time pressure may hear more information required as a refusal. Identify the missing fields and why they matter to the review. Offer a concrete next contact while avoiding a promise that complete paperwork will produce a particular underwriting outcome.

F Say it / transfer to a new case

Complete another submission handoff

The Nova application lacks two operating addresses and the requested two-year loss record. Priya will obtain the information. A status update is due Thursday at 10:00; no binder has been issued.

Complete the four gaps. With a partner, read alternate roles, then switch. Studying alone, read both roles and pause before each response.

WORD AND PHRASE BANK

Priya / two / loss record / Thursday at 10:00

- 01 **Broker:** The number of missing operating addresses is ¹ _____.
- 02 **Underwriter:** The requested two-year document is the ² _____.
- 03 **Broker:** The person obtaining the information is ³ _____.
- 04 **Underwriter:** The status update is due ⁴ _____.

CHECK THE GAPS

1. two / 2. loss record / 3. Priya / 4. Thursday at 10:00

[Why these answers fit, page 133](#)

F Say it / transfer to a new case / continued

Rebuild the exchange

Choose the missing response. Read the completed three-turn exchange aloud, changing roles on the second reading.

1. Rebuild the exchange from "An incomplete submission cannot establish the risk".
Lena: "I will call the date requested. Does this call provide temporary cover while the paperwork catches up?" **Theo: [missing response]** **Lena: "I will update you Monday at eleven, even if a previous insurer has not yet supplied every record. Is that useful?"**
Which response belongs in the gap?

- A.** We can explain the relevant referral status when applicable. Keep the distinction between a review route and a decision. Neither an escalation nor a request for information is automatically a declination.
- B.** Good. Any eventual decision must respect underwriting authority and the applicable process. Clear information helps that decision, but it does not substitute for the required authorization or the actual terms offered.
- C.** Do not present it as a binder. This exchange requests information and describes review status. It does not create an insurance agreement or authorize you to represent that one has been issued.
- D.** Correct. Request the loss history for the specified three years. Missing information is not a favorable answer. We need the actual record and any relevant explanation of its coverage or limitations.

[Answers and explanations, page 134](#)

A Read the situation

LESSON 02 / POLICY LANGUAGE AND COVERAGE INTERPRETATION

Explain the roles of policy documents without deciding coverage from an isolated heading.

A summary does not contain the whole contract

Business owner Rosa has a one-page summary showing a property limit of \$500,000 and a \$2,000 deductible. She assumes that every type of property damage is covered up to that limit. Account specialist Evan has the declarations and base form, but the listed endorsement E17 has not yet been retrieved. The full policy also contains conditions and exclusions that require review. No particular loss is being decided in this exchange. Evan will obtain E17 and walk Rosa through the applicable documents; the limit and deductible alone do not establish whether any specific event is covered.

People: Rosa, Business owner; Evan, Account specialist.

Read the record

Choose one answer per question using the facts above.

1. What does the one-page summary show?

- A. A final decision about every future loss
- B. The retrieved text of E17
- C. A \$500,000 property limit and a \$2,000 deductible
- D. Every exclusion in the policy

2. Which listed document is missing from the current review?

- A. The one-page summary
- B. Endorsement E17
- C. The declarations
- D. The base form

3. What is not established by the two amounts alone?

- A. That further document review is needed
- B. That a deductible is shown
- C. Coverage for a particular event
- D. The figures printed on the summary

[Answers and explanations, page 135](#)

B Vocabulary in use

CORE TERMS

policy wording

The text establishing the insurance contract's applicable terms.

review the policy wording

insuring agreement

The policy section describing the basic insurance promise subject to its terms.

read the insuring agreement

condition

A requirement or provision affecting rights and obligations under the policy.

review a policy condition

endorsement

A document modifying the policy's terms.

read the applicable endorsement

coverage limit

The maximum applicable amount subject to the policy's terms.

identify the coverage limit

aggregate limit

A limit applying to a defined total of claims or losses over a stated basis.

review the aggregate limit

declarations

Policy information identifying the insured, period, limits, and other stated particulars.

check the declarations

definition

A specified meaning assigned to a term in the policy.

apply the policy definition

exclusion

A provision removing specified matters from coverage, subject to the applicable wording.

examine an exclusion

schedule

A list of items, locations, amounts, or forms attached to a policy.

check the policy schedule

sublimit

A separate lower limit applying to a specified part of coverage.

identify a sublimit

per-occurrence limit

A limit applying to one occurrence as defined by the policy.

check the per-occurrence limit

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

policy wording **POLICY WORDING**

review the policy wording

Keep the meaning precise: The text establishing the insurance contract's applicable terms.

exclusion **EXCLUSION**

examine an exclusion

Keep the meaning precise: A provision removing specified matters from coverage, subject to the applicable wording.

B Precision and professional shorthand

EXTEND YOUR RANGE

deductible

The specified amount or share borne by the insured under the applicable terms.

explain the deductible

named insured

A person or organization identified as an insured in the policy.

verify the named insured

covered property

Property meeting the policy's applicable coverage description.

identify covered property

policy period

The interval during which the policy applies according to its terms.

confirm the policy period

form number

An identifier for a policy document or wording version.

match the form number

interpretation

Explanation of wording in its full relevant context.

support the interpretation

retention

A portion of risk or cost retained under a defined arrangement.

distinguish a retention

additional insured

A party given insured status for a defined scope under the applicable terms.

confirm additional insured status

covered cause of loss

A cause of loss within the applicable coverage wording.

assess a covered cause of loss

effective date

The date on which a specified policy or change takes effect.

verify the endorsement's effective date

coverage summary

A condensed description that may omit detailed policy provisions.

qualify the coverage summary

document set

The complete applicable collection of policy forms and amendments.

assemble the document set

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

per-occurrence limit PER-OCCURRENCE LIMIT

check the per-occurrence limit

Keep the meaning precise: A limit applying to one occurrence as defined by the policy.

covered property COVERED PROPERTY

identify covered property

Keep the meaning precise: Property meeting the policy's applicable coverage description.

Phrases that move the work forward

Recognize the inference

I can see why the short summary gave that impression.

State the visible amounts

It shows a \$500,000 limit and a \$2,000 deductible.

Identify the missing form

Endorsement E17 is listed but has not been retrieved.

Read the set together

We need the applicable forms and endorsements.

Keep definitions visible

The policy may assign a specific meaning to a familiar word.

Avoid a blanket promise

I cannot describe every type of damage as covered.

Offer a concrete next step

I will obtain E17 and review the document set with you.

Ask a precise question

Which wording supports the coverage statement in the summary?

Name the document's role

This is a summary, not the complete policy wording.

Limit the conclusion

Those amounts do not establish coverage for every event.

Avoid guessing the change

We cannot infer E17's effect from its number.

Explain an endorsement

It can modify coverage, including restricting it.

Check the applicable period

Confirm the form and effective date.

Distinguish limit and scope

The amount of a limit and the scope of coverage are different questions.

Preserve the actual task

We are clarifying documents, not deciding a particular loss today.

Close accurately

We will explain the applicable provisions together rather than rely on one heading.

Precision in real exchanges

Purpose: Limit the conclusion

Useful wording: Those amounts do not establish coverage for every event.

Purpose: Identify the missing form

Useful wording: Endorsement E17 is listed but has not been retrieved.

D Choose the response that fits

Choose one response for each situation. Preserve the facts, the decision boundary, and the purpose of the exchange.

1. Which explanation is accurate?

- A.** A form number reveals the complete wording.
- B.** The summary shows amounts but does not contain every applicable term.
- C.** A listed limit means every event is covered.
- D.** Every endorsement only adds protection.

2. What should Evan do about E17?

- A.** Ignore it because the summary is shorter.
- B.** Replace it with wording from an unrelated account.
- C.** Obtain the applicable text and check its form and effective date.
- D.** Assume it adds unlimited coverage.

3. A colleague needs the term for this meaning: A specified meaning assigned to a term in the policy. Which term fits?

- A.** definition
- B.** named insured
- C.** coverage limit
- D.** form number

D Choose the response that fits / continued

4. Rebuild the exchange from "A summary does not contain the whole contract".

Rosa: "I thought an endorsement always added protection. Could it actually reduce coverage or change the meaning of something in the main form?" Evan: [missing response] Rosa: "Then we should not describe E17 to my team until we have it. Where does the policy state the basic coverage promise?" Which response belongs in the gap?

- A.** A coverage limit is not a guaranteed payment. The applicable scope, facts, and other terms still matter. We should correct that interpretation before it becomes a promise in your internal planning.
- B.** We need the complete applicable document set. I have the declarations and base form, but endorsement E17 is listed and has not yet been retrieved. We should not skip a listed amendment.
- C.** The insuring agreement is one starting point, read with the definitions and other provisions. It is not a standalone promise that can be separated from the rest of the applicable wording.
- D.** An endorsement can make different kinds of changes. We need its actual text, applicable form, and effective date. Its number alone does not tell us whether it expands or restricts anything.

[Answers and explanations, page 135](#)

One useful distinction

An endorsement can add, restrict, or otherwise modify coverage; it is not automatically an extra benefit. Its form, effective date, and actual wording matter. E17 cannot be interpreted before its text is obtained.

E Conversation

A summary does not contain the whole contract

A summary does not contain the whole contract

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

coverage limit / coverage summary / endorsement / deductible / definition /
insuring agreement / exclusion / form number / document set / policy wording

- 01 **Rosa:** The summary says property cover up to five hundred thousand dollars. I assumed that meant every kind of property damage, after the deductible.
- 02 **Evan:** I can see why. But this ¹ _____ does not contain every applicable term. The limit and deductible are important, but they do not establish that every event or type of damage is covered.
- 03 **Rosa:** I have the summary and declarations. Are those two documents enough, or should I also have the longer form you mentioned?
- 04 **Evan:** We need the complete applicable ² _____. I have the declarations and base form, but endorsement E17 is listed and has not yet been retrieved. We should not skip a listed amendment.
- 05 **Rosa:** I thought an endorsement always added protection. Could it actually reduce coverage or change the meaning of something in the main form?
- 06 **Evan:** An ³ _____ can make different kinds of changes. We need its actual text, applicable form, and effective date. Its number alone does not tell us whether it expands or restricts anything.

Conversation / continued

- 07 **Rosa:** Then we should not describe E17 to my team until we have it. Where does the policy state the basic coverage promise?
- 08 **Evan:** The ⁴ _____ is one starting point, read with the definitions and other provisions. It is not a standalone promise that can be separated from the rest of the applicable wording.
- 09 **Rosa:** Occurrence sounds like an ordinary word. Are you saying the policy definition could change how the limit applies?
- 10 **Evan:** A policy ⁵ _____ may give a familiar word a specific meaning. We need that meaning when reading the relevant provision, rather than assume the everyday meaning settles the coverage question.

Conversation continues on the next page.

A summary does not contain the whole contract

CONVERSATION / CONTINUED

- 11 **Rosa:** The deductible is two thousand dollars. Does agreeing to bear that amount make every larger loss eligible for payment?
- 12 **Evan:** No. The ⁶ _____ addresses the insured's specified share under the terms. It does not by itself establish that the property, cause, event, and other circumstances fall within coverage.
- 13 **Rosa:** What about the five-hundred-thousand-dollar figure? My colleague has been treating it as a guaranteed payment amount whenever something serious happens.
- 14 **Evan:** A ⁷ _____ is not a guaranteed payment. The applicable scope, facts, and other terms still matter. We should correct that interpretation before it becomes a promise in your internal planning.
- 15 **Rosa:** Please show me the basic promise and the provisions that change it. I need to explain the structure to my team.
- 16 **Evan:** We will review each relevant ⁸ _____ in context, alongside conditions and endorsements. I will not simply list broad headings and ask you to assume that they describe every possible event.
- 17 **Rosa:** Is the effective date another detail we should check when the endorsement arrives? I do not want to use an unrelated version.
- 18 **Evan:** Yes. Match the ⁹ _____ and effective date to the applicable policy. A similar document from another period or account is not a reliable substitute for the actual issued wording.

A summary does not contain the whole contract / continued

- 19 **Rosa:** Please obtain E17 and walk me through the set. We are not asking you to decide a specific claim in this conversation.
- 20 **Evan:** Agreed. We will explain the ¹⁰ _____ together and correct the summary's overbroad impression. Any particular loss would require its facts and the applicable decision process, not a conclusion from the two amounts alone.

CHECK THE GAPS

1. coverage summary / 2. document set / 3. endorsement / 4. insuring agreement / 5. definition / 6. deductible / 7. coverage limit / 8. exclusion / 9. form number / 10. policy wording

[Why these answers fit, page 137](#)

F Check accuracy and scope

A summary does not contain the whole contract

Return to the case

Business owner Rosa has a one-page summary showing a property limit of \$500,000 and a \$2,000 deductible. She assumes that every type of property damage is covered up to that limit. Account specialist Evan has the declarations and base form, but the listed endorsement E17 has not yet been retrieved. The full policy also contains conditions and exclusions that require review. No particular loss is being decided in this exchange. Evan will obtain E17 and walk Rosa through the applicable documents; the limit and deductible alone do not establish whether any specific event is covered.

Choose one answer per question. Use the case facts and keep any uncertainty or limits intact.

1. Which statement confuses amount and scope?

- A.** No particular loss is being decided today.
- B.** A \$500,000 limit proves that any property loss is insured.
- C.** The summary shows a \$2,000 deductible.
- D.** Conditions may affect policy obligations.

2. Why review policy definitions?

- A.** They automatically remove every exclusion.
- B.** They guarantee the highest limit for every loss.
- C.** They replace all endorsements.
- D.** Familiar words can have specified meanings in the contract.

[Answers and explanations, page 138](#)

Listen for the distinction

Swap roles for turns 11-20; say what the deductible and limit do not establish.

Translate structure before offering interpretation

Clients may reasonably expect a short summary to be complete. Explain which document supplies which information and why the applicable forms must be read together. Avoid blaming the client for an inference encouraged by an oversimplified summary.

F Say it / transfer to a new case

Identify another incomplete document set

A summary shows a \$200,000 limit and a \$1,500 deductible. The declarations list endorsement R4, which has not been retrieved. No specific claim is under decision.

Complete the four gaps. With a partner, read alternate roles, then switch. Studying alone, read both roles and pause before each response.

WORD AND PHRASE BANK

200,000 / R4 / not / 1,500

- 01 **Client:** The displayed limit is ¹ _____ dollars.
- 02 **Specialist:** The displayed deductible is ² _____ dollars.
- 03 **Client:** The missing endorsement is ³ _____.
- 04 **Specialist:** A specific claim is ⁴ _____ under decision here.

CHECK THE GAPS

1. 200,000 / 2. 1,500 / 3. R4 / 4. not

[Why these answers fit, page 138](#)

Rebuild the exchange

Choose the missing response. Read the completed three-turn exchange aloud, changing roles on the second reading.

1. Rebuild the exchange from "A summary does not contain the whole contract". Rosa: "What about the five-hundred-thousand-dollar figure? My colleague has been treating it as a guaranteed payment amount whenever something serious happens." Evan: [missing response] Rosa: "Please show me the basic promise and the provisions that change it. I need to explain the structure to my team." Which response belongs in the gap?

- A.** The insuring agreement is one starting point, read with the definitions and other provisions. It is not a standalone promise that can be separated from the rest of the applicable wording.
- B.** A coverage limit is not a guaranteed payment. The applicable scope, facts, and other terms still matter. We should correct that interpretation before it becomes a promise in your internal planning.
- C.** We need the complete applicable document set. I have the declarations and base form, but endorsement E17 is listed and has not yet been retrieved. We should not skip a listed amendment.
- D.** An endorsement can make different kinds of changes. We need its actual text, applicable form, and effective date. Its number alone does not tell us whether it expands or restricts anything.

[Answers and explanations, page 139](#)

Review 1 / Meaning and context

Use language from the lessons you have completed. Choose one answer per question.

Case file

Revisit "Underwriting and Risk Selection" and "Policy Language and Coverage Interpretation". Choose precise terminology, then reconstruct the missing responses using both neighboring turns. The final two questions also revisit earlier conversations.

1. A colleague needs the term for this meaning: The person or organization requesting insurance. Which term fits?

- A. referral
- B. premises
- C. applicant
- D. material information

2. A colleague needs the term for this meaning: A list of items, locations, amounts, or forms attached to a policy. Which term fits?

- A. schedule
- B. policy period
- C. deductible
- D. policy wording

3. Rebuild the exchange from "An incomplete submission cannot establish the risk". Lena: "Would complete records let Atlas tell its customer that insurance is arranged? They want a definite answer today." Theo: [missing response] Lena: "I will explain that distinction. The client requested Monday as the start date, but I have no document confirming that insurance begins then." Which response belongs in the gap?

- A. Clarify each operating location and its use. An address alone does not tell us the occupancy or whether there is off-site work. The activity and location details need to agree.
- B. We need a clearer business activity description first. Does the work happen in a workshop, at customer premises, or both? We cannot choose one simply because the label sounds familiar.
- C. No. Submission completeness is one stage, not an acceptance decision. The information allows the risk to be reviewed under the applicable criteria and authority. It does not predetermine the outcome.
- D. Yes. Give the submission status and identify exactly what remains missing. A useful update can explain an unresolved dependency without disguising it as a completed review or an expected acceptance.

Review 1 / Meaning and context / continued

4. Rebuild the exchange from "A summary does not contain the whole contract".

Rosa: "Is the effective date another detail we should check when the endorsement arrives? I do not want to use an unrelated version." Evan: [missing response] Rosa: "Please obtain E17 and walk me through the set. We are not asking you to decide a specific claim in this conversation." Which response belongs in the gap?

- A.** Yes. Match the form number and effective date to the applicable policy. A similar document from another period or account is not a reliable substitute for the actual issued wording.
- B.** A policy definition may give a familiar word a specific meaning. We need that meaning when reading the relevant provision, rather than assume the everyday meaning settles the coverage question.
- C.** An endorsement can make different kinds of changes. We need its actual text, applicable form, and effective date. Its number alone does not tell us whether it expands or restricts anything.
- D.** We will review each relevant exclusion in context, alongside conditions and endorsements. I will not simply list broad headings and ask you to assume that they describe every possible event.

[Answers and explanations, page 170](#)

A Read the situation

LESSON 03 / CLAIMS INTAKE AND RESERVING

Ask for precise missing claim information and distinguish an estimate from a settlement commitment.

Open the file without inventing the loss details

Intake specialist Mina receives notice of alleged water damage under claim C204. The caller, Ben, has provided contact details and photographs, but the event date is unknown and the repair estimate has not been received. The date the damage was discovered is 6 June; that is not necessarily the date the event occurred. An adjuster has not completed the coverage or amount review. Mina will request the known timeline and supporting documents through the approved channel. An internal reserve, if established under the applicable process, is an estimate for claim accounting and management, not a promise of payment to Ben.

People: Ben, Policyholder; Mina, Claims intake specialist.

Read the record

Choose one answer per question using the facts above.

1. What date is known?

- A. Discovery on 6 June
- B. The confirmed date the event occurred
- C. The final payment date
- D. The adjuster's coverage-decision date

2. What supporting document is missing?

- A. All photographs
- B. The caller's contact details
- C. A completed payment receipt
- D. The repair estimate

3. What does an internal reserve not establish?

- A. A payment promise to Ben
- B. An internal estimate under the applicable process
- C. A figure that may need review as information changes
- D. A claim-management or accounting measure

[Answers and explanations, page 140](#)

B Vocabulary in use

CORE TERMS

first notice of loss (FNOL)

The initial report of an event or loss to an insurer.

record first notice of loss

policyholder

The person or organization holding the policy.

contact the policyholder

date of loss

The date associated with the event causing the claimed loss, as applicable.

establish the date of loss

notification date

The date the insurer or relevant recipient was notified.

confirm the notification date

adjuster

A person responsible for investigating or evaluating claims within their role.

assign an adjuster

repair estimate

A projected cost for specified repair work.

obtain a repair estimate

claimant

A person or entity making a claim.

identify the claimant

claim number

The identifier assigned to a claim file.

quote the claim number

discovery date

The date the loss or damage was first noticed.

record the discovery date

claim intake

The initial collection and recording of claim information.

complete claim intake

supporting documentation

Records relevant to evaluating the claimed event or amount.

request supporting documentation

proof of loss

A statement or document describing claimed loss as required by the applicable process.

request the applicable proof of loss

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

first notice of loss (FNOL) FIRST NOTICE OF LOSS (FNOL)

record first notice of loss

Keep the meaning precise: The initial report of an event or loss to an insurer.

discovery date DISCOVERY DATE

record the discovery date

Keep the meaning precise: The date the loss or damage was first noticed.

B Precision and professional shorthand

EXTEND YOUR RANGE

case reserve

An estimate assigned to an individual claim under the reserving process.

review the case reserve

paid loss

Claim amounts already paid on the stated basis.

report paid loss

incurred but not reported (IBNR)

An estimate for claims or development not yet reflected in reported information on the stated basis.

explain the IBNR estimate

settlement

An agreement or resolution concerning the claim under applicable terms.

document a settlement

claim chronology

A timeline of reported events and claim-handling steps.

build a claim chronology

unpaid claim estimate

An estimate of amounts remaining to be paid on relevant claims.

assess an unpaid claim estimate

incurred loss

A loss measure combining paid amounts and relevant estimates on a specified basis.

define the incurred loss basis

loss adjustment expense (LAE)

Costs associated with investigating and settling claims under the accounting definition used.

distinguish loss adjustment expense

payment authorization

Approval for a specified claim payment.

verify payment authorization

information request

A request specifying what additional material is needed.

issue a clear information request

B Precision and professional shorthand / continued

secure submission channel

An approved route for transmitting sensitive claim information.

use the secure submission channel

acknowledgment

Confirmation that a report or communication was received.

send a claim acknowledgment

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

proof of loss PROOF OF LOSS

request the applicable proof of loss

Keep the meaning precise: A statement or document describing claimed loss as required by the applicable process.

incurred but not reported (IBNR) INCURRED BUT NOT REPORTED (IBNR)

explain the IBNR estimate

Keep the meaning precise: An estimate for claims or development not yet reflected in reported information on the stated basis.

Phrases that move the work forward

Acknowledge receipt

We have opened claim C204 and received your photographs.

Preserve the unknown

The event date has not yet been established.

Request a known timeline

Tell us when you first noticed the damage and what records you have.

Explain the purpose

The adjuster needs these details to evaluate the reported loss.

Confirm what is already held

We have your contact details and photographs.

Keep the claim reference

Include C204 with the supporting material.

Explain an internal estimate

A reserve is not a promise of payment.

Document uncertainty

I will record the date as unknown rather than inferred.

Separate the dates

You discovered the damage on 6 June.

Avoid a guessed entry

Please do not guess a date to fill the form.

Identify the missing document

We still need the repair estimate.

Protect the channel

Please use the approved submission route for the documents.

Avoid repeated requests

I will check the file before asking you to resend anything.

State the review stage

Coverage and amount reviews are not complete.

Separate authorization

No payment is authorized by this intake conversation.

Close the request

We need the known timeline and repair estimate, not an invented event date.

Precision in real exchanges

Purpose: Avoid a guessed entry

Useful wording: Please do not guess a date to fill the form.

Purpose: Request a known timeline

Useful wording: Tell us when you first noticed the damage and what records you have.

D Choose the response that fits

Choose one response for each situation. Preserve the facts, the decision boundary, and the purpose of the exchange.

1. Which entry accurately records 6 June?

- A.** Confirmed event date
- B.** Final settlement date
- C.** Payment-authorization date
- D.** Discovery date

2. Which follow-up request is best?

- A.** Please resend the photographs and contact details only.
- B.** Please confirm that 6 June was also the event date.
- C.** Please send the repair estimate without the chronology or claim reference.
- D.** Please provide the known timeline and repair estimate through the approved channel, quoting C204.

3. A colleague needs the term for this meaning: The identifier assigned to a claim file. Which term fits?

- A.** adjuster
- B.** claim number
- C.** paid loss
- D.** claim chronology

D Choose the response that fits / continued

4. Rebuild the exchange from "Open the file without inventing the loss details". Ben: "Your reminder asks for documents, but I sent the photographs. What is still missing?" Mina: [missing response] Ben: "The repair company has not finished its estimate. I can send it when available, but I cannot provide a reliable amount today." Which response belongs in the gap?

- A.** We still need the repair estimate. Your contact details and photographs are already in the file. I will make the follow-up specific rather than ask you to resend everything without checking what we hold.
- B.** Exactly. Our acknowledgment will confirm receipt, while the review status remains separate. Keep the claim reference on future correspondence so the new information can be connected to the correct file and evaluated in context.
- C.** We have your first notice of loss under C204. Please tell me what you know without guessing. The report can accurately identify an unresolved fact rather than present an unsupported date as certain.
- D.** Use the approved secure submission channel provided through our verified service process, and include claim C204. Do not send sensitive documents to an unverified address simply because a message appears to mention your claim.

[Answers and explanations, page 140](#)

One useful distinction

The event date, discovery date, and notification date can differ. Record the known discovery date as such. Do not move it into the event-date field merely because the latter is empty.

E Conversation

Open the file without inventing the loss details

Open the file without inventing the loss details

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

first notice of loss / case reserve / acknowledgment / claim chronology / discovery date /
information request / secure submission channel / adjuster / Payment authorization /
repair estimate

- 01 **Ben:** I sent photographs, but I only know the discovery date, not when the event occurred.
- 02 **Mina:** We have your ¹ _____ under C204. Please tell me what you know without guessing. The report can accurately identify an unresolved fact rather than present an unsupported date as certain.
- 03 **Ben:** I noticed the damage on the sixth of June. I cannot say whether the underlying event happened that morning or earlier.
- 04 **Mina:** I will record that as the ² _____. The event date remains unknown. Those fields answer different questions, so I will not copy the sixth into the event-date field merely to complete it.
- 05 **Ben:** Your reminder asks for documents, but I sent the photographs. What is still missing?
- 06 **Mina:** We still need the ³ _____. Your contact details and photographs are already in the file. I will make the follow-up specific rather than ask you to resend everything without checking what we hold.

E Conversation / continued

- 07 **Ben:** The repair company has not finished its estimate. I can send it when available, but I cannot provide a reliable amount today.
- 08 **Mina:** Note that status in the ⁴ _____. We need the known timeline and any relevant records, with uncertainties identified. An unavailable estimate should not become a made-up amount simply because the file has a field for it.
- 09 **Ben:** Would sending the estimate mean the claim is accepted? I need to explain the next step.
- 10 **Mina:** The ⁵ _____ still needs to review the claim. Providing a document is not the same as a coverage decision or agreement on the amount. Those reviews are not complete in this case.

Conversation continues on the next page.

Open the file without inventing the loss details

CONVERSATION / CONTINUED

- 11 **Ben:** Someone mentioned a reserve in an internal note. Is that the amount the insurer has promised to pay me for the damage?
- 12 **Mina:** A ⁶ _____ is an internal estimate under the applicable process, not a settlement promise. It may change as information develops and does not by itself establish coverage or the final amount payable.
- 13 **Ben:** Understood. I should not tell the repairer that the reserve is approved payment. We have no settlement yet.
- 14 **Mina:** Correct. ⁷ _____ is a separate matter. This intake conversation collects information and explains status. It does not authorize a payment or replace the review of the applicable policy and facts.
- 15 **Ben:** How should I send the repair estimate and timeline? They include some personal contact information and the property reference.
- 16 **Mina:** Use the approved ⁸ _____ provided through our verified service process, and include claim C204. Do not send sensitive documents to an unverified address simply because a message appears to mention your claim.
- 17 **Ben:** Please make the request list clear. I will provide the known dates and the repair estimate when it is available, without guessing the event date.
- 18 **Mina:** I will send that ⁹ _____ and identify what we already hold. This helps you respond to the actual gaps rather than repeat work or infer that every earlier submission has been lost.

Open the file without inventing the loss details / continued

- 19 **Ben:** That gives me a practical next step. I understand that receipt of the documents is not confirmation of coverage or the final settlement amount.
- 20 **Mina:** Exactly. Our ¹⁰ _____ will confirm receipt, while the review status remains separate. Keep the claim reference on future correspondence so the new information can be connected to the correct file and evaluated in context.

CHECK THE GAPS

1. first notice of loss / **2.** discovery date / **3.** repair estimate / **4.** claim chronology / **5.** adjuster / **6.** case reserve / **7.** Payment authorization / **8.** secure submission channel / **9.** information request / **10.** acknowledgment

[Why these answers fit, page 141](#)

F Check accuracy and scope

Open the file without inventing the loss details

Return to the case

Intake specialist Mina receives notice of alleged water damage under claim C204. The caller, Ben, has provided contact details and photographs, but the event date is unknown and the repair estimate has not been received. The date the damage was discovered is 6 June; that is not necessarily the date the event occurred. An adjuster has not completed the coverage or amount review. Mina will request the known timeline and supporting documents through the approved channel. An internal reserve, if established under the applicable process, is an estimate for claim accounting and management, not a promise of payment to Ben.

Choose one answer per question. Use the case facts and keep any uncertainty or limits intact.

1. Which statement improperly equates reserve and payment?

- A. The amount review is incomplete.
- B. The internal reserve is the amount we promise to pay you.
- C. The estimate may change as information develops.
- D. No coverage decision is supplied here.

2. What should Mina do before asking for photographs again?

- A. Delete the existing photographs without review.
- B. Replace the photographs with a guessed repair amount.
- C. Check the file, which already contains photographs.
- D. Assume no documents were ever received.

[Answers and explanations, page 143](#)

Listen for the distinction

Swap roles for turns 11-20; contrast a reserve, a settlement, and payment authorization.

Let the client say unknown

People sometimes guess to satisfy a form or to avoid sounding unhelpful. Ask for what is known, distinguish discovery from occurrence, and record uncertainty accurately. A complete-looking file is less useful than an honest file that identifies the missing evidence.

F Say it / transfer to a new case

Separate the dates in another intake call

For claim C318, damage was discovered on 12 July. The event date remains unknown. Photographs are received; the repair estimate is missing. No payment decision has been made.

Complete the four gaps. With a partner, read alternate roles, then switch. Studying alone, read both roles and pause before each response.

WORD AND PHRASE BANK

unknown / repair estimate / C318 / 12 July

- 01 **Specialist:** The claim reference is ¹ _____.
- 02 **Caller:** The discovery date is ² _____.
- 03 **Specialist:** The missing cost document is the ³ _____.
- 04 **Caller:** The event date remains ⁴ _____.

CHECK THE GAPS

1. C318 / 2. 12 July / 3. repair estimate / 4. unknown

[Why these answers fit, page 143](#)

Rebuild the exchange

Choose the missing response. Read the completed three-turn exchange aloud, changing roles on the second reading.

1. Rebuild the exchange from "Open the file without inventing the loss details". Ben: "Understood. I should not tell the repairer that the reserve is approved payment. We have no settlement yet." Mina: [missing response] Ben: "How should I send the repair estimate and timeline? They include some personal contact information and the property reference." Which response belongs in the gap?

- A.** Correct. Payment authorization is a separate matter. This intake conversation collects information and explains status. It does not authorize a payment or replace the review of the applicable policy and facts.
- B.** We have your first notice of loss under C204. Please tell me what you know without guessing. The report can accurately identify an unresolved fact rather than present an unsupported date as certain.
- C.** The adjuster still needs to review the claim. Providing a document is not the same as a coverage decision or agreement on the amount. Those reviews are not complete in this case.
- D.** I will record that as the discovery date. The event date remains unknown. Those fields answer different questions, so I will not copy the sixth into the event-date field merely to complete it.

[Answers and explanations, page 144](#)

A Read the situation

LESSON 04 / COVERAGE DISPUTES AND DENIALS

Respond to pressure for certainty with an accurate status, specific outstanding issue, and useful follow-up.

Explain an open review without implying a denial

Policyholder Miles reports equipment damage under claim K91 and asks whether the loss is definitely covered. Claims representative Sana confirms that the review is open. The cause report is outstanding, and the applicable endorsement must be evaluated against the facts. No coverage determination, denial, or payment commitment has been made. Sana will provide a status update Friday at 16:00, whether or not the review is complete. Miles interprets the request for more information as a rejection. Sana must correct that impression without promising acceptance or implying that a pending review suspends any applicable rights or deadlines.

People: Miles, Policyholder; Sana, Claims representative.

Read the record

Choose one answer per question using the facts above.

1. What is the claim's current status?

- A.** A denial has been issued.
- B.** Payment has been authorized.
- C.** Coverage review remains open.
- D.** The claim is definitely covered.

2. Which information is outstanding?

- A.** An already final coverage decision
- B.** The cause report
- C.** Every contact detail
- D.** A previously issued settlement payment

3. What is promised for Friday at 16:00?

- A.** A status update even if review remains incomplete
- B.** A guaranteed acceptance
- C.** An automatic denial
- D.** A payment transfer

[Answers and explanations, page 145](#)

B Vocabulary in use

CORE TERMS

coverage determination

A decision about whether and how policy coverage applies to a claim.

issue a coverage determination

coverage position

The insurer's stated interpretation or decision concerning coverage.

explain the coverage position

partial coverage

Coverage applying to some but not all claimed matters under the decision.

explain partial coverage

cause report

A report examining how an event or damage occurred.

obtain the cause report

factual basis

The established information supporting a conclusion.

explain the factual basis

applicable endorsement

The amendment relevant to the policy, period, and issue under review.

evaluate the applicable endorsement

coverage review

Evaluation of the policy and facts relevant to a claim's coverage.

complete a coverage review

denial

A decision refusing a claim or specified part of it on a stated basis.

communicate a denial

reservation of rights

A notice preserving specified coverage rights while a matter is handled, subject to applicable law.

review a reservation of rights

causation

The relationship between an event and the claimed loss.

assess causation

policy provision

A specific term or clause in the policy.

cite the policy provision

unresolved issue

A question not yet answered sufficiently for the relevant decision.

identify the unresolved issue

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

coverage determination COVERAGE DETERMINATION

issue a coverage determination

Keep the meaning precise: A decision about whether and how policy coverage applies to a claim.

reservation of rights RESERVATION OF RIGHTS

review a reservation of rights

Keep the meaning precise: A notice preserving specified coverage rights while a matter is handled, subject to applicable law.

B Precision and professional shorthand

EXTEND YOUR RANGE

review owner

The person responsible for coordinating the relevant evaluation.

identify the review owner

decision notice

A communication conveying a specified decision.

distinguish the decision notice

appeal

A request for reconsideration through an available formal process.

identify the applicable appeal process

rights and remedies

Available entitlements and means of pursuing them under the applicable framework.

explain relevant rights and remedies

time limit

A period within which a specified action must be taken.

verify the applicable time limit

settlement authority

The defined power to approve a claim resolution or payment arrangement.

confirm settlement authority

status update

A communication reporting the current stage and known developments.

provide a status update

review route

The applicable process for requesting further examination of a decision.

explain the review route

complaint

An expression of dissatisfaction requiring handling under the relevant process.

record a complaint

notice requirement

A rule or term governing a required communication.

check the notice requirement

without prejudice

A context-dependent legal expression whose effect requires applicable legal assessment.

seek advice on without-prejudice wording

written explanation

A documented account of the reasons and supporting basis for a position.

provide a written explanation

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

unresolved issue UNRESOLVED ISSUE

identify the unresolved issue

Keep the meaning precise: A question not yet answered sufficiently for the relevant decision.

appeal APPEAL

identify the applicable appeal process

Keep the meaning precise: A request for reconsideration through an available formal process.

Phrases that move the work forward

Acknowledge the practical need

I understand that you need clarity for your next decisions.

Correct the inference

The information request is not a denial.

Name the missing item

We are waiting for the cause report.

Keep the decision separate

No coverage determination has been made.

Offer a reliable contact

I will update you Friday at 16:00.

Keep communication active

I will contact you even if the review is incomplete.

Clarify the request

The missing report is needed to assess the reported cause.

Explain an eventual position

A decision should be communicated through the applicable process with its basis.

State the actual status

The coverage review remains open.

Avoid the opposite promise

It is not confirmation of coverage either.

Explain the other task

The endorsement must be evaluated against the facts.

Avoid payment language

I cannot promise payment from the current status.

Limit the time commitment

That is an update time, not a guaranteed decision date.

Respect other rights

Do not assume this review changes any applicable deadline.

Use plain status words

Open review means the decision has not yet been reached.

Close the call

We will separate the outstanding evidence, review status, and next contact.

Precision in real exchanges

Purpose: Avoid the opposite promise

Useful wording: It is not confirmation of coverage either.

Purpose: Name the missing item

Useful wording: We are waiting for the cause report.

D Choose the response that fits

Choose one response for each situation. Preserve the facts, the decision boundary, and the purpose of the exchange.

1. Which response best matches the facts?

- A.** Friday's update guarantees payment.
- B.** The review is open; the cause report is outstanding; no coverage decision has been made.
- C.** You are definitely covered because you reported the loss.
- D.** We denied the claim by asking for information.

2. What should Sana do if review is incomplete on Friday?

- A.** Skip the call because there is no final answer.
- B.** Invent a favorable decision.
- C.** Say all rights have expired without checking.
- D.** Provide the promised status update and explain what remains open.

3. A colleague needs the term for this meaning: A decision refusing a claim or specified part of it on a stated basis. Which term fits?

- A.** time limit
- B.** decision notice
- C.** factual basis
- D.** denial

D Choose the response that fits / continued

4. Rebuild the exchange from "Explain an open review without implying a denial".

Miles: "Would providing that report guarantee acceptance? I need to decide what to do about the equipment." Sana: [missing response] Miles: "Please confirm directly whether anything has been denied. Is this request a decision notice?" Which response belongs in the gap?

- A.** The eventual explanation must identify the relevant policy provision and how it relates to the established facts. I will not guess that relationship before the review or substitute a broad label for the applicable wording.
- B.** The applicable review route and complaint options should be communicated as required for the actual decision and jurisdiction. We should not invent a universal procedure or suggest that this current request takes those options away.
- C.** Receiving it would inform the factual basis, not guarantee a particular outcome. We still need to assess what it establishes alongside the applicable wording. I cannot turn a document request into a promise of acceptance.
- D.** Correct. No payment authorization has been made or promised through this exchange. I will keep the evidence request, review status, and next contact clear so you are not left to infer a decision from silence.

[Answers and explanations, page 145](#)

One useful distinction

Pending is neither accepted nor denied. A request for relevant information is not itself a denial, and a promised update is not a promised outcome. Actual notices must comply with applicable requirements.

E Conversation

Explain an open review without implying a denial

Explain an open review without implying a denial

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

denial / time limit / policy provision / factual basis / payment authorization /
coverage determination / cause report / review route / status update / coverage review

- 01 **Miles:** I need to know whether K91 is definitely covered. Your request for another report sounds as though the claim has already been rejected.
- 02 **Sana:** The ¹ _____ remains open. No coverage determination or denial has been made. I understand that you need clarity, but I should not describe an unfinished decision as either accepted or rejected.
- 03 **Miles:** Your email says further information required. Please name the missing document so I can follow up.
- 04 **Sana:** The ² _____ is outstanding. The applicable endorsement also needs to be evaluated against the facts. Those are the current review issues, rather than a completed conclusion that your loss is outside coverage.
- 05 **Miles:** Would providing that report guarantee acceptance? I need to decide what to do about the equipment.
- 06 **Sana:** Receiving it would inform the ³ _____, not guarantee a particular outcome. We still need to assess what it establishes alongside the applicable wording. I cannot turn a document request into a promise of acceptance.

E Conversation / continued

- 07 **Miles:** Please confirm directly whether anything has been denied. Is this request a decision notice?
- 08 **Sana:** No ⁴ _____ has been made here. The information request is not one. At the same time, the absence of a denial is not confirmation that the claim is covered.
- 09 **Miles:** That is clearer. Can you identify who will keep me informed rather than leaving me to call repeatedly for the same status?
- 10 **Sana:** I will coordinate the ⁵ _____ Friday at sixteen hundred. I will contact you even if the review is incomplete, explain the actual position, and identify what remains unresolved rather than simply repeat a generic message.

Conversation continues on the next page.

Explain an open review without implying a denial

CONVERSATION / CONTINUED

- 11 **Miles:** Should I treat Friday as the date when the claim will be decided? That would at least give me a fixed planning point.
- 12 **Sana:** It is not a guaranteed ⁶ _____ date. Friday is our communication commitment. I do not control every outstanding input, so I should not promise that the substantive review will be complete by then.
- 13 **Miles:** Please explain how the provision fits the facts, rather than giving me an endorsement number alone.
- 14 **Sana:** The eventual explanation must identify the relevant ⁷ _____ and how it relates to the established facts. I will not guess that relationship before the review or substitute a broad label for the applicable wording.
- 15 **Miles:** Does an open review mean I can ignore any time limits elsewhere in the policy while I wait for your answer?
- 16 **Sana:** Do not assume that. An applicable ⁸ _____ needs to be checked under the policy and relevant requirements. This conversation creates no extension and does not remove any rights or obligations that may apply.
- 17 **Miles:** If I disagree with the eventual decision, will the available review routes be explained?
- 18 **Sana:** The applicable ⁹ _____ and complaint options should be communicated as required for the actual decision and jurisdiction. We should not invent a universal procedure or suggest that this current request takes those options away.

Explain an open review without implying a denial / continued

- 19 **Miles:** For now, I understand that you need the cause report, the endorsement review is ongoing, and I will receive a status call Friday.
- 20 **Sana:** Correct. No ¹⁰ _____ has been made or promised through this exchange. I will keep the evidence request, review status, and next contact clear so you are not left to infer a decision from silence.

CHECK THE GAPS

1. coverage review / **2.** cause report / **3.** factual basis / **4.** denial / **5.** status update / **6.** coverage determination / **7.** policy provision / **8.** time limit / **9.** review route / **10.** payment authorization

[Why these answers fit, page 146](#)

F Check accuracy and scope

Explain an open review without implying a denial

Return to the case

Policyholder Miles reports equipment damage under claim K91 and asks whether the loss is definitely covered. Claims representative Sana confirms that the review is open. The cause report is outstanding, and the applicable endorsement must be evaluated against the facts. No coverage determination, denial, or payment commitment has been made. Sana will provide a status update Friday at 16:00, whether or not the review is complete. Miles interprets the request for more information as a rejection. Sana must correct that impression without promising acceptance or implying that a pending review suspends any applicable rights or deadlines.

Choose one answer per question. Use the case facts and keep any uncertainty or limits intact.

1. Which statement about deadlines is unsupported?

- A. Relevant deadlines require the applicable rules and wording.
- B. This example grants no extension.
- C. Status and legal rights are separate questions.
- D. The open review automatically pauses every applicable deadline.

2. How should an eventual decision be described?

- A. As the outcome usually reached on similar equipment claims
- B. As the adjuster's expected amount before the coverage review ends
- C. Through the applicable process with its actual basis and relevant next steps
- D. As an endorsement number without the relevant text or facts

[Answers and explanations, page 148](#)

Listen for the distinction

Swap roles for turns 11-20; distinguish the Friday update from a decision deadline.

Acknowledge the need without borrowing certainty

A policyholder may need a definite answer to make practical decisions. Acknowledge that pressure, explain the actual unresolved issue, and provide a reliable communication step. Neither reassurance nor defensive language should change the claim status.

F Say it / transfer to a new case

Correct another pending-review message

Claim M22 awaits an inspection report. No coverage determination has been made. Rehan will provide a status update Tuesday at 14:00, even if the review remains incomplete.

Complete the four gaps. With a partner, read alternate roles, then switch. Studying alone, read both roles and pause before each response.

WORD AND PHRASE BANK

Rehan / inspection report / Tuesday at 14:00 / M22

- 01 **Representative:** The claim reference is ¹ _____.
- 02 **Policyholder:** The missing document is the ² _____.
- 03 **Representative:** Your update contact is ³ _____.
- 04 **Policyholder:** The update is scheduled for ⁴ _____.

CHECK THE GAPS

1. M22 / 2. inspection report / 3. Rehan / 4. Tuesday at 14:00

[Why these answers fit, page 148](#)

F Say it / transfer to a new case / continued

Rebuild the exchange

Choose the missing response. Read the completed three-turn exchange aloud, changing roles on the second reading.

1. Rebuild the exchange from "Explain an open review without implying a denial". Miles: "Please explain how the provision fits the facts, rather than giving me an endorsement number alone." Sana: [missing response] Miles: "Does an open review mean I can ignore any time limits elsewhere in the policy while I wait for your answer?" Which response belongs in the gap?

- A.** Receiving it would inform the factual basis, not guarantee a particular outcome. We still need to assess what it establishes alongside the applicable wording. I cannot turn a document request into a promise of acceptance.
- B.** The applicable review route and complaint options should be communicated as required for the actual decision and jurisdiction. We should not invent a universal procedure or suggest that this current request takes those options away.
- C.** Correct. No payment authorization has been made or promised through this exchange. I will keep the evidence request, review status, and next contact clear so you are not left to infer a decision from silence.
- D.** The eventual explanation must identify the relevant policy provision and how it relates to the established facts. I will not guess that relationship before the review or substitute a broad label for the applicable wording.

[Answers and explanations, page 149](#)

Review 2 / Meaning and context

Use language from the lessons you have completed. Choose one answer per question.

Case file

Revisit "Claims Intake and Reserving" and "Coverage Disputes and Denials". Choose precise terminology, then reconstruct the missing responses using both neighboring turns. The final two questions also revisit earlier conversations.

1. A colleague needs the term for this meaning: The person or organization holding the policy. Which term fits?

- A. unpaid claim estimate
- B. policyholder
- C. payment authorization
- D. claim intake

2. A colleague needs the term for this meaning: The relationship between an event and the claimed loss. Which term fits?

- A. coverage determination
- B. causation
- C. review owner
- D. rights and remedies

3. Rebuild the exchange from "A summary does not contain the whole contract". Rosa: "Occurrence sounds like an ordinary word. Are you saying the policy definition could change how the limit applies?" Evan: [missing response] Rosa: "The deductible is two thousand dollars. Does agreeing to bear that amount make every larger loss eligible for payment?" Which response belongs in the gap?

- A. An endorsement can make different kinds of changes. We need its actual text, applicable form, and effective date. Its number alone does not tell us whether it expands or restricts anything.
- B. Yes. Match the form number and effective date to the applicable policy. A similar document from another period or account is not a reliable substitute for the actual issued wording.
- C. A policy definition may give a familiar word a specific meaning. We need that meaning when reading the relevant provision, rather than assume the everyday meaning settles the coverage question.
- D. We will review each relevant exclusion in context, alongside conditions and endorsements. I will not simply list broad headings and ask you to assume that they describe every possible event.

Review 2 / Meaning and context / continued

4. Rebuild the exchange from "Explain an open review without implying a denial".

Miles: "If I disagree with the eventual decision, will the available review routes be explained?" Sana: [missing response] Miles: "For now, I understand that you need

the cause report, the endorsement review is ongoing, and I will receive a status call

Friday." Which response belongs in the gap?

- A.** The applicable review route and complaint options should be communicated as required for the actual decision and jurisdiction. We should not invent a universal procedure or suggest that this current request takes those options away.
- B.** The eventual explanation must identify the relevant policy provision and how it relates to the established facts. I will not guess that relationship before the review or substitute a broad label for the applicable wording.
- C.** Receiving it would inform the factual basis, not guarantee a particular outcome. We still need to assess what it establishes alongside the applicable wording. I cannot turn a document request into a promise of acceptance.
- D.** Correct. No payment authorization has been made or promised through this exchange. I will keep the evidence request, review status, and next contact clear so you are not left to infer a decision from silence.

[Answers and explanations, page 173](#)

A Read the situation

LESSON 05 / BROKER AND CLIENT RENEWAL MEETINGS

Explain a renewal trade-off using a bounded deductible calculation and a complete comparison request.

Lower premium does not mean identical protection

Broker Naomi compares two annual renewal quotes for client Victor. Quote A has a \$10,000 premium and a \$1,000 per-loss deductible; quote B has a \$9,000 premium and a \$5,000 per-loss deductible. Their full wording has not been compared, and neither quote is bound. For one arithmetic illustration only, assume a fully covered \$8,000 loss, sufficient applicable limits, no coinsurance, no other adjustments, and a deductible subtracted once from the loss. A would leave \$1,000 of that loss with Victor; B would leave \$5,000. The illustration is not a prediction of future claims or a coverage decision.

People: Victor, Business client; Naomi, Insurance broker.

Read the record

Choose one answer per question using the facts above.

1. How much lower is B's annual premium?

- A. \$1,000
- B. \$4,000
- C. \$5,000
- D. \$9,000

2. How much higher is B's per-loss deductible?

- A. \$8,000
- B. \$10,000
- C. \$4,000
- D. \$1,000

3. What is not yet established?

- A. The stated deductible amounts
- B. The arithmetic illustration's loss amount
- C. That the full coverage wording is otherwise identical
- D. The stated premium amounts

[Answers and explanations, page 150](#)

B Vocabulary in use

CORE TERMS

renewal

Continuation or replacement of insurance for a further policy period.

review the renewal

annual premium

The stated insurance price for a one-year period on the specified basis.

compare the annual premium

premium saving

A reduction in premium relative to a specified comparison.

quantify the premium saving

out-of-pocket amount

Money the client bears directly on the defined basis.

estimate the out-of-pocket amount

like-for-like basis

A comparison holding relevant terms and assumptions consistent.

compare on a like-for-like basis

valuation basis

The method used to determine the value of a covered loss.

compare the valuation basis

renewal quote

Proposed terms for the next policy period.

compare renewal quotes

per-loss deductible

The deductible applied to each loss under the stated terms.

explain the per-loss deductible

retained loss

The part of a loss borne by the insured under the arrangement.

compare retained loss

coverage comparison

Review of differences in the protection and terms offered.

prepare a coverage comparison

coinsurance

A cost-sharing or insurance-to-value provision whose meaning depends on the policy type.

review the coinsurance provision

replacement cost

A valuation basis concerning replacement under the applicable terms.

review replacement-cost terms

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

renewal **RENEWAL**

review the renewal

Keep the meaning precise: Continuation or replacement of insurance for a further policy period.

retained loss **RETAINED LOSS**

compare retained loss

Keep the meaning precise: The part of a loss borne by the insured under the arrangement.

B Precision and professional shorthand

EXTEND YOUR RANGE

actual cash value

A valuation measure defined by applicable policy terms and law, often reflecting depreciation.

explain actual cash value

sublimit comparison

Review of differences in specified lower coverage limits.

complete a sublimit comparison

renewal condition

A stated requirement affecting the proposed renewal.

confirm a renewal condition

binding instruction

A request to place coverage under the applicable authority and process.

confirm binding instructions

effective period

The dates during which the relevant terms apply.

verify the effective period

total-cost comparison

Comparison including specified premium and loss or other cost components.

state the total-cost comparison basis

depreciation

A reduction in value attributed to age, wear, or other relevant factors.

account for depreciation

coverage gap

An identified absence or interruption of relevant insurance protection.

identify a coverage gap

quote validity

The period and conditions during which proposed terms remain available.

check quote validity

binding confirmation

Communication confirming placed coverage according to its actual terms.

obtain binding confirmation

illustrative loss

A hypothetical loss used to demonstrate a calculation.

label the illustrative loss

risk tolerance

Willingness and capacity to bear uncertainty or loss under a defined context.

discuss risk tolerance

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

replacement cost REPLACEMENT COST

review replacement-cost terms

Keep the meaning precise: A valuation basis concerning replacement under the applicable terms.

renewal condition RENEWAL CONDITION

confirm a renewal condition

Keep the meaning precise: A stated requirement affecting the proposed renewal.

Phrases that move the work forward

Acknowledge the saving

B's annual premium is \$1,000 lower.

Reject false equivalence

These are not identical terms for less money.

Set the assumptions

Assume one fully covered \$8,000 loss with no other adjustments.

Calculate the second share

Under B, you would retain \$5,000 of that loss.

Limit the example

This is arithmetic practice, not a prediction or coverage decision.

Contrast the example

The same illustrated total is \$14,000 under B.

Check other differences

We still need the exclusions, endorsements, limits, and valuation terms.

Ask for a documented decision

Confirm the actual terms before giving binding instructions.

Name the changed term

B's per-loss deductible is \$4,000 higher.

Keep the review open

We have not yet compared the complete wording.

Calculate the first share

Under A, you would retain \$1,000 of that loss.

State the insurer amount

The illustrated insurer payments are \$7,000 and \$3,000.

Include the full basis

Premium plus retained loss totals \$11,000 under A in this example.

Avoid universal advice

One hypothetical loss does not establish the best option for every future year.

Preserve quote status

Neither quote is currently bound.

Close the comparison

We will show the premium saving and the changed exposure together.

Precision in real exchanges

Purpose: Keep the review open

Useful wording: We have not yet compared the complete wording.

Purpose: Set the assumptions

Useful wording: Assume one fully covered \$8,000 loss with no other adjustments.

D Choose the response that fits

Choose one response for each situation. Preserve the facts, the decision boundary, and the purpose of the exchange.

1. In the illustration, what would A's insurer payment be?

- A.** \$3,000
- B.** \$7,000
- C.** \$8,000
- D.** \$1,000

2. In the illustration, what would B's insurer payment be?

- A.** \$3,000
- B.** \$5,000
- C.** \$9,000
- D.** \$7,000

3. A colleague needs the term for this meaning: The deductible applied to each loss under the stated terms. Which term fits?

- A.** effective period
- B.** per-loss deductible
- C.** sublimit comparison
- D.** like-for-like basis

D Choose the response that fits / continued

4. Rebuild the exchange from "Lower premium does not mean identical protection".

Victor: "Under A, subtracting one thousand from eight thousand gives a seven-thousand-dollar insurer payment. My share of that loss would be one thousand."

Naomi: [missing response] Victor: "So B's premium saving is one thousand, but I retain four thousand more if this particular hypothetical loss occurs. Those are different comparisons." Which response belongs in the gap?

- A.** Correct. Coinsurance requires the relevant wording and policy context. We should not transfer a definition from another product or assume the simplified illustration settles how that provision applies.
- B.** Yes. The valuation basis, exclusions, endorsements, sublimits, and other applicable provisions need review. A matching headline limit does not prove that the full coverage or settlement basis is identical.
- C.** Correct. That is your retained loss in this example. Under B, the five-thousand-dollar deductible leaves a three-thousand-dollar insurer payment and five thousand for you to bear.
- D.** That is the correct total-cost comparison on this narrow basis. It is not an expected annual-cost forecast. Different losses, no losses, or other policy terms could produce different outcomes.

[Answers and explanations, page 150](#)

One useful distinction

In the \$8,000 illustration, A pays \$7,000 and B pays \$3,000, with Victor bearing \$1,000 and \$5,000 respectively. These results depend on all stated assumptions and do not decide actual claim coverage.

E Conversation

Lower premium does not mean identical protection

Lower premium does not mean identical protection

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

annual premium / total-cost comparison / binding confirmation / retained loss /
premium saving / illustrative loss / valuation basis / Coinsurance / effective period /
like-for-like basis

- 01 **Victor:** Quote B is a thousand dollars cheaper annually. Is this simply the same protection for less money, or is there a trade-off?
- 02 **Naomi:** The ¹ _____ is lower, but B's deductible is five thousand rather than one thousand dollars. We also have not compared the full wording, so we cannot claim equivalent protection.
- 03 **Victor:** The deductible difference is four thousand dollars per loss. Could you show how that would matter using the eight-thousand-dollar example?
- 04 **Naomi:** Yes, as an ² _____ only. Assume it is fully covered, limits are sufficient, no coinsurance or other adjustment applies, and the deductible is subtracted once. Those assumptions are essential to the calculation.
- 05 **Victor:** Under A, subtracting one thousand from eight thousand gives a seven-thousand-dollar insurer payment. My share of that loss would be one thousand.
- 06 **Naomi:** Correct. That is your ³ _____ in this example. Under B, the five-thousand-dollar deductible leaves a three-thousand-dollar insurer payment and five thousand for you to bear.

E Conversation / continued

- 07 **Victor:** So B's premium saving is one thousand, but I retain four thousand more if this particular hypothetical loss occurs. Those are different comparisons.
- 08 **Naomi:** Exactly. Show the ⁴ _____ and deductible effect side by side. Do not describe the saving as a guaranteed reduction in every cost you could face during the policy year.
- 09 **Victor:** If I include annual premium and my share of this one loss, I get eleven thousand for A and fourteen thousand for B.
- 10 **Naomi:** That is the correct ⁵ _____ on this narrow basis. It is not an expected annual-cost forecast. Different losses, no losses, or other policy terms could produce different outcomes.

Conversation continues on the next page.

Lower premium does not mean identical protection

CONVERSATION / CONTINUED

- 11 **Victor:** Could another term affect the calculation even if the main limit shown on both quotes looks the same? We have only compared the headline figures.
- 12 **Naomi:** Yes. The ⁶ _____, exclusions, endorsements, sublimits, and other applicable provisions need review. A matching headline limit does not prove that the full coverage or settlement basis is identical.
- 13 **Victor:** One quote also mentions coinsurance. We have left that out of the arithmetic, so I still need its actual effect explained.
- 14 **Naomi:** Correct. ⁷ _____ requires the relevant wording and policy context. We should not transfer a definition from another product or assume the simplified illustration settles how that provision applies.
- 15 **Victor:** Please keep the example separate from your recommendation. Our decision also depends on which losses we can afford to retain.
- 16 **Naomi:** It is not. A ⁸ _____ requires the complete terms, and a decision also needs your actual needs and capacity to bear loss. One hypothetical event cannot decide every possible future year.
- 17 **Victor:** Have either of these terms already been placed? I have not instructed you to proceed with a particular quote.
- 18 **Naomi:** Neither has ⁹ _____. We must keep proposed terms separate from actual placement. A discussion of the lower premium or our calculation does not by itself confirm coverage under either quote.

Lower premium does not mean identical protection / continued

- 19 **Victor:** Please finish the wording comparison and show the premium and deductible differences clearly. Then we can make a documented decision about the proposal.
- 20 **Naomi:** Agreed. We will confirm the ¹⁰ _____ and other relevant conditions before acting on binding instructions. The comparison should make the trade-offs visible, not hide them behind the lower annual price.

CHECK THE GAPS

1. annual premium / 2. illustrative loss / 3. retained loss / 4. premium saving / 5. total-cost comparison / 6. valuation basis / 7. Coinsurance / 8. like-for-like basis / 9. binding confirmation / 10. effective period

[Why these answers fit, page 152](#)

F Check accuracy and scope

Lower premium does not mean identical protection

Return to the case

Broker Naomi compares two annual renewal quotes for client Victor. Quote A has a \$10,000 premium and a \$1,000 per-loss deductible; quote B has a \$9,000 premium and a \$5,000 per-loss deductible. Their full wording has not been compared, and neither quote is bound. For one arithmetic illustration only, assume a fully covered \$8,000 loss, sufficient applicable limits, no coinsurance, no other adjustments, and a deductible subtracted once from the loss. A would leave \$1,000 of that loss with Victor; B would leave \$5,000. The illustration is not a prediction of future claims or a coverage decision.

Choose one answer per question. Use the case facts and keep any uncertainty or limits intact.

1. Which premium-plus-retained-loss comparison is correct for this example?

- A. A: \$10,000; B: \$9,000 with no retained loss
- B. A: \$18,000; B: \$17,000
- C. Both: \$8,000
- D. A: \$11,000; B: \$14,000

2. Which conclusion is unsupported?

- A. B has the lower stated premium.
- B. B has the higher stated deductible.
- C. Neither quote is bound.
- D. B provides identical coverage and always costs less overall.

[Answers and explanations, page 153](#)

Listen for the distinction

Swap roles for turns 11-20; separate the arithmetic example from a binding instruction.

Explain the trade-off before asking for a choice

A client may focus on the most visible price. Acknowledge the premium saving, then quantify the changed deductible under explicit assumptions. Do not hide the trade-off or present a simplified example as proof of which option will be best for the client.

F Say it / transfer to a new case

Compare a second pair of deductibles

For one fully covered \$6,000 loss, assume sufficient limits and no other adjustments. Quote C has a \$500 per-loss deductible; D has a \$2,000 deductible. Deductibles are subtracted once.

Complete the four gaps. With a partner, read alternate roles, then switch. Studying alone, read both roles and pause before each response.

WORD AND PHRASE BANK

500 / 2,000 / 5,500 / 4,000

- 01 **Broker:** Under C, the client retains ¹ _____ dollars.
- 02 **Client:** Under C, the insurer pays ² _____ dollars.
- 03 **Broker:** Under D, the client retains ³ _____ dollars.
- 04 **Client:** Under D, the insurer pays ⁴ _____ dollars.

CHECK THE GAPS

1. 500 / 2. 5,500 / 3. 2,000 / 4. 4,000

[Why these answers fit, page 153](#)

Rebuild the exchange

Choose the missing response. Read the completed three-turn exchange aloud, changing roles on the second reading.

1. Rebuild the exchange from "Lower premium does not mean identical protection".

Victor: "One quote also mentions coinsurance. We have left that out of the arithmetic, so I still need its actual effect explained." **Naomi:** [missing response] **Victor:** "Please keep the example separate from your recommendation. Our decision also depends on which losses we can afford to retain." Which response belongs in the gap?

- A.** The annual premium is lower, but B's deductible is five thousand rather than one thousand dollars. We also have not compared the full wording, so we cannot claim equivalent protection.
- B.** Correct. Coinsurance requires the relevant wording and policy context. We should not transfer a definition from another product or assume the simplified illustration settles how that provision applies.
- C.** That is the correct total-cost comparison on this narrow basis. It is not an expected annual-cost forecast. Different losses, no losses, or other policy terms could produce different outcomes.
- D.** Yes. The valuation basis, exclusions, endorsements, sublimits, and other applicable provisions need review. A matching headline limit does not prove that the full coverage or settlement basis is identical.

[Answers and explanations, page 154](#)

A Read the situation

LESSON 06 / FRAUD INDICATORS AND SIU REFERRAL

Make an objective specialist referral that separates observed records, suspicion, and findings.

Record a discrepancy without labeling the customer

Claims analyst Iris notices that invoice reference P71 from the same repair vendor appears in files Q2 and Q4. The team has not established whether this reflects a duplicate upload, an administrative error, or another explanation. Neither the vendor nor the customer has been found to have acted dishonestly. A draft internal note calls the customer fraudulent. Review lead Hassan will correct that language and refer the documented discrepancy through the approved Special Investigation Unit (SIU) route. Original records must be preserved, access restricted to authorized recipients, and no unsupported allegation added to customer correspondence.

People: Iris, Claims analyst; Hassan, Review lead.

Read the record

Choose one answer per question using the facts above.

1. What has actually been observed?

- A. The vendor has been convicted.
- B. The invoice has been proved altered.
- C. Invoice reference P71 appears in Q2 and Q4 for the same vendor.
- D. The customer has admitted fraud.

2. What remains unknown?

- A. The invoice reference
- B. The existence of the draft accusation
- C. The explanation for the repeated reference
- D. The two file identifiers

3. What should happen to the original records?

- A. Replace them with an accusation.
- B. Share them with unrelated colleagues.
- C. Preserve them and restrict access to authorized recipients.
- D. Delete them after making the referral.

[Answers and explanations, page 155](#)

B Vocabulary in use

CORE TERMS

Special Investigation Unit (SIU)

A specialist function reviewing suspected insurance fraud under the applicable process.

refer to the SIU

suspicion

A concern that has not been established as a finding.

distinguish suspicion from proof

verified finding

A conclusion established through the relevant evidential review.

record a verified finding

duplicate record

A second copy or entry that may repeat existing information.

identify a duplicate record

source document

The original or originating record supporting an entry.

preserve the source document

referral criteria

The conditions for sending a matter to a specialist review.

apply referral criteria

fraud indicator

Information that may warrant examination for possible fraud.

document a fraud indicator

allegation

An assertion of wrongdoing that requires appropriate evaluation.

avoid an unsupported allegation

discrepancy

A difference or inconsistency requiring explanation.

describe a discrepancy

invoice reference

An identifier assigned to an invoice.

compare the invoice reference

administrative error

A mistake in handling or recording information.

examine a possible administrative error

referral summary

A concise account of the concern and supporting evidence.

prepare a referral summary

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

Special Investigation Unit (SIU) SPECIAL INVESTIGATION UNIT (SIU)

refer to the SIU

Keep the meaning precise: A specialist function reviewing suspected insurance fraud under the applicable process.

discrepancy DISCREPANCY

describe a discrepancy

Keep the meaning precise: A difference or inconsistency requiring explanation.

B Precision and professional shorthand

EXTEND YOUR RANGE

evidence preservation

Retention of relevant material without improper alteration or destruction.

maintain evidence preservation

authorized recipient

A person permitted to receive the relevant information.

identify authorized recipients

source attribution

Identification of where information or an assertion originated.

include source attribution

corroboration

Additional evidence supporting a statement or interpretation.

seek appropriate corroboration

investigation status

The current stage of an authorized examination.

report investigation status

neutral wording

Language describing facts without an unsupported judgment.

use neutral wording

access restriction

A limit on who may view or use information.

apply access restrictions

case note

A record of an event, observation, or action in a case file.

correct a case note

chronological record

An account organized by the timing of events or entries.

maintain a chronological record

alternative explanation

Another possible account of the observed information.

retain an alternative explanation

need-to-know access

Access limited to those requiring the information for their authorized role.

maintain need-to-know access

review conclusion

The outcome established by the relevant review.

distinguish the review conclusion

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

referral summary REFERRAL SUMMARY

prepare a referral summary

Keep the meaning precise: A concise account of the concern and supporting evidence.

source attribution SOURCE ATTRIBUTION

include source attribution

Keep the meaning precise: Identification of where information or an assertion originated.

C Phrases that move the work forward

State the observation

Invoice P71 appears in both Q2 and Q4 for the same vendor.

Remove an unsupported label

Do not describe the customer as fraudulent.

Preserve the source

Retain the original documents and their references.

Limit the meaning

Referral is not a finding of fraud.

Avoid attributing intent

We do not know who caused the repeated entry or why.

Restrict distribution

Send the material only to authorized recipients.

Report the stage

The concern is awaiting specialist review.

Preserve role boundaries

Let the authorized reviewers establish the findings.

Separate observation and conclusion

We have not established the explanation.

Keep alternatives open

A duplicate upload or administrative error remains possible.

Name the next step

Refer the discrepancy through the approved SIU route.

Use traceable correction

Correct the case note without concealing its history.

Specify the evidence

Include the two file references and the invoice identifier.

Keep customer communication accurate

Do not insert an unsupported allegation into correspondence.

Avoid automatic denial

This referral does not itself determine coverage or payment.

Close objectively

Record the observed discrepancy, open questions, and referral status.

Precision in real exchanges

Purpose: Keep alternatives open

Useful wording: A duplicate upload or administrative error remains possible.

Purpose: Preserve the source

Useful wording: Retain the original documents and their references.

D Choose the response that fits

Choose one response for each situation. Preserve the facts, the decision boundary, and the purpose of the exchange.

1. Which note is appropriate?

- A.** P71 appears in Q2 and Q4; explanation unconfirmed; referred through the approved SIU route.
- B.** The customer is fraudulent because two references match.
- C.** Delete Q4 to remove the discrepancy.
- D.** Every repeated invoice proves intentional deception.

2. Which statement confuses referral with a finding?

- A.** SIU referral proves that fraud occurred.
- B.** The cause of the repetition is unconfirmed.
- C.** Original records must be preserved.
- D.** Access is limited to authorized recipients.

3. A colleague needs the term for this meaning: An assertion of wrongdoing that requires appropriate evaluation. Which term fits?

- A.** source document
- B.** investigation status
- C.** authorized recipient
- D.** allegation

D Choose the response that fits / continued

4. Rebuild the exchange from "Record a discrepancy without labeling the customer".
Iris: "Should I send the files through our specialist referral route? I want the concern examined without implying that I have completed an investigation." **Hassan:** [missing response] **Iris:** "I will include the two file identifiers, the invoice reference, and the vendor name from the records. The documents themselves should remain intact." **Which response belongs in the gap?**

- A.** Use the approved Special Investigation Unit route under the applicable criteria. Include the factual observation and references. Referral does not by itself establish fraud, decide coverage, or authorize a particular claim outcome.
- B.** Maintain need-to-know access. Share only with authorized recipients who need the information for their role. An unresolved concern is not a reason to distribute customer information or an unsupported allegation across unrelated teams.
- C.** Replace the label with the discrepancy itself. We have identified a repeated reference, not established who caused it or why. The note must distinguish the observed records from an accusation about the person.
- D.** Correct the case note through the applicable process. Preserve the relevant history and make the corrected factual statement clear. We should not leave the accusation unqualified or erase the audit trail.

[Answers and explanations, page 155](#)

One useful distinction

A repeated invoice reference may justify a closer look, but it does not establish who caused it or why. A referral is an action taken because a concern requires review; it is not a finding of fraud.

E Conversation

Record a discrepancy without labeling the customer

Record a discrepancy without labeling the customer

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

Special Investigation Unit / review conclusion / source document / allegation /
investigation status / suspicion / case note / alternative explanation /
need-to-know access / discrepancy

- 01 **Iris:** Invoice P71 appears in both Q2 and Q4 for the same vendor. My draft note calls the customer fraudulent, but that overstates what we know.
- 02 **Hassan:** Replace the label with the ¹ _____ itself. We have identified a repeated reference, not established who caused it or why. The note must distinguish the observed records from an accusation about the person.
- 03 **Iris:** A duplicate upload or administrative error could explain it. We have not confirmed either explanation, so neither should be presented as the answer.
- 04 **Hassan:** Keep each ² _____ open. Neutral language is not a conclusion that nothing is wrong. It is an accurate statement that the explanation still requires authorized review.
- 05 **Iris:** Should I send the files through our specialist referral route? I want the concern examined without implying that I have completed an investigation.
- 06 **Hassan:** Use the approved ³ _____ route under the applicable criteria. Include the factual observation and references. Referral does not by itself establish fraud, decide coverage, or authorize a particular claim outcome.

Conversation / continued

- 07 **Iris:** I will include the two file identifiers, the invoice reference, and the vendor name from the records. The documents themselves should remain intact.
- 08 **Hassan:** Preserve each ⁴ _____ and its context. Do not replace an original with a cleaned-up version that hides how the discrepancy appeared. Reviewers need traceable evidence, not just our description.
- 09 **Iris:** The accusatory draft is already saved. How do I correct it without leaving the label in place or hiding the change?
- 10 **Hassan:** Correct the ⁵ _____ through the applicable process. Preserve the relevant history and make the corrected factual statement clear. We should not leave the accusation unqualified or erase the audit trail.

Conversation continues on the next page.

Record a discrepancy without labeling the customer

CONVERSATION / CONTINUED

- 11 **Iris:** A colleague wants both files sent to the whole claims team. That feels too broad for an unresolved discrepancy.
- 12 **Hassan:** Maintain ⁶ _____. Share only with authorized recipients who need the information for their role. An unresolved concern is not a reason to distribute customer information or an unsupported allegation across unrelated teams.
- 13 **Iris:** I will also check the proposed customer correspondence. It must not repeat the draft label or suggest that specialist referral is proof of wrongdoing.
- 14 **Hassan:** Correct. Avoid an unsupported ⁷ _____. Customer communication must follow the authorized process and actual status. Our language task is to preserve that distinction, not invent investigative disclosures or claim decisions.
- 15 **Iris:** The referral summary should say what we observed, what remains unknown, and what action we took. It should not claim that fraud has been verified.
- 16 **Hassan:** That separates ⁸ _____ from a finding. A strong referral can be precise and useful without sounding accusatory. Its value comes from traceable facts and clear questions, not forceful adjectives.
- 17 **Iris:** When another team asks whether the customer has been cleared or found responsible, I should report only the actual review stage.
- 18 **Hassan:** Yes. State the ⁹ _____ available through the authorized route. Do not invent either an adverse finding or an exoneration simply because someone wants a short binary answer before the review is complete.

Record a discrepancy without labeling the customer / continued

- 19 **Iris:** I will correct the note, preserve both records, restrict access, and submit the documented discrepancy. The explanation remains unconfirmed.
- 20 **Hassan:** Good. Any eventual ¹⁰ _____ needs its actual basis. Until then, keep observation, possible explanations, referral action, and decision status separate in every record you prepare.

CHECK THE GAPS

1. discrepancy / 2. alternative explanation / 3. Special Investigation Unit / 4. source document / 5. case note / 6. need-to-know access / 7. allegation / 8. suspicion / 9. investigation status / 10. review conclusion

[Why these answers fit, page 157](#)

F Check accuracy and scope

Record a discrepancy without labeling the customer

Return to the case

Claims analyst Iris notices that invoice reference P71 from the same repair vendor appears in files Q2 and Q4. The team has not established whether this reflects a duplicate upload, an administrative error, or another explanation. Neither the vendor nor the customer has been found to have acted dishonestly. A draft internal note calls the customer fraudulent. Review lead Hassan will correct that language and refer the documented discrepancy through the approved Special Investigation Unit (SIU) route. Original records must be preserved, access restricted to authorized recipients, and no unsupported allegation added to customer correspondence.

Choose one answer per question. Use the case facts and keep any uncertainty or limits intact.

1. What should the team do with the accusatory draft note?

- A. Treat the accusation as evidence of itself.
- B. Correct it through the traceable process and preserve relevant history.
- C. Conceal that it was ever written.
- D. Copy it into every customer letter.

2. Which explanation is established?

- A. A confirmed duplicate upload
- B. None of the proposed explanations is yet established.
- C. A deliberate false claim
- D. A vendor conspiracy

[Answers and explanations, page 158](#)

Listen for the distinction

Swap roles for turns 11-20; use the neutral observation rather than the accusatory label.

Objective language protects the investigation and the person

A forceful label can sound efficient inside a busy team, but it can turn an untested concern into an assumed fact. Describe what is observed, identify alternative explanations that remain open, and let the authorized review establish its findings.

F Say it / transfer to a new case

Complete an objective referral

Receipt R88 appears in files H3 and H7. Its explanation is unconfirmed. The matter has been referred for specialist review; no fraud finding exists.

Complete the four gaps. With a partner, read alternate roles, then switch. Studying alone, read both roles and pause before each response.

WORD AND PHRASE BANK

R88 / unconfirmed / review / H7

- 01 **Analyst:** The repeated receipt reference is ¹ _____.
- 02 **Reviewer:** It appears in H3 and ² _____.
- 03 **Analyst:** The explanation remains ³ _____.
- 04 **Reviewer:** The matter is referred for specialist ⁴ _____.

CHECK THE GAPS

1. R88 / 2. H7 / 3. unconfirmed / 4. review

[Why these answers fit, page 158](#)

F Say it / transfer to a new case / continued

Rebuild the exchange

Choose the missing response. Read the completed three-turn exchange aloud, changing roles on the second reading.

1. Rebuild the exchange from "Record a discrepancy without labeling the customer". Iris: "I will also check the proposed customer correspondence. It must not repeat the draft label or suggest that specialist referral is proof of wrongdoing." Hassan: [missing response] Iris: "The referral summary should say what we observed, what remains unknown, and what action we took. It should not claim that fraud has been verified." Which response belongs in the gap?

- A.** Correct. Avoid an unsupported allegation. Customer communication must follow the authorized process and actual status. Our language task is to preserve that distinction, not invent investigative disclosures or claim decisions.
- B.** That separates suspicion from a finding. A strong referral can be precise and useful without sounding accusatory. Its value comes from traceable facts and clear questions, not forceful adjectives.
- C.** Preserve each source document and its context. Do not replace an original with a cleaned-up version that hides how the discrepancy appeared. Reviewers need traceable evidence, not just our description.
- D.** Correct the case note through the applicable process. Preserve the relevant history and make the corrected factual statement clear. We should not leave the accusation unqualified or erase the audit trail.

[Answers and explanations, page 159](#)

Review 3 / Meaning and context

Use language from the lessons you have completed. Choose one answer per question.

Case file

Revisit "Broker and Client Renewal Meetings" and "Fraud Indicators and SIU Referral". Choose precise terminology, then reconstruct the missing responses using both neighboring turns. The final two questions also revisit earlier conversations.

1. A colleague needs the term for this meaning: The stated insurance price for a one-year period on the specified basis. Which term fits?

- A. coverage comparison
- B. binding confirmation
- C. depreciation
- D. annual premium

2. A colleague needs the term for this meaning: An identifier assigned to an invoice. Which term fits?

- A. Special Investigation Unit (SIU)
- B. invoice reference
- C. evidence preservation
- D. corroboration

3. Rebuild the exchange from "Explain an open review without implying a denial". Miles: "That is clearer. Can you identify who will keep me informed rather than leaving me to call repeatedly for the same status?" Sana: [missing response] Miles: "Should I treat Friday as the date when the claim will be decided? That would at least give me a fixed planning point." Which response belongs in the gap?

- A. Receiving it would inform the factual basis, not guarantee a particular outcome. We still need to assess what it establishes alongside the applicable wording. I cannot turn a document request into a promise of acceptance.
- B. I will coordinate the status update Friday at sixteen hundred. I will contact you even if the review is incomplete, explain the actual position, and identify what remains unresolved rather than simply repeat a generic message.
- C. The applicable review route and complaint options should be communicated as required for the actual decision and jurisdiction. We should not invent a universal procedure or suggest that this current request takes those options away.
- D. The eventual explanation must identify the relevant policy provision and how it relates to the established facts. I will not guess that relationship before the review or substitute a broad label for the applicable wording.

Review 3 / Meaning and context / continued

4. Rebuild the exchange from "Record a discrepancy without labeling the customer".
Iris: "When another team asks whether the customer has been cleared or found responsible, I should report only the actual review stage." Hassan: [missing response] Iris: "I will correct the note, preserve both records, restrict access, and submit the documented discrepancy. The explanation remains unconfirmed." Which response belongs in the gap?

- A.** Replace the label with the discrepancy itself. We have identified a repeated reference, not established who caused it or why. The note must distinguish the observed records from an accusation about the person.
- B.** Maintain need-to-know access. Share only with authorized recipients who need the information for their role. An unresolved concern is not a reason to distribute customer information or an unsupported allegation across unrelated teams.
- C.** Yes. State the investigation status available through the authorized route. Do not invent either an adverse finding or an exoneration simply because someone wants a short binary answer before the review is complete.
- D.** Use the approved Special Investigation Unit route under the applicable criteria. Include the factual observation and references. Referral does not by itself establish fraud, decide coverage, or authorize a particular claim outcome.

[Answers and explanations, page 176](#)

A Read the situation

LESSON 07 / ACTUARIAL ASSUMPTIONS AND PRICING

Explain claim-cost movement using consistent exposure, separate drivers, and a limited pricing conclusion.

Frequency and severity changes multiply

Actuarial analyst Pavel compares two fully developed fictional annual claim cohorts with the same 1,000 policy-years of exposure and a consistent claim-count and cost basis. Year 1 has 100 claims averaging \$2,000 each. Year 2 has 120 claims averaging \$2,200 each. The totals are \$200,000 and \$264,000. The comparison excludes expenses, reinsurance, investment income, and other pricing components. Manager Farah drafts a note saying costs rose 30%, adding the 20% claim-frequency increase to the 10% severity increase. Pavel must correct the combined change to 32% and explain why this historical comparison does not itself establish a 32% premium increase.

People: Farah, Portfolio manager; Pavel, Actuarial analyst.

Read the record

Choose one answer per question using the facts above.

1. What is held constant between the cohorts?

- A. The claim count
- B. The average cost per claim
- C. The total claim cost
- D. Exposure at 1,000 policy-years and the stated reporting basis

2. What is Year 2's total claim cost?

- A. \$264,000
- B. \$240,000
- C. \$220,000
- D. \$200,000

3. Why is the combined increase not 30%?

- A. The frequency and severity factors multiply rather than simply add.
- B. The exposure doubled.
- C. There were no claims in Year 1.
- D. Expenses are included in the average.

[Answers and explanations, page 160](#)

B Vocabulary in use

CORE TERMS

actuary

A professional analyzing financial consequences of risk using relevant methods and standards.

consult the actuary

claim severity

The average claim cost on a stated measurement basis.

estimate claim severity

exposure base

The quantity used to relate losses or claims to the business at risk.

define the exposure base

loss cost

A measure of claim cost on a specified basis, distinct from a complete charged premium.

estimate loss cost

fully developed claims

Claims whose evaluated costs are treated as complete on the stated analysis basis.

compare fully developed claims

trend

An estimated pattern of change in cost or frequency over time.

analyze claim-cost trend

claim frequency

The number of claims per defined unit of exposure.

calculate claim frequency

policy-year

An exposure unit equivalent to one policy in force for one year on the defined basis.

measure exposure in policy-years

pure premium

Claim cost per unit of exposure on the stated basis, before other specified components.

calculate pure premium

cohort

A group of policies or claims defined for a common analysis.

compare claim cohorts

development factor

A factor used to estimate change from reported to a later claim-cost stage.

assess a development factor

credibility

The weight assigned to information based on its relevance and reliability for estimation.

assess statistical credibility

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

actuary ACTUARY

consult the actuary

Keep the meaning precise: A professional analyzing financial consequences of risk using relevant methods and standards.

pure premium PURE PREMIUM

calculate pure premium

Keep the meaning precise: Claim cost per unit of exposure on the stated basis, before other specified components.

B Precision and professional shorthand

EXTEND YOUR RANGE

experience period

The period from which observed claims or exposure are drawn.

define the experience period

rate indication

An actuarial estimate informing a proposed rate level under stated assumptions.

develop a rate indication

reinsurance cost

The cost associated with transferring specified insurance risk to another insurer.

account for reinsurance cost

combined ratio

A measure combining defined loss and expense ratios under the stated convention.

interpret the combined ratio

percentage-point change

The arithmetic difference between two percentages.

distinguish a percentage-point change

prospective period

The future period for which an estimate is intended.

specify the prospective period

expense provision

An allowance for defined expense components in an estimate or price.

include an expense provision

loss ratio

Loss amounts divided by the specified premium measure on a stated basis.

define the loss ratio

multiplicative effect

A combined change obtained by multiplying relative factors.

explain the multiplicative effect

sensitivity test

An evaluation of how results vary with changed assumptions.

conduct a sensitivity test

B Precision and professional shorthand / continued

model assumption

A condition or value adopted in an analytical model.

disclose a model assumption

pricing recommendation

A proposed price decision based on the relevant analysis and constraints.

support a pricing recommendation

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

credibility CREDIBILITY

assess statistical credibility

Keep the meaning precise: The weight assigned to information based on its relevance and reliability for estimation.

reinsurance cost REINSURANCE COST

account for reinsurance cost

Keep the meaning precise: The cost associated with transferring specified insurance risk to another insurer.

C Phrases that move the work forward

Define the population

Both cohorts contain 1,000 policy-years of exposure.

Name the rate

Frequency rose from 0.10 to 0.12 claims per policy-year.

Define severity

Average claim cost rose from \$2,000 to \$2,200.

Combine the factors

Multiply 1.20 by 1.10 to get 1.32.

Show the amounts

Costs increased from \$200,000 to \$264,000.

Keep the basis consistent

The claim-count and cost bases are the same.

Avoid a price instruction

This does not establish a 32% premium increase.

Ask for the full analysis

A pricing recommendation needs the relevant prospective assumptions.

State the count change

Claims increased from 100 to 120.

Quantify the relative change

That is a 20% frequency increase.

Quantify the second driver

Severity increased by 10%.

Correct the headline

Total claim cost rose 32%, not 30%.

State the exposure-normalized result

Pure premium rose from \$200 to \$264 per policy-year.

Name the exclusions

Expenses, reinsurance, and other pricing components are excluded.

Separate past and future

Historical experience is an input, not a complete forecast.

Close with the calculation

Show the exposure, frequency, severity, and combined factor together.

Precision in real exchanges

Purpose: Quantify the relative change

Useful wording: That is a 20% frequency increase.

Purpose: Define severity

Useful wording: Average claim cost rose from \$2,000 to \$2,200.

D Choose the response that fits

Choose one response for each situation. Preserve the facts, the decision boundary, and the purpose of the exchange.

1. What is Year 1's frequency?

- A.** 0.10 claims per policy-year
- B.** 10 claims per policy-year
- C.** \$2,000 per claim
- D.** 100 policy-years per claim

2. What is the relative total-cost increase?

- A.** 32%
- B.** 30%
- C.** 20%
- D.** 10%

3. A colleague needs the term for this meaning: An exposure unit equivalent to one policy in force for one year on the defined basis. Which term fits?

- A.** policy-year
- B.** rate indication
- C.** percentage-point change
- D.** fully developed claims

D Choose the response that fits / continued

4. Rebuild the exchange from "Frequency and severity changes multiply". Farah: "Year 1 has a hundred claims at two thousand dollars each. Year 2 has a hundred twenty at twenty-two hundred each." Pavel: [missing response] Farah: "So the total-cost ratio is 264,000 divided by 200,000, or 1.32. Subtracting one gives the thirty-two-percent relative increase." Which response belongs in the gap?

- A.** Correct. Claim severity increases ten percent. Total claim cost therefore moves from two hundred thousand to two hundred sixty-four thousand dollars. The difference is sixty-four thousand, not sixty thousand.
- B.** Exactly. The multiplicative effect is 1.20 times 1.10. More claims also experience the higher average cost. Adding twenty and ten omits that interaction and understates the combined change.
- C.** Name the experience period and distinguish it from the prospective period. Historical experience can inform a forecast, but it does not guarantee future frequency, severity, or the mix of business.
- D.** It is thirty-two percent. Claim frequency rose from 0.10 to 0.12 per policy-year. Severity also increased, so we multiply the two relative factors rather than simply add their percentage changes.

[Answers and explanations, page 160](#)

One useful distinction

Frequency rises from 0.10 to 0.12 claims per policy-year: a 20% relative increase. Severity rises from \$2,000 to \$2,200: 10%. Their combined factor is $1.20 \times 1.10 = 1.32$, a 32% increase.

E Conversation

Frequency and severity changes multiply

Frequency and severity changes multiply

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

rate indication / Fully developed claims / multiplicative effect / pure premium /
pricing recommendation / Claim severity / expense provision / experience period /
Claim frequency / policy-years

- 01 **Farah:** My summary says claim costs rose thirty percent: frequency increased twenty percent and severity ten percent. Is that the correct combined figure?
- 02 **Pavel:** It is thirty-two percent. ¹ _____ rose from 0.10 to 0.12 per policy-year. Severity also increased, so we multiply the two relative factors rather than simply add their percentage changes.
- 03 **Farah:** Before we show the calculation, confirm that both groups have the same exposure. Otherwise claim counts alone could give a misleading comparison.
- 04 **Pavel:** Each has one thousand ² _____. The claim-count and cost bases are also consistent. That lets us compare the supplied frequency figures without attributing an exposure increase to a change in underlying claim frequency.
- 05 **Farah:** Year 1 has a hundred claims at two thousand dollars each. Year 2 has a hundred twenty at twenty-two hundred each.
- 06 **Pavel:** Correct. ³ _____ increases ten percent. Total claim cost therefore moves from two hundred thousand to two hundred sixty-four thousand dollars. The difference is sixty-four thousand, not sixty thousand.

Conversation / continued

- 07 **Farah:** So the total-cost ratio is 264,000 divided by 200,000, or 1.32. Subtracting one gives the thirty-two-percent relative increase.
- 08 **Pavel:** Exactly. The ⁴ _____ is 1.20 times 1.10. More claims also experience the higher average cost. Adding twenty and ten omits that interaction and understates the combined change.
- 09 **Farah:** Can we express the result per exposure unit as well? The portfolio team is used to seeing the amount per policy-year.
- 10 **Pavel:** On this basis, ⁵ _____ rises from two hundred to two hundred sixty-four dollars per policy-year. Keep the definition attached: this is the stated claim-cost measure, not the full premium charged to a customer.

Conversation continues on the next page.

Frequency and severity changes multiply

CONVERSATION / CONTINUED

- 11 **Farah:** The pricing team will ask whether thirty-two percent is our proposed rate increase. I need to separate the finding from that recommendation.
- 12 **Pavel:** It does not establish a complete ⁶ _____. Expenses, reinsurance, and other pricing components are excluded. We also need the relevant prospective assumptions rather than assume that this historical change dictates the next year's price.
- 13 **Farah:** The case calls both cohorts fully developed. That avoids comparing one mature group with another group whose claims have barely been reported.
- 14 **Pavel:** Yes. ⁷ _____ are an explicit assumption here. In another dataset, differences in development or reporting maturity would require attention. We must not carry this convenient assumption into a real portfolio without evidence.
- 15 **Farah:** These historical annual groups are not automatically a forecast of the year we are about to price.
- 16 **Pavel:** Name the ⁸ _____ and distinguish it from the prospective period. Historical experience can inform a forecast, but it does not guarantee future frequency, severity, or the mix of business.
- 17 **Farah:** I will label the excluded costs explicitly. An empty expense line could otherwise make this look like a complete price calculation.
- 18 **Pavel:** Correct. An ⁹ _____ and other relevant components need their own basis in a complete analysis. A clean arithmetic example should not silently become a model with missing costs treated as nonexistent.

Frequency and severity changes multiply / continued

- 19 **Farah:** The revised slide will show equal exposure, separate frequency and severity changes, the multiplying factors, and the thirty-two-percent total-cost increase.
- 20 **Pavel:** Good. Keep any ¹⁰ _____ separate until the broader work supports it. This correction improves the evidence presented to the decision-makers without claiming that one historical percentage answers every pricing question.

CHECK THE GAPS

1. Claim frequency / 2. policy-years / 3. Claim severity / 4. multiplicative effect / 5. pure premium / 6. rate indication / 7. Fully developed claims / 8. experience period / 9. expense provision / 10. pricing recommendation

[Why these answers fit, page 161](#)

F Check accuracy and scope

Frequency and severity changes multiply

Return to the case

Actuarial analyst Pavel compares two fully developed fictional annual claim cohorts with the same 1,000 policy-years of exposure and a consistent claim-count and cost basis. Year 1 has 100 claims averaging \$2,000 each. Year 2 has 120 claims averaging \$2,200 each. The totals are \$200,000 and \$264,000. The comparison excludes expenses, reinsurance, investment income, and other pricing components. Manager Farah drafts a note saying costs rose 30%, adding the 20% claim-frequency increase to the 10% severity increase. Pavel must correct the combined change to 32% and explain why this historical comparison does not itself establish a 32% premium increase.

Choose one answer per question. Use the case facts and keep any uncertainty or limits intact.

1. What is Year 2's pure premium on this basis?

- A. \$120 per policy-year
- B. \$1,000 per claim
- C. \$264 per policy-year
- D. \$2,200 per policy-year

2. Which price conclusion is supported?

- A. Historical averages guarantee future losses.
- B. This historical comparison alone does not determine a premium change.
- C. Every customer must receive exactly a 32% increase.
- D. Expenses are automatically zero because excluded.

[Answers and explanations, page 163](#)

Listen for the distinction

Swap roles for turns 11-20; contrast historical claim cost with a prospective price.

Correct arithmetic while protecting the decision context

A manager may compress a technical result into an apparently simple price instruction. Show the calculation in ordinary language, name the exposure basis, and separate historical claim experience from a complete forward-looking price recommendation.

F Say it / transfer to a new case

Combine another pair of claim drivers

Two cohorts have the same exposure. Frequency increases 10% and severity increases 20%. Starting total claim cost is \$100,000; all other calculation conditions are held constant.

Complete the four gaps. With a partner, read alternate roles, then switch. Studying alone, read both roles and pause before each response.

WORD AND PHRASE BANK

132,000 / 1.32 / 1.10 / 1.20

- 01 **Analyst:** The frequency factor is ¹ _____.
- 02 **Manager:** The severity factor is ² _____.
- 03 **Analyst:** The combined factor is ³ _____.
- 04 **Manager:** The resulting claim-cost total is ⁴ _____ dollars.

CHECK THE GAPS

1. 1.10 / 2. 1.20 / 3. 1.32 / 4. 132,000

[Why these answers fit, page 163](#)

F Say it / transfer to a new case / continued

Rebuild the exchange

Choose the missing response. Read the completed three-turn exchange aloud, changing roles on the second reading.

1. Rebuild the exchange from "Frequency and severity changes multiply". Farah: "The case calls both cohorts fully developed. That avoids comparing one mature group with another group whose claims have barely been reported." Pavel: [missing response] Farah: "These historical annual groups are not automatically a forecast of the year we are about to price." Which response belongs in the gap?

- A.** It does not establish a complete rate indication. Expenses, reinsurance, and other pricing components are excluded. We also need the relevant prospective assumptions rather than assume that this historical change dictates the next year's price.
- B.** Each has one thousand policy-years. The claim-count and cost bases are also consistent. That lets us compare the supplied frequency figures without attributing an exposure increase to a change in underlying claim frequency.
- C.** On this basis, pure premium rises from two hundred to two hundred sixty-four dollars per policy-year. Keep the definition attached: this is the stated claim-cost measure, not the full premium charged to a customer.
- D.** Yes. Fully developed claims are an explicit assumption here. In another dataset, differences in development or reporting maturity would require attention. We must not carry this convenient assumption into a real portfolio without evidence.

[Answers and explanations, page 164](#)

A Read the situation

LESSON 08 / COMPLIANCE, MARKET CONDUCT, AND COMPLAINTS

Restate a complaint accurately, investigate its actual basis, and provide a substantive status without inventing a remedy.

Answer the fee question instead of sending another acknowledgment

Policyholder Elena complains about a \$30 charge labeled SF30 on an invoice dated 5 August. Her annual quote shows \$1,200, and she asks why this separate charge appears and where it was disclosed. A previous reply merely thanked her for the feedback. Complaint handler Marco has not yet established the fee basis, whether it was properly disclosed, or whether it should be corrected or refunded. Marco will obtain the relevant billing and disclosure records and provide an update Friday at 14:00. The complaint remains open; the update appointment is neither a legal deadline nor a guaranteed refund date.

People: Elena, Policyholder; Marco, Complaint handler.

Read the record

Choose one answer per question using the facts above.

1. What specific charge is disputed?

- A. A charge on an unknown document
- B. \$30 labeled SF30 on the 5 August invoice
- C. The entire \$1,200 annual quote without a fee question
- D. A confirmed \$300 refund

2. What did the earlier reply fail to address?

- A. The scheduled renewal date alone
- B. The fee basis and where it was disclosed
- C. Whether Elena had submitted feedback
- D. The quoted annual premium amount alone

3. What is Marco's commitment?

- A. Declare the fee lawful without review
- B. Close the complaint immediately
- C. Obtain relevant records and update Elena Friday at 14:00
- D. Guarantee a refund by Friday

[Answers and explanations, page 165](#)

B Vocabulary in use

CORE TERMS

market conduct

How insurance business is carried out in dealings with customers and the market.

review market conduct

complaint register

A record of complaints, issues, actions, and status.

update the complaint register

generic acknowledgment

A nonspecific confirmation that a communication was received.

distinguish a generic acknowledgment

billing code

An identifier used to classify an invoice item.

trace the billing code

disclosure record

Evidence of information provided about terms, charges, or other matters.

retrieve the disclosure record

billing reconciliation

Comparison and explanation of differences between billing records.

complete billing reconciliation

complaint intake

Receipt and recording of a customer's expression of dissatisfaction.

complete complaint intake

substantive response

A reply addressing the actual issues raised rather than merely confirming receipt.

provide a substantive response

fee basis

The reason and applicable authority or terms supporting a charge.

establish the fee basis

invoice line

A separate entry showing a charge or other billing item.

examine the invoice line

quote comparison

Review of an invoice or proposal against the quoted terms.

conduct a quote comparison

refund

Money returned following an applicable decision or correction.

confirm a refund decision

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

market conduct MARKET CONDUCT

review market conduct

Keep the meaning precise: How insurance business is carried out in dealings with customers and the market.

fee basis FEE BASIS

establish the fee basis

Keep the meaning precise: The reason and applicable authority or terms supporting a charge.

B Precision and professional shorthand

EXTEND YOUR RANGE

credit adjustment

A recorded reduction or offset to an account balance.

process a credit adjustment

complaint owner

The person responsible for coordinating complaint handling.

assign a complaint owner

resolution status

The recorded stage of addressing the complaint's issues.

report resolution status

customer outcome

The actual result experienced by the customer.

assess the customer outcome

record retention

Keeping records for the applicable purpose and required period.

follow record-retention requirements

complaint rights

Applicable options for raising dissatisfaction or seeking further review.

explain complaint rights

remedy

An action addressing an established problem under the applicable process.

identify the appropriate remedy

response commitment

An undertaking to communicate by a specified point.

meet the response commitment

escalation

Raising an issue to the relevant higher or specialist review level.

arrange complaint escalation

fair treatment

Handling customers consistently with applicable obligations and relevant circumstances.

support fair treatment

regulatory inquiry

A request for information or explanation from the relevant authority.

respond to a regulatory inquiry

final response

A communication stating the completed position under the applicable complaint process.

distinguish a final response

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

refund REFUND

confirm a refund decision

Keep the meaning precise: Money returned following an applicable decision or correction.

resolution status RESOLUTION STATUS

report resolution status

Keep the meaning precise: The recorded stage of addressing the complaint's issues.

Phrases that move the work forward

Restate the issue

You are asking why SF30 adds \$30 and where it was disclosed.

Acknowledge the earlier failure

Our previous reply did not answer that question.

Name the missing evidence

I need the billing basis and disclosure records.

Avoid the opposite promise

I have not established that a refund is due either.

State ownership

I will coordinate the review of this complaint.

Limit the commitment

That is a response time, not a guaranteed refund date.

Explain an unresolved review

If records are still missing, I will name what remains outstanding.

Preserve rights

We will explain the applicable further-review options.

Identify the document

The charge appears on the invoice dated 5 August.

Separate receipt and resolution

Thanking you for feedback did not resolve the issue.

Avoid premature validation

I have not established that the charge is correct.

Check the quote

We will compare the invoice with the \$1,200 annual quote.

Give the next contact

I will update you Friday at 14:00.

Keep the file accurate

The complaint remains open.

Offer a substantive reply

The response will address the fee basis and disclosure question.

Close respectfully

You should not have to infer an answer from another generic acknowledgment.

Precision in real exchanges

Purpose: Separate receipt and resolution

Useful wording: Thanking you for feedback did not resolve the issue.

Purpose: Name the missing evidence

Useful wording: I need the billing basis and disclosure records.

D Choose the response that fits

Choose one response for each situation. Preserve the facts, the decision boundary, and the purpose of the exchange.

1. Which opening addresses Elena's complaint?

- A.** Every fee is valid because it has a code.
- B.** Your refund is guaranteed despite our incomplete review.
- C.** You are asking why SF30 adds \$30 and where it was disclosed; our earlier reply did not answer that.
- D.** Thank you again for your valuable feedback.

2. What does SF30 establish by itself?

- A.** That the complaint is closed
- B.** The billing item identifier
- C.** That the fee was properly disclosed
- D.** That a refund is definitely due

3. A colleague needs the term for this meaning: A reply addressing the actual issues raised rather than merely confirming receipt. Which term fits?

- A.** disclosure record
- B.** substantive response
- C.** complaint owner
- D.** record retention

D Choose the response that fits / continued

4. Rebuild the exchange from "Answer the fee question instead of sending another acknowledgment". Elena: "When was it disclosed? Please do not say it was probably somewhere in the paperwork." Marco: [missing response] Elena: "Does the difference mean that the fee was definitely wrong? I would like a refund if I was charged something I should not have paid." Which response belongs in the gap?

- A.** I will obtain the disclosure record and compare it with the quoted terms and invoice. I have not yet established whether the charge was properly disclosed, so I should not make that assertion.
- B.** That requires a substantive response. We will connect the position to the relevant evidence and explain any remaining issue or applicable next step. Another general expression of appreciation would not meet that need.
- C.** SF30 is a billing code. It identifies the item, but it does not by itself establish why the charge applies. I need to trace the relevant billing and terms records before explaining its basis.
- D.** We have not reached a refund decision. I should not promise one before the review, just as I should not claim the charge is correct. The records need to support the actual outcome.

[Answers and explanations, page 165](#)

One useful distinction

The SF30 label identifies the invoice item, not the legitimacy or disclosure of the fee. A \$1,200 quote and a separate \$30 line raise a question that requires the applicable records; they do not settle it.

Conversation

Answer the fee question instead of sending another acknowledgment

Answer the fee question instead of sending another acknowledgment

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

complaint rights / remedy / complaint owner / substantive response / fee basis /
disclosure record / billing code / complaint register / response commitment / refund

- 01 **Elena:** I asked why the August fifth invoice has a thirty-dollar SF30 charge when my annual quote shows twelve hundred. Your reply did not explain it.
- 02 **Marco:** You need the ¹ _____ and where the charge was disclosed. Our previous reply did not answer either question. I will address those issues specifically instead of sending another general thank-you.
- 03 **Elena:** The code means nothing to me. Is it part of the premium or a separate item?
- 04 **Marco:** SF30 is a ² _____. It identifies the item, but it does not by itself establish why the charge applies. I need to trace the relevant billing and terms records before explaining its basis.
- 05 **Elena:** When was it disclosed? Please do not say it was probably somewhere in the paperwork.
- 06 **Marco:** I will obtain the ³ _____ and compare it with the quoted terms and invoice. I have not yet established whether the charge was properly disclosed, so I should not make that assertion.

E Conversation / continued

- 07 **Elena:** Does the difference mean that the fee was definitely wrong? I would like a refund if I was charged something I should not have paid.
- 08 **Marco:** We have not reached a ⁴ _____ decision. I should not promise one before the review, just as I should not claim the charge is correct. The records need to support the actual outcome.
- 09 **Elena:** Several people replied, but nobody answered the fee question. Who owns it now?
- 10 **Marco:** I will be the ⁵ _____ coordinating this review. I will request the billing basis and disclosure evidence and keep the specific charge, quote, and questions connected in the file.

Conversation continues on the next page.

Answer the fee question instead of sending another acknowledgment

CONVERSATION / CONTINUED

- 11 **Elena:** Can you tell me when I will hear from you? I do not want another week of wondering whether my message has disappeared.
- 12 **Marco:** I will make a ⁶ _____ for Friday at fourteen hundred. If the review remains incomplete, I will still update you and identify the outstanding records rather than leave you without contact.
- 13 **Elena:** If it was an error, should I expect a refund by Friday? What exactly does that appointment mean?
- 14 **Marco:** Friday is an update, not a guaranteed ⁷ _____ date. Any correction or refund must follow the supported decision and applicable process. I cannot promise an outcome or payment timing that has not been established.
- 15 **Elena:** Thank you. Please keep the complaint open until you address the charge, not just log my call.
- 16 **Marco:** It remains open in the ⁸ _____. We should distinguish receipt, investigation, response, and resolution. A polite acknowledgment is useful, but it does not answer the charge question or finish the review.
- 17 **Elena:** The eventual reply needs to say why the charge appears and where it was disclosed, with enough detail for me to check the explanation.
- 18 **Marco:** That requires a ⁹ _____. We will connect the position to the relevant evidence and explain any remaining issue or applicable next step. Another general expression of appreciation would not meet that need.

Answer the fee question instead of sending another acknowledgment / continued

- 19 **Elena:** Please also explain what I can do if I still disagree with the result. I do not want to lose that option while waiting.
- 20 **Marco:** We will explain the applicable ¹⁰ _____ and further-review routes accurately. This status conversation does not remove them or invent a universal deadline. For now, the complaint remains open and I will update you Friday.

CHECK THE GAPS

1. fee basis / **2.** billing code / **3.** disclosure record / **4.** refund / **5.** complaint owner / **6.** response commitment / **7.** remedy / **8.** complaint register / **9.** substantive response / **10.** complaint rights

[Why these answers fit, page 166](#)

F Check accuracy and scope

Answer the fee question instead of sending another acknowledgment

Return to the case

Policyholder Elena complains about a \$30 charge labeled SF30 on an invoice dated 5 August. Her annual quote shows \$1,200, and she asks why this separate charge appears and where it was disclosed. A previous reply merely thanked her for the feedback. Complaint handler Marco has not yet established the fee basis, whether it was properly disclosed, or whether it should be corrected or refunded. Marco will obtain the relevant billing and disclosure records and provide an update Friday at 14:00. The complaint remains open; the update appointment is neither a legal deadline nor a guaranteed refund date.

Choose one answer per question. Use the case facts and keep any uncertainty or limits intact.

1. What should Marco do if the records remain incomplete on Friday?

- A. Provide the promised update and specify what remains unresolved.
- B. Miss the update without explanation.
- C. Close the complaint because time has passed.
- D. Pretend a refund has been approved.

2. Which closing statement is premature?

- A. The complaint is resolved because we sent a generic thank-you.
- B. The fee basis is still under review.
- C. The disclosure record has not yet been established.
- D. Applicable review options need accurate explanation.

[Answers and explanations, page 168](#)

Listen for the distinction

Swap roles for turns 11-20; distinguish an update, a substantive response, and a remedy.

Acknowledge the exact issue before explaining the process

A polite generic reply can feel dismissive when it never names the question. Restate the charge, document, and requested explanation. Recognize the earlier communication failure while keeping any decision about validity, correction, or refund tied to the evidence.

F Say it / transfer to a new case

Replace another generic acknowledgment

A policyholder asks about a \$45 charge coded AD45 on a 9 September invoice. Its basis and disclosure remain unconfirmed. Lina will update the policyholder Monday at 15:00; no refund decision exists.

Complete the four gaps. With a partner, read alternate roles, then switch. Studying alone, read both roles and pause before each response.

WORD AND PHRASE BANK

Lina / AD45 / 45 / Monday at 15:00

- 01 **Handler:** The disputed amount is ¹ _____ dollars.
- 02 **Policyholder:** The invoice code is ² _____.
- 03 **Handler:** The review contact is ³ _____.
- 04 **Policyholder:** The promised update is ⁴ _____.

CHECK THE GAPS

1. 45 / 2. AD45 / 3. Lina / 4. Monday at 15:00

[Why these answers fit, page 168](#)

F Say it / transfer to a new case / continued

Rebuild the exchange

Choose the missing response. Read the completed three-turn exchange aloud, changing roles on the second reading.

1. Rebuild the exchange from "Answer the fee question instead of sending another acknowledgment". Elena: "If it was an error, should I expect a refund by Friday? What exactly does that appointment mean?" Marco: [missing response] Elena: "Thank you. Please keep the complaint open until you address the charge, not just log my call." Which response belongs in the gap?

- A.** SF30 is a billing code. It identifies the item, but it does not by itself establish why the charge applies. I need to trace the relevant billing and terms records before explaining its basis.
- B.** I will obtain the disclosure record and compare it with the quoted terms and invoice. I have not yet established whether the charge was properly disclosed, so I should not make that assertion.
- C.** Friday is an update, not a guaranteed remedy date. Any correction or refund must follow the supported decision and applicable process. I cannot promise an outcome or payment timing that has not been established.
- D.** We have not reached a refund decision. I should not promise one before the review, just as I should not claim the charge is correct. The records need to support the actual outcome.

[Answers and explanations, page 169](#)

Review 4 / Meaning and context

Use language from the lessons you have completed. Choose one answer per question.

Case file

Revisit "Actuarial Assumptions and Pricing" and "Compliance, Market Conduct, and Complaints". Choose precise terminology, then reconstruct the missing responses using both neighboring turns. The final two questions also revisit earlier conversations.

1. A colleague needs the term for this meaning: The average claim cost on a stated measurement basis. Which term fits?

- A. cohort
- B. claim severity
- C. multiplicative effect
- D. prospective period

2. A colleague needs the term for this meaning: A separate entry showing a charge or other billing item. Which term fits?

- A. customer outcome
- B. invoice line
- C. market conduct
- D. credit adjustment

3. Rebuild the exchange from "Record a discrepancy without labeling the customer". Iris: "The accusatory draft is already saved. How do I correct it without leaving the label in place or hiding the change?" Hassan: [missing response] Iris: "A colleague wants both files sent to the whole claims team. That feels too broad for an unresolved discrepancy." Which response belongs in the gap?

- A. Correct. Avoid an unsupported allegation. Customer communication must follow the authorized process and actual status. Our language task is to preserve that distinction, not invent investigative disclosures or claim decisions.
- B. Correct the case note through the applicable process. Preserve the relevant history and make the corrected factual statement clear. We should not leave the accusation unqualified or erase the audit trail.
- C. Use the approved Special Investigation Unit route under the applicable criteria. Include the factual observation and references. Referral does not by itself establish fraud, decide coverage, or authorize a particular claim outcome.
- D. Preserve each source document and its context. Do not replace an original with a cleaned-up version that hides how the discrepancy appeared. Reviewers need traceable evidence, not just our description.

Review 4 / Meaning and context / continued

4. Rebuild the exchange from "Answer the fee question instead of sending another acknowledgment". Elena: "The eventual reply needs to say why the charge appears and where it was disclosed, with enough detail for me to check the explanation." Marco: [missing response] Elena: "Please also explain what I can do if I still disagree with the result. I do not want to lose that option while waiting." Which response belongs in the gap?

- A.** I will obtain the disclosure record and compare it with the quoted terms and invoice. I have not yet established whether the charge was properly disclosed, so I should not make that assertion.
- B.** We have not reached a refund decision. I should not promise one before the review, just as I should not claim the charge is correct. The records need to support the actual outcome.
- C.** SF30 is a billing code. It identifies the item, but it does not by itself establish why the charge applies. I need to trace the relevant billing and terms records before explaining its basis.
- D.** That requires a substantive response. We will connect the position to the relevant evidence and explain any remaining issue or applicable next step. Another general expression of appreciation would not meet that need.

[Answers and explanations, page 179](#)

Language for the next case

The rate stayed; the payroll changed

rate per hundred

The rate is \$2.40 for each \$100 of eligible payroll and is unchanged; a larger exposure base can increase premium without a rate increase.

Mei: The rate per hundred is still two dollars forty. The estimated payroll changed to the audited amount, which changes the calculation.

deposit premium

The deposit premium was calculated from estimated payroll and already paid; it must be credited against the audited total rather than charged again.

Mei: Correct. The six thousand was your deposit premium. Subtract it from the audited total to find the remaining amount.

audit worksheet

The audit worksheet records the payroll basis and classification used; payroll-account totals must be reconciled to the eligible exposure under the actual policy rules.

Mei: Use the audit worksheet and supporting records. The supplied three hundred thousand is already eligible payroll; do not substitute another total without reconciling its basis.

exposure base

The exposure base is eligible payroll in this fictional policy; \$300,000 replaces the \$250,000 estimate without changing the rate or classification.

Mei: The exposure base is eligible payroll here. Divide three hundred thousand by one hundred, then multiply by two dollars forty.

additional premium

Additional premium is the \$1,200 difference between the \$7,200 audited total and \$6,000 already paid, not the full audited premium.

Mei: I can label it additional premium and show the calculation beside it. That distinguishes the adjustment from the complete annual premium.

reconciliation request

A reconciliation request identifies the disputed audit entry and supporting records; it seeks a supported correction rather than assuming the full audit is invalid.

Mei: Yes. Send a reconciliation request through the approved channel, with the specific difference and supporting record. The reviewer can then address the actual issue.

Read the phrases aloud. Then complete the conversation on the following pages using the word bank.

Conversation

The rate stayed; the payroll changed

Fictional annual policy: premium = eligible payroll / 100 x \$2.40. Estimated payroll \$250,000; \$6,000 deposit premium fully paid. Audited eligible payroll \$300,000. One unchanged classification and rate; no minimum, modifier, tax, fee, or other adjustment. The figures are supplied, not real rating advice.

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

rate per hundred / additional premium / deposit premium / audit worksheet /
reconciliation request / exposure base

- 01 **Arjun:** The audit statement asks for another twelve hundred dollars. I thought our six-thousand-dollar premium was already paid in full. Has the rate changed?
- 02 **Mei:** The ¹ _____ is still two dollars forty. The estimated payroll changed to the audited amount, which changes the calculation.
- 03 **Arjun:** We estimated two hundred fifty thousand and ended at three hundred thousand. I want to see how that becomes an insurance charge.
- 04 **Mei:** The ² _____ is eligible payroll here. Divide three hundred thousand by one hundred, then multiply by two dollars forty.
- 05 **Arjun:** That gives seventy-two hundred dollars for the whole policy period, not seventy-two hundred in addition to what we paid.
- 06 **Mei:** Correct. The six thousand was your ³ _____. Subtract it from the audited total to find the remaining amount.

Conversation / continued

- 07 **Arjun:** Seventy-two hundred minus six thousand leaves twelve hundred. The statement's balance is right under those supplied figures, but the heading confused me.
- 08 **Mei:** I can label it ⁴ _____ and show the calculation beside it. That distinguishes the adjustment from the complete annual premium.
- 09 **Arjun:** Is this a penalty for reporting a higher payroll, or a charge for extra claims? We are not discussing claim costs here.
- 10 **Mei:** Neither is included here. This adjustment reconciles the estimated and audited exposure using the stated formula. It isn't a penalty or a charge for claims.

Conversation continues on the next page.

The rate stayed; the payroll changed

CONVERSATION / CONTINUED

- 11 **Arjun:** Payroll is twenty percent above the estimate, and the total premium is twenty percent higher. I should not call that a twenty-percent rate increase.
- 12 **Mei:** Exactly. The rate is unchanged. The increase comes from the exposure amount, with every other calculation condition held constant in this example.
- 13 **Arjun:** Our payroll system total is not always the same as eligible payroll for insurance. Where do we check what went into the audit figure?
- 14 **Mei:** Use the ⁵ _____ and supporting records. The supplied three hundred thousand is already eligible payroll; do not substitute another total without reconciling its basis.
- 15 **Arjun:** The worksheet uses one classification. Could I move some wages to another class myself to make the adjustment smaller?
- 16 **Mei:** Any classification question needs the actual operations, applicable rules, records, and authorized review. This arithmetic does not establish eligibility for a different class.
- 17 **Arjun:** If I find a duplicated payroll entry, I should identify that entry and request a correction rather than simply challenge the whole statement.
- 18 **Mei:** Yes. Send a ⁶ _____ through the approved channel, with the specific difference and supporting record. The reviewer can then address the actual issue.
- 19 **Arjun:** For this example, I can explain the same rate, higher eligible payroll, seventy-two-hundred total, six thousand paid, and twelve hundred remaining.
- 20 **Mei:** That is the complete reconciliation. Keep it separate from renewal pricing, claim coverage, and any real dispute deadline, which require their own terms and records.

CHECK THE GAPS

1. rate per hundred / 2. exposure base / 3. deposit premium / 4. additional premium / 5. audit worksheet / 6. reconciliation request

[Why these answers fit, page 182](#)

Credit the amount already paid

Fictional formula: eligible payroll / 100 x \$3.00. Estimated payroll \$150,000; deposit \$4,500 fully paid. Audited eligible payroll \$180,000. The rate and classification are unchanged, with no other adjustments.

Complete the exchange using each phrase once. Read both roles, then switch roles and repeat with the bank covered.

WORD AND PHRASE BANK

5,400 / 4,500 / 900 / payroll

- 01 **Specialist:** The audited premium totals ¹ _____ dollars.
- 02 **Owner:** Credit the ² _____ dollars already paid.
- 03 **Specialist:** The additional balance is ³ _____ dollars.
- 04 **Owner:** The changed input is eligible ⁴ _____, not the rate.

CHECK THE GAPS

1. 5,400 / 2. 4,500 / 3. 900 / 4. payroll

[Why these answers fit, page 182](#)

Keep the distinction audible

Explain an audited premium by separating exposure, rate, total premium, and balance due.

Language for the next case

Two payments, one deductible

replacement cost

Replacement cost is the agreed \$20,000 repair basis in this exercise, before the stated depreciation holdback and deductible affect the initial payment.

Omar: The agreed replacement cost is twenty thousand. Five thousand is withheld depreciation, and one thousand is your single deductible.

recoverable depreciation

The full \$5,000 depreciation is recoverable in this example after the stipulated repair conditions are verified; this is not a rule for every policy.

Omar: Under these terms, the recoverable depreciation is released after the repair conditions are verified. It's separate from the deductible you retain.

payment ledger

The payment ledger records amounts already issued and deductions already applied, preventing a second deduction or a duplicate payment for the same loss.

Omar: Exactly. Check the payment ledger before explaining the remaining amount. Multiple payments do not automatically mean multiple deductibles.

actual cash value

Actual cash value is defined here as replacement cost less the \$5,000 depreciation, giving \$15,000 before the separate deductible.

Omar: Yes. Here actual cash value is fifteen thousand before the deductible. The fourteen thousand is the net initial payment, not that gross valuation.

supplemental payment

The supplemental payment is the \$5,000 held back in this stipulated case; adding it to \$14,000 gives \$19,000 total insurer payments.

Omar: Correct. The supplemental payment would bring insurer payments to nineteen thousand altogether. Your one-thousand-dollar share completes the twenty-thousand repair cost.

repair documentation

Repair documentation supports checking the policy's stipulated conditions; an estimate alone is not evidence that the required eligible repairs were completed.

Omar: Yes. Keep the repair documentation linked to the claim and agreed scope. A contractor's estimate and evidence of completed work serve different purposes.

Read the phrases aloud. Then complete the conversation on the following pages using the word bank.

Conversation

Two payments, one deductible

Fictional covered repair: agreed replacement cost \$20,000, depreciation \$5,000, one \$1,000 deductible. Initial payment = replacement cost minus depreciation minus deductible. The full \$5,000 is recoverable after stipulated repair conditions are verified. Assume completed eligible repairs cost \$20,000, sufficient limits, and no other adjustments.

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

actual cash value / payment ledger / supplemental payment / recoverable depreciation / repair documentation / replacement cost

- 01 **Carla:** Your estimate says twenty thousand dollars, but the first payment is fourteen thousand. I need to explain the six-thousand-dollar difference to the contractor.
- 02 **Omar:** The agreed ¹ _____ is twenty thousand. Five thousand is withheld depreciation, and one thousand is your single deductible.
- 03 **Carla:** Then twenty thousand minus five thousand is fifteen thousand. Is that the actual cash value in this supplied calculation?
- 04 **Omar:** Yes. Here ² _____ is fifteen thousand before the deductible. The fourteen thousand is the net initial payment, not that gross valuation.
- 05 **Carla:** I was treating depreciation and the deductible as two amounts that I would permanently lose. The statement calls the depreciation recoverable.
- 06 **Omar:** Under these terms, the ³ _____ is released after the repair conditions are verified. It's separate from the deductible you retain.

Conversation / continued

- 07 **Carla:** Assuming the eligible repairs cost the full twenty thousand and those conditions are satisfied, the later payment would be five thousand.
- 08 **Omar:** Correct. The ⁴ _____ would bring insurer payments to nineteen thousand altogether. Your one-thousand-dollar share completes the twenty-thousand repair cost.
- 09 **Carla:** Why is the deductible not subtracted from that second payment too? Someone suggested I should expect only four thousand later.
- 10 **Omar:** Because this example applies one deductible to the loss, not one to every payment. It was already reflected in the fourteen-thousand initial payment.

Conversation continues on the next page.

Two payments, one deductible

CONVERSATION / CONTINUED

- 11 **Carla:** So fourteen plus five is nineteen. Subtracting the deductible again would leave me bearing two thousand, contrary to the stated terms.
- 12 **Omar:** Exactly. Check the ⁵ _____ before explaining the remaining amount. Multiple payments do not automatically mean multiple deductibles.
- 13 **Carla:** What if the contractor's final invoice is lower, or the repaired items differ from the agreed scope? Does the same five thousand always follow?
- 14 **Omar:** That would change the supplied facts. The actual wording, eligible expenditure, completed work, and verification would need review before any further amount could be confirmed.
- 15 **Carla:** For our example, the repair conditions are stipulated. For a real file, I would need to provide the required completion evidence through the verified channel.
- 16 **Omar:** Yes. Keep the ⁶ _____ linked to the claim and agreed scope. A contractor's estimate and evidence of completed work serve different purposes.
- 17 **Carla:** Please label the statement clearly: replacement cost, depreciation, cash value before deductible, deductible, initial payment, and possible additional amount.
- 18 **Omar:** I can do that. The labels should let you reconcile the money without suggesting that every figure is a separate charge or an immediate payment.
- 19 **Carla:** And the nineteen thousand is the final insurer total under these assumptions, not nineteen thousand on top of the fourteen already received.
- 20 **Omar:** Correct. Show total entitlement and previous payments separately. That prevents the same confusion on the second statement and keeps the remaining amount understandable.

CHECK THE GAPS

1. replacement cost / 2. actual cash value / 3. recoverable depreciation / 4. supplemental payment / 5. payment ledger / 6. repair documentation

[Why these answers fit, page 184](#)

Separate the total from the next payment

Fictional covered loss: replacement cost \$12,000, recoverable depreciation \$3,000, one \$1,000 deductible. Eligible repairs cost \$12,000 and all stipulated recovery conditions are met. No other adjustment applies. The initial payment deducts both depreciation and deductible.

Complete the exchange using each phrase once. Read both roles, then switch roles and repeat with the bank covered.

WORD AND PHRASE BANK

3,000 / 11,000 / 8,000 / once

- 01 **Representative:** The initial net payment is ¹ _____ dollars.
- 02 **Policyholder:** The later depreciation payment is ² _____ dollars.
- 03 **Representative:** Total insurer payments equal ³ _____ dollars.
- 04 **Policyholder:** The deductible is applied ⁴ _____ in this example.

CHECK THE GAPS

1. 8,000 / 2. 3,000 / 3. 11,000 / 4. once

[Why these answers fit, page 184](#)

Keep the distinction audible

Explain a staged property-claim payment without confusing depreciation, cash value, and net payment.

Language for the next case

The annual limit has a remaining balance

per-occurrence limit

The per-occurrence limit is \$1 million for this event, but satisfying it does not override the separate remaining annual aggregate.

Felix: That checks the per-occurrence limit, but there is also an annual cap. We need the remaining aggregate before stating the available amount.

aggregate limit

The aggregate limit caps the stated year's combined payments; its remaining \$400,000 is lower than both the \$700,000 damages and \$1 million occurrence limit.

Felix: The aggregate limit does. Under these assumptions, this policy pays four hundred thousand, not seven hundred thousand.

exhausted

Exhausted means no aggregate amount remains after the additional \$400,000 payment; the printed occurrence limit does not restore that used annual capacity.

Felix: But that figure does not replenish the aggregate. The supplied annual cap is exhausted after this sequence, with no reinstatement provision in the example.

remaining aggregate

The remaining aggregate is \$2 million minus \$1.6 million already applied, leaving \$400,000 available under that cap.

Felix: Then the remaining aggregate is four hundred thousand. It is not another two million available afresh for this occurrence.

unfunded remainder

The unfunded remainder is \$700,000 damages less \$400,000 from this policy; it results from the aggregate cap, not a deductible supplied in the case.

Felix: No. It is an unfunded remainder under this policy's calculation. We have not assessed another policy or arrangement that might respond.

aggregate erosion

Aggregate erosion is the reduction caused by the specified payments under this policy; an internal reserve must not be substituted for those stipulated paid amounts.

Felix: Yes. The supplied aggregate erosion comes from payments charged to this cap. Do not substitute reserves or unrelated payments for that defined amount.

Read the phrases aloud. Then complete the conversation on the following pages using the word bank.

Conversation

The annual limit has a remaining balance

Fictional liability policy: \$1 million per occurrence, \$2 million annual aggregate. Prior covered indemnity payments of \$1.6 million reduce that aggregate. A new covered occurrence has agreed damages of \$700,000. No deductible, defense-cost erosion, reinstatement, other payments, or other applicable limit. Other insurance is not assessed.

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

exhausted / remaining aggregate / unfunded remainder / per-occurrence limit / aggregate limit / aggregate erosion

- 01 **Nora:** The new damages are seven hundred thousand dollars, below the million-dollar limit. The client expects that full amount from this policy.
- 02 **Felix:** That checks the ¹ _____, but there is also an annual cap. We need the remaining aggregate before stating the available amount.
- 03 **Nora:** The declarations show two million dollars annually. The claims ledger shows one point six million already paid against that same aggregate.
- 04 **Felix:** Then the ² _____ is four hundred thousand. It is not another two million available afresh for this occurrence.
- 05 **Nora:** The new loss is seven hundred thousand, but the remaining annual amount is only four hundred thousand. Which number constrains this payment?
- 06 **Felix:** The ³ _____ does. Under these assumptions, this policy pays four hundred thousand, not seven hundred thousand.

Conversation / continued

- 07 **Nora:** That leaves three hundred thousand of the agreed damages unpaid by this policy. It is not a new deductible, is it?
- 08 **Felix:** No. It is an ⁴ _____ under this policy's calculation. We have not assessed another policy or arrangement that might respond.
- 09 **Nora:** I should say unpaid by this policy, not automatically uninsured everywhere. Otherwise I would be claiming to have reviewed other protection.
- 10 **Felix:** Exactly. Be precise about which policy and limits the calculation covers. A clear limitation is more useful than a broader conclusion we have not established.

Conversation continues on the next page.

The annual limit has a remaining balance

CONVERSATION / CONTINUED

- 11 **Nora:** After the four-hundred-thousand payment, the remaining annual aggregate is zero. The one-million occurrence figure still appears on the declarations.
- 12 **Felix:** But that figure does not replenish the aggregate. The supplied annual cap is ⁵ _____ after this sequence, with no reinstatement provision in the example.
- 13 **Nora:** Could defense costs change this result? Some policies treat them differently, and I do not want to imply one universal arrangement.
- 14 **Felix:** They could under different wording. Here defense-cost erosion is expressly excluded. We must check the actual terms before carrying this calculation into another policy.
- 15 **Nora:** The prior figure is paid indemnity, not simply a list of case reserves. We should keep those categories separate in the ledger.
- 16 **Felix:** Yes. The supplied ⁶ _____ comes from payments charged to this cap. Do not substitute reserves or unrelated payments for that defined amount.
- 17 **Nora:** If I show the timeline, it is two million at the start, four hundred thousand after prior payments, then zero after this occurrence.
- 18 **Felix:** That makes the sequence visible. Label the policy period too, rather than combining payments from unrelated years into one total.
- 19 **Nora:** I will explain the four-hundred-thousand policy payment and three-hundred-thousand remainder, then refer any other-insurance question for its own review.
- 20 **Felix:** Good. The client will see why a loss below the occurrence limit can still exceed the available annual amount, without confusing the shortfall with a deductible.

CHECK THE GAPS

1. per-occurrence limit / 2. remaining aggregate / 3. aggregate limit / 4. unfunded remainder / 5. exhausted / 6. aggregate erosion

[Why these answers fit, page 186](#)

Apply both stated caps

Fictional policy: \$800,000 per occurrence and \$1.5 million annual aggregate. Prior payments against that aggregate total \$1.3 million. New agreed covered damages are \$350,000. No deductible, other erosion, reinstatement, or other applicable limit. Other insurance is not assessed.

Complete the exchange using each phrase once. Read both roles, then switch roles and repeat with the bank covered.

WORD AND PHRASE BANK

exhausted / deductible / 200,000 / 150,000

- 01 **Specialist:** Before the new payment, the remaining aggregate is ¹ _____ dollars.
- 02 **Manager:** After paying that available amount, this aggregate is ² _____.
- 03 **Specialist:** The amount unpaid by this policy is ³ _____ dollars.
- 04 **Manager:** That shortfall is not a ⁴ _____ under these terms.

CHECK THE GAPS

1. 200,000 / 2. exhausted / 3. 150,000 / 4. deductible

[Why these answers fit, page 186](#)

Keep the distinction audible

Explain per-occurrence and aggregate limits using a consistent payment sequence.

01 / Answers and explanations

A / Read the situation

A1. Which information is missing?

B. Operating locations and the requested three-year loss history

The application names Atlas and says maintenance, but omits the location details and requested loss history.

[Return to the exercise, page 4](#)

A2. What does the blank loss-history field establish?

A. The information is missing.

A blank field provides no confirmed loss history and cannot be treated as a no-loss declaration.

[Return to the exercise, page 4](#)

A3. What is committed for Monday at 11:00?

B. A submission-status update

Lena promises a status update, not underwriting acceptance or the start of coverage.

[Return to the exercise, page 4](#)

D / Response choices

D1. Which request is most useful?

D. Please provide the operating locations, activity breakdown, and three-year loss records.

The useful request addresses all stated gaps; the alternatives repeat known information or supply an incomplete history.

[Return to the exercise, page 8](#)

D2. Which statement improperly promises coverage?

A. Cover begins Monday because that is when the update is due.

The Monday commitment concerns information and does not establish coverage or underwriting acceptance.

[Return to the exercise, page 8](#)

01 / Answers and explanations / continued

D3. A colleague needs the term for this meaning: The operations performed by the applicant. Which term fits?

D. business activity

A Not here. off-site work: Work performed away from the business's own location. The usual combination is "disclose off-site work".

B Not here. occupancy: The use of premises relevant to a property-risk assessment. The usual combination is "describe the occupancy".

C Not here. underwriting authority: The defined power to make specified underwriting decisions. The usual combination is "confirm underwriting authority".

D Correct. business activity: The operations performed by the applicant. The usual combination is "describe the business activity".

[Return to the exercise, page 8](#)

D4. Rebuild the exchange from "An incomplete submission cannot establish the risk". Lena: "The client may have records from its previous insurer. I will ask what period they cover and whether the reported amounts are current." Theo: [missing response] Lena: "Atlas also has a storage address. I do not yet know whether work is performed there or whether it is only used for supplies." Which response belongs in the gap?

B. If a loss run is available, include its valuation date. Claim amounts and statuses can change. We should know the basis of the record rather than treat every figure as a final settled amount.

A Not here. This line belongs to turn 4, after Lena says: "I will obtain a breakdown from the client. The blank history field should not be treated as a statement that no losses occurred." It addresses that point, not the missing turn in the supplied exchange.

B Correct. This is Theo's response in turn 6. It connects Lena's preceding point with Lena's follow-up. A loss run supplies claim information for an account and period; its evaluation date and contents still need to be understood.

C Not here. This line belongs to turn 14, after Lena says: "I will call the date requested. Does this call provide temporary cover while the paperwork catches up?" It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 18, after Lena says: "If the clarified activities require a more senior decision, I would rather know the next review step than make a promise to the client." It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 8](#)

01 / Answers and explanations / continued

E / Conversation

1. business activity

Turn 2. Business activity describes the actual operations; the broad word maintenance does not establish where or how Atlas works.

2. loss history

Turn 4. Loss history records prior losses over a stated period; an empty application field supplies no such evidence.

3. loss run

Turn 6. A loss run supplies claim information for an account and period; its evaluation date and contents still need to be understood.

4. operating location

Turn 8. Operating location identifies where activities occur; a storage address does not by itself establish the work performed there.

5. Submission completeness

Turn 10. Submission completeness concerns whether information is supplied; it is distinct from risk acceptance, quotation, or binding.

6. inception date

Turn 12. The inception date is established by the applicable insurance agreement, not merely by the applicant's preferred start date.

7. binder

Turn 14. A binder provides temporary insurance according to its applicable terms; this information-gathering conversation does not issue one.

8. submission

Turn 16. The submission is the information package being assessed; its status can be updated even when some records remain outstanding.

9. referral

Turn 18. Referral sends the issue to the required decision level; it does not itself mean the risk is accepted or declined.

01 / Answers and explanations / continued

10. underwriting authority

Turn 20. Underwriting authority defines who can make specified decisions; gathering complete information does not transfer that authority to every participant.

[Return to the conversation, page 10](#)

F / Accuracy and scope

F1. What does supplying all requested records accomplish by itself?

A. It addresses submission completeness, not automatic acceptance.

Information completeness is a review milestone and does not itself determine the underwriting outcome.

[Return to the exercise, page 14](#)

F2. Why ask for a loss run's valuation date?

A. Reported claim amounts and statuses relate to a stated evaluation date.

The valuation date provides context for the reported claim information rather than a universal final outcome.

[Return to the exercise, page 14](#)

F / Guided speaking

1. two

Broker: The number of missing operating addresses is two.

Turn 1. The supplied application lacks two addresses rather than a complete list of unknown size.

2. loss record

Underwriter: The requested two-year document is the loss record.

Turn 2. The brief identifies a two-year loss record as the other missing submission item.

3. Priya

Broker: The person obtaining the information is Priya.

Turn 3. Priya is explicitly responsible for obtaining the missing submission information.

4. Thursday at 10:00

Underwriter: The status update is due Thursday at 10:00.

Turn 4. Thursday at ten is an information-update commitment, not a confirmed coverage inception.

[Return to the conversation, page 15](#)

01 / Answers and explanations / continued

F / Rebuild the exchange

1. Rebuild the exchange from "An incomplete submission cannot establish the risk".

Lena: "I will call the date requested. Does this call provide temporary cover while the paperwork catches up?" **Theo:** [missing response] **Lena:** "I will update you Monday at eleven, even if a previous insurer has not yet supplied every record. Is that useful?" Which response belongs in the gap?

C. Do not present it as a binder. This exchange requests information and describes review status. It does not create an insurance agreement or authorize you to represent that one has been issued.

A Not here. This line belongs to turn 18, after Lena says: "If the clarified activities require a more senior decision, I would rather know the next review step than make a promise to the client." It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 20, after Lena says: "My client update will list the requested facts, Monday's status contact, and the absence of any coverage confirmation. It will avoid a guaranteed outcome." It addresses that point, not the missing turn in the supplied exchange.

C Correct. This is Theo's response in turn 14. It connects Lena's preceding point with Lena's follow-up. A binder provides temporary insurance according to its applicable terms; this information-gathering conversation does not issue one.

D Not here. This line belongs to turn 4, after Lena says: "I will obtain a breakdown from the client. The blank history field should not be treated as a statement that no losses occurred." It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 15](#)

02 / Answers and explanations

A / Read the situation

A1. What does the one-page summary show?

C. A \$500,000 property limit and a \$2,000 deductible

The summary contains the stated limit and deductible, not the entire set of policy terms.

[Return to the exercise, page 17](#)

A2. Which listed document is missing from the current review?

B. Endorsement E17

Evan has not yet retrieved the listed endorsement E17.

[Return to the exercise, page 17](#)

A3. What is not established by the two amounts alone?

C. Coverage for a particular event

Limits and deductibles describe terms but do not by themselves establish coverage for a specific event.

[Return to the exercise, page 17](#)

D / Response choices

D1. Which explanation is accurate?

B. The summary shows amounts but does not contain every applicable term.

The summary is condensed, while the missing endorsement and other policy provisions still require review.

[Return to the exercise, page 21](#)

D2. What should Evan do about E17?

C. Obtain the applicable text and check its form and effective date.

The actual applicable endorsement must be reviewed rather than guessed from its identifier or another policy.

[Return to the exercise, page 21](#)

02 / Answers and explanations / continued

D3. A colleague needs the term for this meaning: A specified meaning assigned to a term in the policy. Which term fits?

A. definition

A Correct. definition: A specified meaning assigned to a term in the policy. The usual combination is "apply the policy definition".

B Not here. named insured: A person or organization identified as an insured in the policy. The usual combination is "verify the named insured".

C Not here. coverage limit: The maximum applicable amount subject to the policy's terms. The usual combination is "identify the coverage limit".

D Not here. form number: An identifier for a policy document or wording version. The usual combination is "match the form number".

[Return to the exercise, page 21](#)

D4. Rebuild the exchange from "A summary does not contain the whole contract".

Rosa: "I thought an endorsement always added protection. Could it actually reduce coverage or change the meaning of something in the main form?" Evan: [missing response] Rosa: "Then we should not describe E17 to my team until we have it. Where does the policy state the basic coverage promise?" Which response belongs in the gap?

D. An endorsement can make different kinds of changes. We need its actual text, applicable form, and effective date. Its number alone does not tell us whether it expands or restricts anything.

A Not here. This line belongs to turn 14, after Rosa says: "What about the five-hundred-thousand-dollar figure? My colleague has been treating it as a guaranteed payment amount whenever something serious happens." It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 4, after Rosa says: "I have the summary and declarations. Are those two documents enough, or should I also have the longer form you mentioned?" It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 8, after Rosa says: "Then we should not describe E17 to my team until we have it. Where does the policy state the basic coverage promise?" It addresses that point, not the missing turn in the supplied exchange.

D Correct. This is Evan's response in turn 6. It connects Rosa's preceding point with Rosa's follow-up. An endorsement modifies policy terms and can add, restrict, or otherwise change coverage depending on its wording.

[Return to the exercise, page 21](#)

02 / Answers and explanations / continued

E / Conversation

1. coverage summary

Turn 2. A coverage summary is condensed and may omit provisions needed to understand the actual scope of protection.

2. document set

Turn 4. The document set includes the relevant policy forms and amendments, not merely the convenient summary and declarations.

3. endorsement

Turn 6. An endorsement modifies policy terms and can add, restrict, or otherwise change coverage depending on its wording.

4. insuring agreement

Turn 8. The insuring agreement describes the basic promise, but it operates with the policy's other applicable provisions.

5. definition

Turn 10. A policy definition assigns a specified meaning that may differ from everyday usage and affects interpretation in context.

6. deductible

Turn 12. A deductible specifies an insured share under the terms; it does not create coverage for an otherwise uncovered event.

7. coverage limit

Turn 14. A coverage limit is a maximum subject to terms, not a guaranteed payment or proof that every loss is covered.

8. exclusion

Turn 16. An exclusion removes specified matters from coverage according to its wording; it must be read in the complete applicable context.

9. form number

Turn 18. The form number identifies a document or version, helping confirm that the reviewed wording belongs to the applicable policy set.

02 / Answers and explanations / continued

10. policy wording

Turn 20. Policy wording establishes the relevant terms; reviewing it is different from making a coverage decision about an unspecified loss.

[Return to the conversation, page 23](#)

F / Accuracy and scope

F1. Which statement confuses amount and scope?

B. A \$500,000 limit proves that any property loss is insured.

The maximum stated amount does not establish that every cause or type of loss falls within coverage.

[Return to the exercise, page 27](#)

F2. Why review policy definitions?

D. Familiar words can have specified meanings in the contract.

Contract definitions can narrow or specify ordinary words and must be read with the applicable provisions.

[Return to the exercise, page 27](#)

F / Guided speaking

1. 200,000

Client: The displayed limit is 200,000 dollars.

Turn 1. Two hundred thousand is the stated limit, not a guaranteed payment for every loss.

2. 1,500

Specialist: The displayed deductible is 1,500 dollars.

Turn 2. Fifteen hundred is the deductible shown in the supplied summary.

3. R4

Client: The missing endorsement is R4.

Turn 3. R4 is the listed endorsement whose actual text has not been obtained.

4. not

Specialist: A specific claim is not under decision here.

Turn 4. The case explicitly concerns documents rather than a particular claim decision.

[Return to the conversation, page 28](#)

02 / Answers and explanations / continued

F / Rebuild the exchange

1. Rebuild the exchange from "A summary does not contain the whole contract".

Rosa: "What about the five-hundred-thousand-dollar figure? My colleague has been treating it as a guaranteed payment amount whenever something serious happens."

Evan: [missing response] **Rosa:** "Please show me the basic promise and the provisions that change it. I need to explain the structure to my team." **Which response belongs in the gap?**

B. A coverage limit is not a guaranteed payment. The applicable scope, facts, and other terms still matter. We should correct that interpretation before it becomes a promise in your internal planning.

A Not here. This line belongs to turn 8, after Rosa says: "Then we should not describe E17 to my team until we have it. Where does the policy state the basic coverage promise?" It addresses that point, not the missing turn in the supplied exchange.

B Correct. This is Evan's response in turn 14. It connects Rosa's preceding point with Rosa's follow-up. A coverage limit is a maximum subject to terms, not a guaranteed payment or proof that every loss is covered.

C Not here. This line belongs to turn 4, after Rosa says: "I have the summary and declarations. Are those two documents enough, or should I also have the longer form you mentioned?" It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 6, after Rosa says: "I thought an endorsement always added protection. Could it actually reduce coverage or change the meaning of something in the main form?" It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 28](#)

03 / Answers and explanations

A / Read the situation

A1. What date is known?

A. Discovery on 6 June

Six June is the discovery date; the brief explicitly leaves the event date unknown.

[Return to the exercise, page 31](#)

A2. What supporting document is missing?

D. The repair estimate

Photographs and contact details are supplied, but the repair estimate has not arrived.

[Return to the exercise, page 31](#)

A3. What does an internal reserve not establish?

A. A payment promise to Ben

A reserve is an internal estimate and does not itself approve coverage or promise settlement payment.

[Return to the exercise, page 31](#)

D / Response choices

D1. Which entry accurately records 6 June?

D. Discovery date

Six June is when Ben noticed the damage; the event's actual date remains unknown.

[Return to the exercise, page 36](#)

D2. Which follow-up request is best?

D. Please provide the known timeline and repair estimate through the approved channel, quoting C204.

The complete request addresses the missing evidence while preserving the unknown event date and correct file reference.

[Return to the exercise, page 36](#)

03 / Answers and explanations / continued

D3. A colleague needs the term for this meaning: The identifier assigned to a claim file. Which term fits?

B. claim number

A Not here. adjuster: A person responsible for investigating or evaluating claims within their role. The usual combination is "assign an adjuster".

B Correct. claim number: The identifier assigned to a claim file. The usual combination is "quote the claim number".

C Not here. paid loss: Claim amounts already paid on the stated basis. The usual combination is "report paid loss".

D Not here. claim chronology: A timeline of reported events and claim-handling steps. The usual combination is "build a claim chronology".

[Return to the exercise, page 36](#)

D4. Rebuild the exchange from "Open the file without inventing the loss details". Ben: "Your reminder asks for documents, but I sent the photographs. What is still missing?" Mina: [missing response] Ben: "The repair company has not finished its estimate. I can send it when available, but I cannot provide a reliable amount today." Which response belongs in the gap?

A. We still need the repair estimate. Your contact details and photographs are already in the file. I will make the follow-up specific rather than ask you to resend everything without checking what we hold.

A Correct. This is Mina's response in turn 6. It connects Ben's preceding point with Ben's follow-up. The repair estimate is the specific missing cost document; photographs have already been received and should not be requested indiscriminately again.

B Not here. This line belongs to turn 20, after Ben says: "That gives me a practical next step. I understand that receipt of the documents is not confirmation of coverage or the final settlement amount." It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 2, after Ben says: "I sent photographs, but I only know the discovery date, not when the event occurred." It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 16, after Ben says: "How should I send the repair estimate and timeline? They include some personal contact information and the property reference." It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 36](#)

E / Conversation

1. first notice of loss

Turn 2. First notice of loss records the initial claim report; receiving it does not establish all event facts or coverage.

03 / Answers and explanations / continued

2. discovery date

Turn 4. The discovery date is when damage was noticed; it is not necessarily when the event causing it occurred.

3. repair estimate

Turn 6. The repair estimate is the specific missing cost document; photographs have already been received and should not be requested indiscriminately again.

4. claim chronology

Turn 8. The claim chronology records the actual sequence and outstanding information without inventing an amount or event date.

5. adjuster

Turn 10. The adjuster evaluates the claim within the assigned role; receiving an estimate does not itself complete the coverage or amount review.

6. case reserve

Turn 12. A case reserve is an individual-claim estimate under the internal process, not a payment promise or coverage determination.

7. Payment authorization

Turn 14. Payment authorization approves a specified payment; an internal estimate or intake conversation does not supply that approval.

8. secure submission channel

Turn 16. The secure submission channel is the authorized route for sensitive material; the example does not ask for disclosure through an unverified address.

9. information request

Turn 18. The information request should specify the missing timeline and estimate, preserving known facts and the unresolved event date.

10. acknowledgment

Turn 20. An acknowledgment confirms receipt, not acceptance of coverage, agreement on the loss amount, or authorization of payment.

[Return to the conversation, page 38](#)

03 / Answers and explanations / continued

F / Accuracy and scope

F1. Which statement improperly equates reserve and payment?

B. The internal reserve is the amount we promise to pay you.

A reserve is an internal estimate, not a settlement agreement or payment authorization.

[Return to the exercise, page 42](#)

F2. What should Mina do before asking for photographs again?

C. Check the file, which already contains photographs.

The brief confirms photographs are received, so checking the file avoids an unnecessary duplicate request.

[Return to the exercise, page 42](#)

F / Guided speaking

1. C318

Specialist: The claim reference is C318.

Turn 1. C318 is the identifier assigned to the separate claim in this exercise.

2. 12 July

Caller: The discovery date is 12 July.

Turn 2. Twelve July is the known discovery date, not a confirmed event date.

3. repair estimate

Specialist: The missing cost document is the repair estimate.

Turn 3. The brief states that photographs are received but the repair estimate is missing.

4. unknown

Caller: The event date remains unknown.

Turn 4. The case explicitly leaves the event date unknown, so it must not be guessed.

[Return to the conversation, page 43](#)

03 / Answers and explanations / continued

F / Rebuild the exchange

1. Rebuild the exchange from "Open the file without inventing the loss details". Ben: "Understood. I should not tell the repairer that the reserve is approved payment. We have no settlement yet." Mina: [missing response] Ben: "How should I send the repair estimate and timeline? They include some personal contact information and the property reference." Which response belongs in the gap?

A. Correct. Payment authorization is a separate matter. This intake conversation collects information and explains status. It does not authorize a payment or replace the review of the applicable policy and facts.

A Correct. This is Mina's response in turn 14. It connects Ben's preceding point with Ben's follow-up. Payment authorization approves a specified payment; an internal estimate or intake conversation does not supply that approval.

B Not here. This line belongs to turn 2, after Ben says: "I sent photographs, but I only know the discovery date, not when the event occurred." It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 10, after Ben says: "Would sending the estimate mean the claim is accepted? I need to explain the next step." It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 4, after Ben says: "I noticed the damage on the sixth of June. I cannot say whether the underlying event happened that morning or earlier." It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 43](#)

04 / Answers and explanations

A / Read the situation

A1. What is the claim's current status?

C. Coverage review remains open.

The brief states that review is open and no determination, denial, or payment commitment has been made.

[Return to the exercise, page 44](#)

A2. Which information is outstanding?

B. The cause report

The cause report is specifically identified as outstanding in the current review.

[Return to the exercise, page 44](#)

A3. What is promised for Friday at 16:00?

A. A status update even if review remains incomplete

Sana commits to reporting status, not to a particular decision or completed review.

[Return to the exercise, page 44](#)

D / Response choices

D1. Which response best matches the facts?

B. The review is open; the cause report is outstanding; no coverage decision has been made.

The accurate response identifies the actual stage and missing evidence without inventing acceptance, rejection, or payment.

[Return to the exercise, page 48](#)

D2. What should Sana do if review is incomplete on Friday?

D. Provide the promised status update and explain what remains open.

The communication commitment remains in force even when the substantive review is unfinished.

[Return to the exercise, page 48](#)

04 / Answers and explanations / continued

D3. A colleague needs the term for this meaning: A decision refusing a claim or specified part of it on a stated basis. Which term fits?

D. denial

A Not here. time limit: A period within which a specified action must be taken. The usual combination is "verify the applicable time limit".

B Not here. decision notice: A communication conveying a specified decision. The usual combination is "distinguish the decision notice".

C Not here. factual basis: The established information supporting a conclusion. The usual combination is "explain the factual basis".

D Correct. denial: A decision refusing a claim or specified part of it on a stated basis. The usual combination is "communicate a denial".

[Return to the exercise, page 48](#)

D4. Rebuild the exchange from "Explain an open review without implying a denial". Miles: "Would providing that report guarantee acceptance? I need to decide what to do about the equipment." Sana: [missing response] Miles: "Please confirm directly whether anything has been denied. Is this request a decision notice?" Which response belongs in the gap?

C. Receiving it would inform the factual basis, not guarantee a particular outcome. We still need to assess what it establishes alongside the applicable wording. I cannot turn a document request into a promise of acceptance.

A Not here. This line belongs to turn 14, after Miles says: "Please explain how the provision fits the facts, rather than giving me an endorsement number alone." It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 18, after Miles says: "If I disagree with the eventual decision, will the available review routes be explained?" It addresses that point, not the missing turn in the supplied exchange.

C Correct. This is Sana's response in turn 6. It connects Miles's preceding point with Miles's follow-up. The factual basis supports evaluation; supplying one document does not predetermine the resulting coverage decision.

D Not here. This line belongs to turn 20, after Miles says: "For now, I understand that you need the cause report, the endorsement review is ongoing, and I will receive a status call Friday." It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 48](#)

E / Conversation

1. coverage review

Turn 2. Coverage review is the ongoing evaluation; its open status does not establish acceptance or denial.

04 / Answers and explanations / continued

2. cause report

Turn 4. The cause report is the specified outstanding evidence about how the damage occurred; naming it makes the dependency clear.

3. factual basis

Turn 6. The factual basis supports evaluation; supplying one document does not predetermine the resulting coverage decision.

4. denial

Turn 8. Denial is a decision refusing all or part of a claim; none has been made in the supplied case.

5. status update

Turn 10. A status update reports progress and outstanding matters; it is not automatically a decision or payment promise.

6. coverage determination

Turn 12. A coverage determination decides application of the policy; the Friday communication commitment does not guarantee that decision.

7. policy provision

Turn 14. A policy provision supplies the actual wording basis; an unexplained reference to a clause is not a clear coverage explanation.

8. time limit

Turn 16. A time limit remains governed by its actual requirements; this pending review does not establish an automatic suspension or extension.

9. review route

Turn 18. The review route depends on the actual policy and jurisdiction; the dialogue does not invent a universal appeal process or deadline.

10. payment authorization

Turn 20. Payment authorization permits a specified payment; no such commitment follows from the pending review or promised update.

[Return to the conversation, page 50](#)

04 / Answers and explanations / continued

F / Accuracy and scope

F1. Which statement about deadlines is unsupported?

D. The open review automatically pauses every applicable deadline.

No supplied policy or legal basis establishes that pending review suspends any deadline.

[Return to the exercise, page 54](#)

F2. How should an eventual decision be described?

C. Through the applicable process with its actual basis and relevant next steps

A decision needs its actual factual and policy basis, not a shorthand reference, comparison, or unfinished estimate.

[Return to the exercise, page 54](#)

F / Guided speaking

1. M22

Representative: The claim reference is M22.

Turn 1. M22 is the identifier supplied for this separate pending-review case.

2. inspection report

Policyholder: The missing document is the inspection report.

Turn 2. The inspection report is the specified outstanding evidence in the brief.

3. Rehan

Representative: Your update contact is Rehan.

Turn 3. Rehan is explicitly responsible for providing the status update.

4. Tuesday at 14:00

Policyholder: The update is scheduled for Tuesday at 14:00.

Turn 4. Tuesday at fourteen hundred is an update appointment, not a guaranteed decision time.

[Return to the conversation, page 55](#)

04 / Answers and explanations / continued

F / Rebuild the exchange

1. Rebuild the exchange from "Explain an open review without implying a denial".

Miles: "Please explain how the provision fits the facts, rather than giving me an endorsement number alone." Sana: [missing response] Miles: "Does an open review mean I can ignore any time limits elsewhere in the policy while I wait for your answer?" Which response belongs in the gap?

D. The eventual explanation must identify the relevant policy provision and how it relates to the established facts. I will not guess that relationship before the review or substitute a broad label for the applicable wording.

A Not here. This line belongs to turn 6, after Miles says: "Would providing that report guarantee acceptance? I need to decide what to do about the equipment." It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 18, after Miles says: "If I disagree with the eventual decision, will the available review routes be explained?" It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 20, after Miles says: "For now, I understand that you need the cause report, the endorsement review is ongoing, and I will receive a status call Friday." It addresses that point, not the missing turn in the supplied exchange.

D Correct. This is Sana's response in turn 14. It connects Miles's preceding point with Miles's follow-up. A policy provision supplies the actual wording basis; an unexplained reference to a clause is not a clear coverage explanation.

[Return to the exercise, page 55](#)

05 / Answers and explanations

A / Read the situation

A1. How much lower is B's annual premium?

A. \$1,000

Ten thousand minus nine thousand gives a one-thousand-dollar annual premium difference.

[Return to the exercise, page 59](#)

A2. How much higher is B's per-loss deductible?

C. \$4,000

Five thousand minus one thousand gives a four-thousand-dollar increase in the stated deductible.

[Return to the exercise, page 59](#)

A3. What is not yet established?

C. That the full coverage wording is otherwise identical

The full wording has not been compared, so equivalent coverage cannot be asserted.

[Return to the exercise, page 59](#)

D / Response choices

D1. In the illustration, what would A's insurer payment be?

B. \$7,000

The assumed fully covered loss of eight thousand minus A's one-thousand deductible gives seven thousand.

[Return to the exercise, page 63](#)

D2. In the illustration, what would B's insurer payment be?

A. \$3,000

Eight thousand minus B's five-thousand deductible gives three thousand under the stated assumptions.

[Return to the exercise, page 63](#)

05 / Answers and explanations / continued

D3. A colleague needs the term for this meaning: The deductible applied to each loss under the stated terms. Which term fits?

B. per-loss deductible

A Not here. effective period: The dates during which the relevant terms apply. The usual combination is "verify the effective period".

B Correct. per-loss deductible: The deductible applied to each loss under the stated terms. The usual combination is "explain the per-loss deductible".

C Not here. sublimit comparison: Review of differences in specified lower coverage limits. The usual combination is "complete a sublimit comparison".

D Not here. like-for-like basis: A comparison holding relevant terms and assumptions consistent. The usual combination is "compare on a like-for-like basis".

[Return to the exercise, page 63](#)

D4. Rebuild the exchange from "Lower premium does not mean identical protection". Victor: "Under A, subtracting one thousand from eight thousand gives a seven-thousand-dollar insurer payment. My share of that loss would be one thousand." Naomi: [missing response] Victor: "So B's premium saving is one thousand, but I retain four thousand more if this particular hypothetical loss occurs. Those are different comparisons." Which response belongs in the gap?

C. Correct. That is your retained loss in this example. Under B, the five-thousand-dollar deductible leaves a three-thousand-dollar insurer payment and five thousand for you to bear.

A Not here. This line belongs to turn 14, after Victor says: "One quote also mentions coinsurance. We have left that out of the arithmetic, so I still need its actual effect explained." It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 12, after Victor says: "Could another term affect the calculation even if the main limit shown on both quotes looks the same? We have only compared the headline figures." It addresses that point, not the missing turn in the supplied exchange.

C Correct. This is Naomi's response in turn 6. It connects Victor's preceding point with Victor's follow-up. Retained loss is the loss amount borne by the client; A retains one thousand under the supplied assumptions.

D Not here. This line belongs to turn 10, after Victor says: "If I include annual premium and my share of this one loss, I get eleven thousand for A and fourteen thousand for B." It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 63](#)

05 / Answers and explanations / continued

E / Conversation

1. annual premium

Turn 2. Annual premium describes the stated yearly insurance price; a lower figure does not establish identical protection.

2. illustrative loss

Turn 4. An illustrative loss is hypothetical and demonstrates arithmetic under explicit assumptions rather than deciding actual coverage.

3. retained loss

Turn 6. Retained loss is the loss amount borne by the client; A retains one thousand under the supplied assumptions.

4. premium saving

Turn 8. Premium saving compares the insurance price, while the higher retained loss is a separate effect of the changed deductible.

5. total-cost comparison

Turn 10. The total-cost comparison includes premium and retained loss for this single hypothetical case, not every possible annual outcome.

6. valuation basis

Turn 12. Valuation basis affects how loss value is determined under the policy; matching headline limits do not establish identical payment terms.

7. Coinsurance

Turn 14. Coinsurance has policy-specific cost-sharing or insurance-to-value meanings; this illustration expressly excludes it rather than interpreting an actual provision.

8. like-for-like basis

Turn 16. A like-for-like basis aligns relevant terms and assumptions before comparison; the full quote wording has not yet been aligned here.

9. binding confirmation

Turn 18. Binding confirmation records actual placed coverage; receiving or discussing a quote does not establish that it has been bound.

05 / Answers and explanations / continued

10. effective period

Turn 20. The effective period identifies when the actual terms apply; it must be checked with the proposal before placement instructions are acted on.

[Return to the conversation, page 65](#)

F / Accuracy and scope

F1. Which premium-plus-retained-loss comparison is correct for this example?

D. A: \$11,000; B: \$14,000

A combines ten thousand premium and one thousand retained loss; B combines nine thousand and five thousand.

[Return to the exercise, page 69](#)

F2. Which conclusion is unsupported?

D. B provides identical coverage and always costs less overall.

The complete wording is unreviewed, and total cost depends on actual losses and terms, not premium alone.

[Return to the exercise, page 69](#)

F / Guided speaking

1. 500

Broker: Under C, the client retains 500 dollars.

Turn 1. C's five-hundred-dollar deductible is the retained amount under the supplied assumptions.

2. 5,500

Client: Under C, the insurer pays 5,500 dollars.

Turn 2. Six thousand minus five hundred gives five thousand five hundred dollars.

3. 2,000

Broker: Under D, the client retains 2,000 dollars.

Turn 3. D's stated two-thousand-dollar deductible is the client's retained amount in this illustration.

4. 4,000

Client: Under D, the insurer pays 4,000 dollars.

Turn 4. Six thousand minus two thousand gives four thousand dollars under the same assumptions.

[Return to the conversation, page 70](#)

05 / Answers and explanations / continued

F / Rebuild the exchange

1. Rebuild the exchange from "Lower premium does not mean identical protection".

Victor: "One quote also mentions coinsurance. We have left that out of the arithmetic, so I still need its actual effect explained." **Naomi:** [missing response]

Victor: "Please keep the example separate from your recommendation. Our decision also depends on which losses we can afford to retain." Which response belongs in the gap?

B. Correct. Coinsurance requires the relevant wording and policy context. We should not transfer a definition from another product or assume the simplified illustration settles how that provision applies.

A Not here. This line belongs to turn 2, after Victor says: "Quote B is a thousand dollars cheaper annually. Is this simply the same protection for less money, or is there a trade-off?" It addresses that point, not the missing turn in the supplied exchange.

B Correct. This is Naomi's response in turn 14. It connects Victor's preceding point with Victor's follow-up. Coinsurance has policy-specific cost-sharing or insurance-to-value meanings; this illustration expressly excludes it rather than interpreting an actual provision.

C Not here. This line belongs to turn 10, after Victor says: "If I include annual premium and my share of this one loss, I get eleven thousand for A and fourteen thousand for B." It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 12, after Victor says: "Could another term affect the calculation even if the main limit shown on both quotes looks the same? We have only compared the headline figures." It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 70](#)

06 / Answers and explanations

A / Read the situation

A1. What has actually been observed?

C. Invoice reference P71 appears in Q2 and Q4 for the same vendor.

The supplied evidence establishes a repeated invoice reference, not dishonest intent or an established fraud finding.

[Return to the exercise, page 71](#)

A2. What remains unknown?

C. The explanation for the repeated reference

The case leaves open whether duplication, error, or another explanation accounts for the repeated reference.

[Return to the exercise, page 71](#)

A3. What should happen to the original records?

C. Preserve them and restrict access to authorized recipients.

Preserving originals and limiting access protects traceability and confidentiality during the authorized review.

[Return to the exercise, page 71](#)

D / Response choices

D1. Which note is appropriate?

A. P71 appears in Q2 and Q4; explanation unconfirmed; referred through the approved SIU route.

The appropriate note records the observation, unresolved explanation, and actual referral action without an unsupported accusation.

[Return to the exercise, page 75](#)

D2. Which statement confuses referral with a finding?

A. SIU referral proves that fraud occurred.

Referral requests specialist examination and does not itself establish wrongdoing.

[Return to the exercise, page 75](#)

06 / Answers and explanations / continued

D3. A colleague needs the term for this meaning: An assertion of wrongdoing that requires appropriate evaluation. Which term fits?

D. allegation

A Not here. source document: The original or originating record supporting an entry. The usual combination is "preserve the source document".

B Not here. investigation status: The current stage of an authorized examination. The usual combination is "report investigation status".

C Not here. authorized recipient: A person permitted to receive the relevant information. The usual combination is "identify authorized recipients".

D Correct. allegation: An assertion of wrongdoing that requires appropriate evaluation. The usual combination is "avoid an unsupported allegation".

[Return to the exercise, page 75](#)

D4. Rebuild the exchange from "Record a discrepancy without labeling the customer". Iris: "Should I send the files through our specialist referral route? I want the concern examined without implying that I have completed an investigation." Hassan: [missing response] Iris: "I will include the two file identifiers, the invoice reference, and the vendor name from the records. The documents themselves should remain intact." Which response belongs in the gap?

A. Use the approved Special Investigation Unit route under the applicable criteria. Include the factual observation and references. Referral does not by itself establish fraud, decide coverage, or authorize a particular claim outcome.

A Correct. This is Hassan's response in turn 6. It connects Iris's preceding point with Iris's follow-up. The Special Investigation Unit is the relevant specialist function; referral requests review rather than declaring the customer guilty.

B Not here. This line belongs to turn 12, after Iris says: "A colleague wants both files sent to the whole claims team. That feels too broad for an unresolved discrepancy." It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 2, after Iris says: "Invoice P71 appears in both Q2 and Q4 for the same vendor. My draft note calls the customer fraudulent, but that overstates what we know." It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 10, after Iris says: "The accusatory draft is already saved. How do I correct it without leaving the label in place or hiding the change?" It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 75](#)

06 / Answers and explanations / continued

E / Conversation

1. discrepancy

Turn 2. Discrepancy describes the repeated reference without asserting a cause, dishonest intent, or established fraud.

2. alternative explanation

Turn 4. An alternative explanation remains a possibility until evaluated; naming one does not establish it as the actual cause.

3. Special Investigation Unit

Turn 6. The Special Investigation Unit is the relevant specialist function; referral requests review rather than declaring the customer guilty.

4. source document

Turn 8. A source document supports the record comparison and must remain available rather than being replaced by a paraphrase or accusation.

5. case note

Turn 10. The case note needs a traceable correction so the unsupported accusation is fixed without concealing the record's history.

6. need-to-know access

Turn 12. Need-to-know access limits sensitive information to authorized roles rather than broad circulation for interest or warning.

7. allegation

Turn 14. An allegation asserts wrongdoing; this case supports a documented concern, not a conclusion to repeat as established fact.

8. suspicion

Turn 16. Suspicion is an unestablished concern; the documented observation may justify review without becoming proof of fraud.

9. investigation status

Turn 18. Investigation status reports the stage of review, not an outcome that has not yet been established.

06 / Answers and explanations / continued

10. review conclusion

Turn 20. The review conclusion must follow the authorized evidential assessment; it cannot be supplied by the initial analyst's label.

[Return to the conversation, page 77](#)

F / Accuracy and scope

F1. What should the team do with the accusatory draft note?

B. Correct it through the traceable process and preserve relevant history.

A traceable correction fixes the wording without hiding the record or treating an allegation as proof.

[Return to the exercise, page 81](#)

F2. Which explanation is established?

B. None of the proposed explanations is yet established.

The brief explicitly leaves the reason unknown, including the possibility of an administrative or upload error.

[Return to the exercise, page 81](#)

F / Guided speaking

1. R88

Analyst: The repeated receipt reference is R88.

Turn 1. R88 is the specific repeated receipt identifier supplied in this case.

2. H7

Reviewer: It appears in H3 and H7.

Turn 2. H7 is the second file named in the observed record comparison.

3. unconfirmed

Analyst: The explanation remains unconfirmed.

Turn 3. The brief does not establish why the receipt appears in both files.

4. review

Reviewer: The matter is referred for specialist review.

Turn 4. Referral requests review and does not constitute a finding of fraud.

[Return to the conversation, page 82](#)

06 / Answers and explanations / continued

F / Rebuild the exchange

1. Rebuild the exchange from "Record a discrepancy without labeling the customer".
Iris: "I will also check the proposed customer correspondence. It must not repeat the draft label or suggest that specialist referral is proof of wrongdoing." **Hassan:** [missing response] **Iris:** "The referral summary should say what we observed, what remains unknown, and what action we took. It should not claim that fraud has been verified." Which response belongs in the gap?

A. Correct. Avoid an unsupported allegation. Customer communication must follow the authorized process and actual status. Our language task is to preserve that distinction, not invent investigative disclosures or claim decisions.

A Correct. This is Hassan's response in turn 14. It connects Iris's preceding point with Iris's follow-up. An allegation asserts wrongdoing; this case supports a documented concern, not a conclusion to repeat as established fact.

B Not here. This line belongs to turn 16, after Iris says: "The referral summary should say what we observed, what remains unknown, and what action we took. It should not claim that fraud has been verified." It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 8, after Iris says: "I will include the two file identifiers, the invoice reference, and the vendor name from the records. The documents themselves should remain intact." It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 10, after Iris says: "The accusatory draft is already saved. How do I correct it without leaving the label in place or hiding the change?" It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 82](#)

07 / Answers and explanations

A / Read the situation

A1. What is held constant between the cohorts?

D. Exposure at 1,000 policy-years and the stated reporting basis

The brief explicitly holds exposure and the counting and cost basis consistent while claims and severity change.

[Return to the exercise, page 86](#)

A2. What is Year 2's total claim cost?

A. \$264,000

One hundred twenty claims multiplied by an average of twenty-two hundred dollars gives two hundred sixty-four thousand.

[Return to the exercise, page 86](#)

A3. Why is the combined increase not 30%?

A. The frequency and severity factors multiply rather than simply add.

The combined factor is 1.20 times 1.10, giving 1.32 and therefore a thirty-two-percent increase.

[Return to the exercise, page 86](#)

D / Response choices

D1. What is Year 1's frequency?

A. 0.10 claims per policy-year

One hundred claims divided by one thousand policy-years gives 0.10 claims per policy-year.

[Return to the exercise, page 91](#)

D2. What is the relative total-cost increase?

A. 32%

The sixty-four-thousand increase divided by the two-hundred-thousand starting total equals thirty-two percent.

[Return to the exercise, page 91](#)

07 / Answers and explanations / continued

D3. A colleague needs the term for this meaning: An exposure unit equivalent to one policy in force for one year on the defined basis. Which term fits?

A. policy-year

A Correct. policy-year: An exposure unit equivalent to one policy in force for one year on the defined basis. The usual combination is "measure exposure in policy-years".

B Not here. rate indication: An actuarial estimate informing a proposed rate level under stated assumptions. The usual combination is "develop a rate indication".

C Not here. percentage-point change: The arithmetic difference between two percentages. The usual combination is "distinguish a percentage-point change".

D Not here. fully developed claims: Claims whose evaluated costs are treated as complete on the stated analysis basis. The usual combination is "compare fully developed claims".

[Return to the exercise, page 91](#)

D4. Rebuild the exchange from "Frequency and severity changes multiply". Farah: "Year 1 has a hundred claims at two thousand dollars each. Year 2 has a hundred twenty at twenty-two hundred each." Pavel: [missing response] Farah: "So the total-cost ratio is 264,000 divided by 200,000, or 1.32. Subtracting one gives the thirty-two-percent relative increase." Which response belongs in the gap?

A. Correct. Claim severity increases ten percent. Total claim cost therefore moves from two hundred thousand to two hundred sixty-four thousand dollars. The difference is sixty-four thousand, not sixty thousand.

A Correct. This is Pavel's response in turn 6. It connects Farah's preceding point with Farah's follow-up. Claim severity is average claim cost; increasing from two thousand to twenty-two hundred dollars is ten percent.

B Not here. This line belongs to turn 8, after Farah says: "So the total-cost ratio is 264,000 divided by 200,000, or 1.32. Subtracting one gives the thirty-two-percent relative increase." It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 16, after Farah says: "These historical annual groups are not automatically a forecast of the year we are about to price." It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 2, after Farah says: "My summary says claim costs rose thirty percent: frequency increased twenty percent and severity ten percent. Is that the correct combined figure?" It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 91](#)

E / Conversation

1. Claim frequency

Turn 2. Claim frequency divides claim count by exposure; with exposure unchanged, the rise from 100 to 120 claims is twenty percent.

07 / Answers and explanations / continued

2. policy-years

Turn 4. Policy-years provide the common exposure unit; both cohorts use one thousand on the supplied consistent basis.

3. Claim severity

Turn 6. Claim severity is average claim cost; increasing from two thousand to twenty-two hundred dollars is ten percent.

4. multiplicative effect

Turn 8. The multiplicative effect combines 1.20 and 1.10 as 1.32, including the interaction missed by adding twenty and ten.

5. pure premium

Turn 10. Pure premium expresses the stated claim cost per exposure unit, not the full charged insurance premium.

6. rate indication

Turn 12. A rate indication requires relevant prospective cost analysis; the historical claim-cost change excludes necessary pricing components and assumptions.

7. Fully developed claims

Turn 14. Fully developed claims are treated as complete on the supplied analysis basis, keeping development differences out of this particular comparison.

8. experience period

Turn 16. The experience period identifies when observed data arose; it is separate from the future period a pricing estimate addresses.

9. expense provision

Turn 18. An expense provision accounts for defined expenses; excluding it from the exercise does not establish that actual expenses are zero.

10. pricing recommendation

Turn 20. A pricing recommendation requires the broader relevant analysis; the corrected historical arithmetic is an input rather than a final instruction.

[Return to the conversation, page 93](#)

07 / Answers and explanations / continued

F / Accuracy and scope

F1. What is Year 2's pure premium on this basis?

C. \$264 per policy-year

Dividing the two-hundred-sixty-four-thousand total by one thousand policy-years gives two hundred sixty-four per policy-year.

[Return to the exercise, page 97](#)

F2. Which price conclusion is supported?

B. This historical comparison alone does not determine a premium change.

The analysis excludes other pricing components and prospective assumptions, so it cannot prescribe a complete price change.

[Return to the exercise, page 97](#)

F / Guided speaking

1. 1.10

Analyst: The frequency factor is 1.10.

Turn 1. A ten-percent relative increase corresponds to multiplying the starting frequency by 1.10.

2. 1.20

Manager: The severity factor is 1.20.

Turn 2. A twenty-percent relative increase corresponds to multiplying starting severity by 1.20.

3. 1.32

Analyst: The combined factor is 1.32.

Turn 3. Multiplying 1.10 by 1.20 gives 1.32, not an additive factor of 1.30.

4. 132,000

Manager: The resulting claim-cost total is 132,000 dollars.

Turn 4. One hundred thousand multiplied by 1.32 equals one hundred thirty-two thousand dollars.

[Return to the conversation, page 98](#)

07 / Answers and explanations / continued

F / Rebuild the exchange

1. Rebuild the exchange from "Frequency and severity changes multiply". Farah: "The case calls both cohorts fully developed. That avoids comparing one mature group with another group whose claims have barely been reported." Pavel: [missing response] Farah: "These historical annual groups are not automatically a forecast of the year we are about to price." Which response belongs in the gap?

D. Yes. Fully developed claims are an explicit assumption here. In another dataset, differences in development or reporting maturity would require attention. We must not carry this convenient assumption into a real portfolio without evidence.

A Not here. This line belongs to turn 12, after Farah says: "The pricing team will ask whether thirty-two percent is our proposed rate increase. I need to separate the finding from that recommendation." It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 4, after Farah says: "Before we show the calculation, confirm that both groups have the same exposure. Otherwise claim counts alone could give a misleading comparison." It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 10, after Farah says: "Can we express the result per exposure unit as well? The portfolio team is used to seeing the amount per policy-year." It addresses that point, not the missing turn in the supplied exchange.

D Correct. This is Pavel's response in turn 14. It connects Farah's preceding point with Farah's follow-up. Fully developed claims are treated as complete on the supplied analysis basis, keeping development differences out of this particular comparison.

[Return to the exercise, page 98](#)

08 / Answers and explanations

A / Read the situation

A1. What specific charge is disputed?

B. \$30 labeled SF30 on the 5 August invoice

Elena identifies the amount, code, and invoice date, giving a specific billing question.

[Return to the exercise, page 100](#)

A2. What did the earlier reply fail to address?

B. The fee basis and where it was disclosed

A generic thank-you confirmed feedback but did not answer the two questions about the charge.

[Return to the exercise, page 100](#)

A3. What is Marco's commitment?

C. Obtain relevant records and update Elena Friday at 14:00

Marco promises evidence gathering and a status update, while the fee decision and remedy remain unresolved.

[Return to the exercise, page 100](#)

D / Response choices

D1. Which opening addresses Elena's complaint?

C. You are asking why SF30 adds \$30 and where it was disclosed; our earlier reply did not answer that.

The opening names both substantive questions and acknowledges the earlier response failure without inventing a decision.

[Return to the exercise, page 104](#)

D2. What does SF30 establish by itself?

B. The billing item identifier

A billing code identifies an item but does not establish its authority, disclosure, or proper outcome.

[Return to the exercise, page 104](#)

08 / Answers and explanations / continued

D3. A colleague needs the term for this meaning: A reply addressing the actual issues raised rather than merely confirming receipt. Which term fits?

B. substantive response

A Not here. disclosure record: Evidence of information provided about terms, charges, or other matters. The usual combination is "retrieve the disclosure record".

B Correct. substantive response: A reply addressing the actual issues raised rather than merely confirming receipt. The usual combination is "provide a substantive response".

C Not here. complaint owner: The person responsible for coordinating complaint handling. The usual combination is "assign a complaint owner".

D Not here. record retention: Keeping records for the applicable purpose and required period. The usual combination is "follow record-retention requirements".

[Return to the exercise, page 104](#)

D4. Rebuild the exchange from "Answer the fee question instead of sending another acknowledgment". Elena: "When was it disclosed? Please do not say it was probably somewhere in the paperwork." Marco: [missing response] Elena: "Does the difference mean that the fee was definitely wrong? I would like a refund if I was charged something I should not have paid." Which response belongs in the gap?

A. I will obtain the disclosure record and compare it with the quoted terms and invoice. I have not yet established whether the charge was properly disclosed, so I should not make that assertion.

A Correct. This is Marco's response in turn 6. It connects Elena's preceding point with Elena's follow-up. The disclosure record supplies evidence of what information was provided; a guess that it was somewhere in paperwork is insufficient.

B Not here. This line belongs to turn 18, after Elena says: "The eventual reply needs to say why the charge appears and where it was disclosed, with enough detail for me to check the explanation." It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 4, after Elena says: "The code means nothing to me. Is it part of the premium or a separate item?" It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 8, after Elena says: "Does the difference mean that the fee was definitely wrong? I would like a refund if I was charged something I should not have paid." It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 104](#)

E / Conversation

1. fee basis

Turn 2. Fee basis concerns the reason and applicable terms supporting the charge; the earlier acknowledgment did not establish it.

08 / Answers and explanations / continued

2. billing code

Turn 4. A billing code identifies an invoice item; it does not by itself explain the charge's legitimacy, disclosure, or relationship to premium.

3. disclosure record

Turn 6. The disclosure record supplies evidence of what information was provided; a guess that it was somewhere in paperwork is insufficient.

4. refund

Turn 8. A refund returns money following the applicable decision; an unresolved fee question does not establish that outcome.

5. complaint owner

Turn 10. The complaint owner coordinates the handling and communication; that role does not imply a completed decision about the disputed fee.

6. response commitment

Turn 12. A response commitment promises communication at a stated point; it is not automatically a legal deadline or refund date.

7. remedy

Turn 14. A remedy addresses an established problem under the applicable process; the Friday status appointment does not guarantee its decision or completion.

8. complaint register

Turn 16. The complaint register should reflect the unresolved fee and disclosure questions rather than mark a generic acknowledgment as resolution.

9. substantive response

Turn 18. A substantive response addresses the actual questions with a supported explanation, instead of merely confirming receipt or expressing appreciation.

10. complaint rights

Turn 20. Complaint rights depend on the applicable process and jurisdiction; the pending review must not be presented as removing them.

[Return to the conversation, page 106](#)

08 / Answers and explanations / continued

F / Accuracy and scope

F1. What should Marco do if the records remain incomplete on Friday?

A. Provide the promised update and specify what remains unresolved.

The response commitment remains valid even if the substantive evidence review is not complete.

[Return to the exercise, page 110](#)

F2. Which closing statement is premature?

A. The complaint is resolved because we sent a generic thank-you.

An acknowledgment does not resolve the fee and disclosure questions that remain open.

[Return to the exercise, page 110](#)

F / Guided speaking

1. 45

Handler: The disputed amount is 45 dollars.

Turn 1. Forty-five dollars is the specific charge supplied in this separate complaint.

2. AD45

Policyholder: The invoice code is AD45.

Turn 2. AD45 identifies the disputed invoice item without establishing whether it is correct.

3. Lina

Handler: The review contact is Lina.

Turn 3. Lina is explicitly assigned to provide the complaint update.

4. Monday at 15:00

Policyholder: The promised update is Monday at 15:00.

Turn 4. Monday at fifteen hundred is a communication commitment, not a guaranteed refund time.

[Return to the conversation, page 111](#)

08 / Answers and explanations / continued

F / Rebuild the exchange

1. Rebuild the exchange from "Answer the fee question instead of sending another acknowledgment". Elena: "If it was an error, should I expect a refund by Friday? What exactly does that appointment mean?" Marco: [missing response] Elena: "Thank you. Please keep the complaint open until you address the charge, not just log my call." Which response belongs in the gap?

C. Friday is an update, not a guaranteed remedy date. Any correction or refund must follow the supported decision and applicable process. I cannot promise an outcome or payment timing that has not been established.

A Not here. This line belongs to turn 4, after Elena says: "The code means nothing to me. Is it part of the premium or a separate item?" It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 6, after Elena says: "When was it disclosed? Please do not say it was probably somewhere in the paperwork." It addresses that point, not the missing turn in the supplied exchange.

C Correct. This is Marco's response in turn 14. It connects Elena's preceding point with Elena's follow-up. A remedy addresses an established problem under the applicable process; the Friday status appointment does not guarantee its decision or completion.

D Not here. This line belongs to turn 8, after Elena says: "Does the difference mean that the fee was definitely wrong? I would like a refund if I was charged something I should not have paid." It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 111](#)

Review 1 / Explanations

Cumulative review

1. A colleague needs the term for this meaning: The person or organization requesting insurance. Which term fits?

C. applicant

A Not here. referral: Escalation to a person or level with the required authority. The usual combination is "make an underwriting referral".

B Not here. premises: Buildings or land occupied or used for an activity. The usual combination is "describe the premises".

C Correct. applicant: The person or organization requesting insurance. The usual combination is "identify the applicant".

D Not here. material information: Information relevant under the applicable decision or disclosure framework. The usual combination is "request material information".

[Return to the exercise, page 29](#)

2. A colleague needs the term for this meaning: A list of items, locations, amounts, or forms attached to a policy. Which term fits?

A. schedule

A Correct. schedule: A list of items, locations, amounts, or forms attached to a policy. The usual combination is "check the policy schedule".

B Not here. policy period: The interval during which the policy applies according to its terms. The usual combination is "confirm the policy period".

C Not here. deductible: The specified amount or share borne by the insured under the applicable terms. The usual combination is "explain the deductible".

D Not here. policy wording: The text establishing the insurance contract's applicable terms. The usual combination is "review the policy wording".

[Return to the exercise, page 29](#)

Review 1 / Explanations / continued

3. Rebuild the exchange from "An incomplete submission cannot establish the risk".
Lena: "Would complete records let Atlas tell its customer that insurance is arranged? They want a definite answer today." **Theo:** [missing response] **Lena:** "I will explain that distinction. The client requested Monday as the start date, but I have no document confirming that insurance begins then." Which response belongs in the gap?

C. No. Submission completeness is one stage, not an acceptance decision. The information allows the risk to be reviewed under the applicable criteria and authority. It does not predetermine the outcome.

A Not here. This line belongs to turn 8, after Lena says: "Atlas also has a storage address. I do not yet know whether work is performed there or whether it is only used for supplies." It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 2, after Lena says: "Atlas needs cover quickly. The application says maintenance, but I can see the operating-location fields and three-year loss-history section are incomplete." It addresses that point, not the missing turn in the supplied exchange.

C Correct. This is Theo's response in turn 10. It connects Lena's preceding point with Lena's follow-up. Submission completeness concerns whether information is supplied; it is distinct from risk acceptance, quotation, or binding.

D Not here. This line belongs to turn 16, after Lena says: "I will update you Monday at eleven, even if a previous insurer has not yet supplied every record. Is that useful?" It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 29](#)

Review 1 / Explanations / continued

4. Rebuild the exchange from "A summary does not contain the whole contract".

Rosa: "Is the effective date another detail we should check when the endorsement arrives? I do not want to use an unrelated version." **Evan:** [missing response] **Rosa:** "Please obtain E17 and walk me through the set. We are not asking you to decide a specific claim in this conversation." Which response belongs in the gap?

A. Yes. Match the form number and effective date to the applicable policy. A similar document from another period or account is not a reliable substitute for the actual issued wording.

A Correct. This is Evan's response in turn 18. It connects Rosa's preceding point with Rosa's follow-up. The form number identifies a document or version, helping confirm that the reviewed wording belongs to the applicable policy set.

B Not here. This line belongs to turn 10, after Rosa says: "Occurrence sounds like an ordinary word. Are you saying the policy definition could change how the limit applies?" It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 6, after Rosa says: "I thought an endorsement always added protection. Could it actually reduce coverage or change the meaning of something in the main form?" It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 16, after Rosa says: "Please show me the basic promise and the provisions that change it. I need to explain the structure to my team." It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 29](#)

Review 2 / Explanations

Cumulative review

1. A colleague needs the term for this meaning: The person or organization holding the policy. Which term fits?

B. policyholder

A Not here. unpaid claim estimate: An estimate of amounts remaining to be paid on relevant claims. The usual combination is "assess an unpaid claim estimate".

B Correct. policyholder: The person or organization holding the policy. The usual combination is "contact the policyholder".

C Not here. payment authorization: Approval for a specified claim payment. The usual combination is "verify payment authorization".

D Not here. claim intake: The initial collection and recording of claim information. The usual combination is "complete claim intake".

[Return to the exercise, page 57](#)

2. A colleague needs the term for this meaning: The relationship between an event and the claimed loss. Which term fits?

B. causation

A Not here. coverage determination: A decision about whether and how policy coverage applies to a claim. The usual combination is "issue a coverage determination".

B Correct. causation: The relationship between an event and the claimed loss. The usual combination is "assess causation".

C Not here. review owner: The person responsible for coordinating the relevant evaluation. The usual combination is "identify the review owner".

D Not here. rights and remedies: Available entitlements and means of pursuing them under the applicable framework. The usual combination is "explain relevant rights and remedies".

[Return to the exercise, page 57](#)

Review 2 / Explanations / continued

3. Rebuild the exchange from "A summary does not contain the whole contract".

Rosa: "Occurrence sounds like an ordinary word. Are you saying the policy definition could change how the limit applies?" **Evan:** [missing response] **Rosa:** "The deductible is two thousand dollars. Does agreeing to bear that amount make every larger loss eligible for payment?" Which response belongs in the gap?

C. A policy definition may give a familiar word a specific meaning. We need that meaning when reading the relevant provision, rather than assume the everyday meaning settles the coverage question.

A Not here. This line belongs to turn 6, after Rosa says: "I thought an endorsement always added protection. Could it actually reduce coverage or change the meaning of something in the main form?" It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 18, after Rosa says: "Is the effective date another detail we should check when the endorsement arrives? I do not want to use an unrelated version." It addresses that point, not the missing turn in the supplied exchange.

C Correct. This is Evan's response in turn 10. It connects Rosa's preceding point with Rosa's follow-up. A policy definition assigns a specified meaning that may differ from everyday usage and affects interpretation in context.

D Not here. This line belongs to turn 16, after Rosa says: "Please show me the basic promise and the provisions that change it. I need to explain the structure to my team." It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 57](#)

Review 2 / Explanations / continued

4. Rebuild the exchange from "Explain an open review without implying a denial".

Miles: "If I disagree with the eventual decision, will the available review routes be explained?" **Sana:** [missing response] **Miles:** "For now, I understand that you need the cause report, the endorsement review is ongoing, and I will receive a status call Friday." **Which response belongs in the gap?**

A. The applicable review route and complaint options should be communicated as required for the actual decision and jurisdiction. We should not invent a universal procedure or suggest that this current request takes those options away.

A Correct. This is Sana's response in turn 18. It connects Miles's preceding point with Miles's follow-up. The review route depends on the actual policy and jurisdiction; the dialogue does not invent a universal appeal process or deadline.

B Not here. This line belongs to turn 14, after Miles says: "Please explain how the provision fits the facts, rather than giving me an endorsement number alone." It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 6, after Miles says: "Would providing that report guarantee acceptance? I need to decide what to do about the equipment." It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 20, after Miles says: "For now, I understand that you need the cause report, the endorsement review is ongoing, and I will receive a status call Friday." It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 57](#)

Review 3 / Explanations

Cumulative review

1. A colleague needs the term for this meaning: The stated insurance price for a one-year period on the specified basis. Which term fits?

D. annual premium

A Not here. coverage comparison: Review of differences in the protection and terms offered. The usual combination is "prepare a coverage comparison".

B Not here. binding confirmation: Communication confirming placed coverage according to its actual terms. The usual combination is "obtain binding confirmation".

C Not here. depreciation: A reduction in value attributed to age, wear, or other relevant factors. The usual combination is "account for depreciation".

D Correct. annual premium: The stated insurance price for a one-year period on the specified basis. The usual combination is "compare the annual premium".

[Return to the exercise, page 84](#)

2. A colleague needs the term for this meaning: An identifier assigned to an invoice. Which term fits?

B. invoice reference

A Not here. Special Investigation Unit (SIU): A specialist function reviewing suspected insurance fraud under the applicable process. The usual combination is "refer to the SIU".

B Correct. invoice reference: An identifier assigned to an invoice. The usual combination is "compare the invoice reference".

C Not here. evidence preservation: Retention of relevant material without improper alteration or destruction. The usual combination is "maintain evidence preservation".

D Not here. corroboration: Additional evidence supporting a statement or interpretation. The usual combination is "seek appropriate corroboration".

[Return to the exercise, page 84](#)

Review 3 / Explanations / continued

3. Rebuild the exchange from "Explain an open review without implying a denial".

Miles: "That is clearer. Can you identify who will keep me informed rather than leaving me to call repeatedly for the same status?" **Sana:** [missing response] **Miles:** "Should I treat Friday as the date when the claim will be decided? That would at least give me a fixed planning point." Which response belongs in the gap?

B. I will coordinate the status update Friday at sixteen hundred. I will contact you even if the review is incomplete, explain the actual position, and identify what remains unresolved rather than simply repeat a generic message.

A Not here. This line belongs to turn 6, after Miles says: "Would providing that report guarantee acceptance? I need to decide what to do about the equipment." It addresses that point, not the missing turn in the supplied exchange.

B Correct. This is Sana's response in turn 10. It connects Miles's preceding point with Miles's follow-up. A status update reports progress and outstanding matters; it is not automatically a decision or payment promise.

C Not here. This line belongs to turn 18, after Miles says: "If I disagree with the eventual decision, will the available review routes be explained?" It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 14, after Miles says: "Please explain how the provision fits the facts, rather than giving me an endorsement number alone." It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 84](#)

Review 3 / Explanations / continued

4. Rebuild the exchange from "Record a discrepancy without labeling the customer".
Iris: "When another team asks whether the customer has been cleared or found responsible, I should report only the actual review stage." **Hassan:** [missing response] **Iris:** "I will correct the note, preserve both records, restrict access, and submit the documented discrepancy. The explanation remains unconfirmed." **Which response belongs in the gap?**

C. Yes. State the investigation status available through the authorized route. Do not invent either an adverse finding or an exoneration simply because someone wants a short binary answer before the review is complete.

A Not here. This line belongs to turn 2, after Iris says: "Invoice P71 appears in both Q2 and Q4 for the same vendor. My draft note calls the customer fraudulent, but that overstates what we know." It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 12, after Iris says: "A colleague wants both files sent to the whole claims team. That feels too broad for an unresolved discrepancy." It addresses that point, not the missing turn in the supplied exchange.

C Correct. This is Hassan's response in turn 18. It connects Iris's preceding point with Iris's follow-up. Investigation status reports the stage of review, not an outcome that has not yet been established.

D Not here. This line belongs to turn 6, after Iris says: "Should I send the files through our specialist referral route? I want the concern examined without implying that I have completed an investigation." It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 84](#)

Review 4 / Explanations

Cumulative review

1. A colleague needs the term for this meaning: The average claim cost on a stated measurement basis. Which term fits?

B. claim severity

A Not here. cohort: A group of policies or claims defined for a common analysis. The usual combination is "compare claim cohorts".

B Correct. claim severity: The average claim cost on a stated measurement basis. The usual combination is "estimate claim severity".

C Not here. multiplicative effect: A combined change obtained by multiplying relative factors. The usual combination is "explain the multiplicative effect".

D Not here. prospective period: The future period for which an estimate is intended. The usual combination is "specify the prospective period".

[Return to the exercise, page 113](#)

2. A colleague needs the term for this meaning: A separate entry showing a charge or other billing item. Which term fits?

B. invoice line

A Not here. customer outcome: The actual result experienced by the customer. The usual combination is "assess the customer outcome".

B Correct. invoice line: A separate entry showing a charge or other billing item. The usual combination is "examine the invoice line".

C Not here. market conduct: How insurance business is carried out in dealings with customers and the market. The usual combination is "review market conduct".

D Not here. credit adjustment: A recorded reduction or offset to an account balance. The usual combination is "process a credit adjustment".

[Return to the exercise, page 113](#)

Review 4 / Explanations / continued

3. Rebuild the exchange from "Record a discrepancy without labeling the customer".
Iris: "The accusatory draft is already saved. How do I correct it without leaving the label in place or hiding the change?" **Hassan:** [missing response] **Iris:** "A colleague wants both files sent to the whole claims team. That feels too broad for an unresolved discrepancy." Which response belongs in the gap?

B. Correct the case note through the applicable process. Preserve the relevant history and make the corrected factual statement clear. We should not leave the accusation unqualified or erase the audit trail.

A Not here. This line belongs to turn 14, after Iris says: "I will also check the proposed customer correspondence. It must not repeat the draft label or suggest that specialist referral is proof of wrongdoing." It addresses that point, not the missing turn in the supplied exchange.

B Correct. This is Hassan's response in turn 10. It connects Iris's preceding point with Iris's follow-up. The case note needs a traceable correction so the unsupported accusation is fixed without concealing the record's history.

C Not here. This line belongs to turn 6, after Iris says: "Should I send the files through our specialist referral route? I want the concern examined without implying that I have completed an investigation." It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 8, after Iris says: "I will include the two file identifiers, the invoice reference, and the vendor name from the records. The documents themselves should remain intact." It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 113](#)

Review 4 / Explanations / continued

4. Rebuild the exchange from "Answer the fee question instead of sending another acknowledgment". Elena: "The eventual reply needs to say why the charge appears and where it was disclosed, with enough detail for me to check the explanation." Marco: [missing response] Elena: "Please also explain what I can do if I still disagree with the result. I do not want to lose that option while waiting." Which response belongs in the gap?

D. That requires a substantive response. We will connect the position to the relevant evidence and explain any remaining issue or applicable next step. Another general expression of appreciation would not meet that need.

A Not here. This line belongs to turn 6, after Elena says: "When was it disclosed? Please do not say it was probably somewhere in the paperwork." It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 8, after Elena says: "Does the difference mean that the fee was definitely wrong? I would like a refund if I was charged something I should not have paid." It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 4, after Elena says: "The code means nothing to me. Is it part of the premium or a separate item?" It addresses that point, not the missing turn in the supplied exchange.

D Correct. This is Marco's response in turn 18. It connects Elena's preceding point with Elena's follow-up. A substantive response addresses the actual questions with a supported explanation, instead of merely confirming receipt or expressing appreciation.

[Return to the exercise, page 113](#)

Additional case 1 / Explanations

Extended conversation

1. rate per hundred

Turn 2. The rate is \$2.40 for each \$100 of eligible payroll and is unchanged; a larger exposure base can increase premium without a rate increase.

2. exposure base

Turn 4. The exposure base is eligible payroll in this fictional policy; \$300,000 replaces the \$250,000 estimate without changing the rate or classification.

3. deposit premium

Turn 6. The deposit premium was calculated from estimated payroll and already paid; it must be credited against the audited total rather than charged again.

4. additional premium

Turn 8. Additional premium is the \$1,200 difference between the \$7,200 audited total and \$6,000 already paid, not the full audited premium.

5. audit worksheet

Turn 14. The audit worksheet records the payroll basis and classification used; payroll-account totals must be reconciled to the eligible exposure under the actual policy rules.

6. reconciliation request

Turn 18. A reconciliation request identifies the disputed audit entry and supporting records; it seeks a supported correction rather than assuming the full audit is invalid.

[Return to the conversation, page 116](#)

Transfer exchange

1. 5,400

Specialist: The audited premium totals 5,400 dollars.

Turn 1. One hundred eighty thousand divided by one hundred and multiplied by three gives 5,400 dollars.

Additional case 1 / Explanations / continued

2. 4,500

Owner: Credit the 4,500 dollars already paid.

Turn 2. The fully paid deposit is 4,500 dollars and must be credited against the audited total.

3. 900

Specialist: The additional balance is 900 dollars.

Turn 3. The audited total of 5,400 minus the 4,500 deposit leaves nine hundred dollars.

4. payroll

Owner: The changed input is eligible payroll, not the rate.

Turn 4. The rate is held constant, while eligible payroll increases from 150,000 to 180,000 dollars.

[Return to the conversation, page 119](#)

Additional case 2 / Explanations

Extended conversation

1. replacement cost

Turn 2. Replacement cost is the agreed \$20,000 repair basis in this exercise, before the stated depreciation holdback and deductible affect the initial payment.

2. actual cash value

Turn 4. Actual cash value is defined here as replacement cost less the \$5,000 depreciation, giving \$15,000 before the separate deductible.

3. recoverable depreciation

Turn 6. The full \$5,000 depreciation is recoverable in this example after the stipulated repair conditions are verified; this is not a rule for every policy.

4. supplemental payment

Turn 8. The supplemental payment is the \$5,000 held back in this stipulated case; adding it to \$14,000 gives \$19,000 total insurer payments.

5. payment ledger

Turn 12. The payment ledger records amounts already issued and deductions already applied, preventing a second deduction or a duplicate payment for the same loss.

6. repair documentation

Turn 16. Repair documentation supports checking the policy's stipulated conditions; an estimate alone is not evidence that the required eligible repairs were completed.

[Return to the conversation, page 121](#)

Transfer exchange

1. 8,000

Representative: The initial net payment is 8,000 dollars.

Turn 1. Twelve thousand minus three thousand depreciation minus one thousand deductible equals eight thousand dollars.

Additional case 2 / Explanations / continued

2. 3,000

Policyholder: The later depreciation payment is 3,000 dollars.

Turn 2. The full stipulated three-thousand-dollar holdback is recoverable after the supplied conditions are met.

3. 11,000

Representative: Total insurer payments equal 11,000 dollars.

Turn 3. Eight thousand initially plus three thousand later equals eleven thousand, leaving the one-thousand deductible with the policyholder.

4. once

Policyholder: The deductible is applied once in this example.

Turn 4. The fictional terms specify one deductible for the loss, so it is not deducted again from the later payment.

[Return to the conversation, page 124](#)

Additional case 3 / Explanations

Extended conversation

1. per-occurrence limit

Turn 2. The per-occurrence limit is \$1 million for this event, but satisfying it does not override the separate remaining annual aggregate.

2. remaining aggregate

Turn 4. The remaining aggregate is \$2 million minus \$1.6 million already applied, leaving \$400,000 available under that cap.

3. aggregate limit

Turn 6. The aggregate limit caps the stated year's combined payments; its remaining \$400,000 is lower than both the \$700,000 damages and \$1 million occurrence limit.

4. unfunded remainder

Turn 8. The unfunded remainder is \$700,000 damages less \$400,000 from this policy; it results from the aggregate cap, not a deductible supplied in the case.

5. exhausted

Turn 12. Exhausted means no aggregate amount remains after the additional \$400,000 payment; the printed occurrence limit does not restore that used annual capacity.

6. aggregate erosion

Turn 16. Aggregate erosion is the reduction caused by the specified payments under this policy; an internal reserve must not be substituted for those stipulated paid amounts.

[Return to the conversation, page 126](#)

Transfer exchange

1. 200,000

Specialist: Before the new payment, the remaining aggregate is 200,000 dollars.

Turn 1. One and a half million minus one point three million leaves two hundred thousand dollars.

Additional case 3 / Explanations / continued

2. exhausted

Manager: After paying that available amount, this aggregate is exhausted.

Turn 2. The two-hundred-thousand payment uses the entire remaining aggregate under the supplied assumptions.

3. 150,000

Specialist: The amount unpaid by this policy is 150,000 dollars.

Turn 3. Three hundred fifty thousand damages minus two hundred thousand available leaves one hundred fifty thousand.

4. deductible

Manager: That shortfall is not a deductible under these terms.

Turn 4. The case supplies no deductible; the shortfall results from the exhausted aggregate limit.

[Return to the conversation, page 129](#)

Find a phrase by purpose

Underwriting and Risk Selection

Specify the missing information: We still need the operating locations and three-year loss history.

Clarify the activity: Does maintenance mean workshop work, customer-site work, or both?

Avoid a favorable assumption: A blank loss-history field does not mean no losses.

[Full phrase bank, page 7](#)

Policy Language and Coverage Interpretation

Recognize the inference: I can see why the short summary gave that impression.

Name the document's role: This is a summary, not the complete policy wording.

State the visible amounts: It shows a \$500,000 limit and a \$2,000 deductible.

[Full phrase bank, page 20](#)

Claims Intake and Reserving

Acknowledge receipt: We have opened claim C204 and received your photographs.

Separate the dates: You discovered the damage on 6 June.

Preserve the unknown: The event date has not yet been established.

[Full phrase bank, page 35](#)

Coverage Disputes and Denials

Acknowledge the practical need: I understand that you need clarity for your next decisions.

State the actual status: The coverage review remains open.

Correct the inference: The information request is not a denial.

[Full phrase bank, page 47](#)

Find a phrase by purpose / continued

Broker and Client Renewal Meetings

Acknowledge the saving: B's annual premium is \$1,000 lower.

Name the changed term: B's per-loss deductible is \$4,000 higher.

Reject false equivalence: These are not identical terms for less money.

[Full phrase bank, page 62](#)

Fraud Indicators and SIU Referral

State the observation: Invoice P71 appears in both Q2 and Q4 for the same vendor.

Separate observation and conclusion: We have not established the explanation.

Remove an unsupported label: Do not describe the customer as fraudulent.

[Full phrase bank, page 74](#)

Actuarial Assumptions and Pricing

Define the population: Both cohorts contain 1,000 policy-years of exposure.

State the count change: Claims increased from 100 to 120.

Name the rate: Frequency rose from 0.10 to 0.12 claims per policy-year.

[Full phrase bank, page 90](#)

Compliance, Market Conduct, and Complaints

Restate the issue: You are asking why SF30 adds \$30 and where it was disclosed.

Identify the document: The charge appears on the invoice dated 5 August.

Acknowledge the earlier failure: Our previous reply did not answer that question.

[Full phrase bank, page 103](#)

Vocabulary index

access restriction[Lesson 06, p. 73](#)**actual cash value**[Lesson 05, p. 61](#), [Case 2, p. 120](#)**additional insured**[Lesson 02, p. 19](#)**adjuster**[Lesson 03, p. 32](#)**aggregate erosion**[Case 3, p. 125](#)**allegation**[Lesson 06, p. 72](#)**annual premium**[Lesson 05, p. 60](#)**applicable endorsement**[Lesson 04, p. 45](#)**audit worksheet**[Case 1, p. 115](#)**billing code**[Lesson 08, p. 101](#)**binder**[Lesson 01, p. 6](#)**binding instruction**[Lesson 05, p. 61](#)**case note**[Lesson 06, p. 73](#)**causation**[Lesson 04, p. 45](#)**chronological record**[Lesson 06, p. 73](#)**claim frequency**[Lesson 07, p. 87](#)**claim number**[Lesson 03, p. 32](#)**claimant**[Lesson 03, p. 32](#)**coinsurance**[Lesson 05, p. 60](#)**complaint**[Lesson 04, p. 46](#)**complaint owner**[Lesson 08, p. 102](#)**complaint rights**[Lesson 08, p. 102](#)**acknowledgment**[Lesson 03, p. 34](#)**actuary**[Lesson 07, p. 87](#)**additional premium**[Case 1, p. 115](#)**administrative error**[Lesson 06, p. 72](#)**aggregate limit**[Lesson 02, p. 18](#), [Case 3, p. 125](#)**alternative explanation**[Lesson 06, p. 73](#)**appeal**[Lesson 04, p. 46](#)**applicant**[Lesson 01, p. 5](#)**authorized recipient**[Lesson 06, p. 73](#)**billing reconciliation**[Lesson 08, p. 101](#)**binding confirmation**[Lesson 05, p. 61](#)**business activity**[Lesson 01, p. 5](#)**case reserve**[Lesson 03, p. 33](#)**cause report**[Lesson 04, p. 45](#)**claim chronology**[Lesson 03, p. 33](#)**claim intake**[Lesson 03, p. 32](#)**claim severity**[Lesson 07, p. 87](#)**cohort**[Lesson 07, p. 87](#)**combined ratio**[Lesson 07, p. 88](#)**complaint intake**[Lesson 08, p. 101](#)**complaint register**[Lesson 08, p. 101](#)**condition**[Lesson 02, p. 18](#)

Vocabulary index / continued

corroboration[Lesson 06, p. 73](#)**coverage determination**[Lesson 04, p. 45](#)**coverage limit**[Lesson 02, p. 18](#)**coverage review**[Lesson 04, p. 45](#)**covered cause of loss**[Lesson 02, p. 19](#)**credibility**[Lesson 07, p. 87](#)**customer outcome**[Lesson 08, p. 102](#)**decision notice**[Lesson 04, p. 46](#)**declination**[Lesson 01, p. 6](#)**definition**[Lesson 02, p. 18](#)**deposit premium**[Case 1, p. 115](#)**development factor**[Lesson 07, p. 87](#)**discovery date**[Lesson 03, p. 32](#)**document set**[Lesson 02, p. 19](#)**effective date**[Lesson 02, p. 19](#)**endorsement**[Lesson 02, p. 18](#)**evidence preservation**[Lesson 06, p. 73](#)**exhausted**[Case 3, p. 125](#)**experience period**[Lesson 07, p. 88](#)**exposure base**[Lesson 07, p. 87, Case 1, p. 115](#)**fair treatment**[Lesson 08, p. 102](#)**final response**[Lesson 08, p. 102](#)**coverage comparison**[Lesson 05, p. 60](#)**coverage gap**[Lesson 05, p. 61](#)**coverage position**[Lesson 04, p. 45](#)**coverage summary**[Lesson 02, p. 19](#)**covered property**[Lesson 02, p. 19](#)**credit adjustment**[Lesson 08, p. 102](#)**date of loss**[Lesson 03, p. 32](#)**declarations**[Lesson 02, p. 18](#)**deductible**[Lesson 02, p. 19](#)**denial**[Lesson 04, p. 45](#)**depreciation**[Lesson 05, p. 61](#)**disclosure record**[Lesson 08, p. 101](#)**discrepancy**[Lesson 06, p. 72](#)**duplicate record**[Lesson 06, p. 72](#)**effective period**[Lesson 05, p. 61](#)**escalation**[Lesson 08, p. 102](#)**exclusion**[Lesson 02, p. 18](#)**expense provision**[Lesson 07, p. 88](#)**exposure**[Lesson 01, p. 5](#)**factual basis**[Lesson 04, p. 45](#)**fee basis**[Lesson 08, p. 101](#)**first notice of loss (FNOL)**[Lesson 03, p. 32](#)

Vocabulary index / continued

form number[Lesson 02, p. 19](#)**fully developed claims**[Lesson 07, p. 87](#)**illustrative loss**[Lesson 05, p. 61](#)**incurred but not reported (IBNR)**[Lesson 03, p. 33](#)**information request**[Lesson 03, p. 33](#)**interpretation**[Lesson 02, p. 19](#)**invoice line**[Lesson 08, p. 101](#)**like-for-like basis**[Lesson 05, p. 60](#)**loss cost**[Lesson 07, p. 87](#)**loss ratio**[Lesson 07, p. 88](#)**market conduct**[Lesson 08, p. 101](#)**model assumption**[Lesson 07, p. 89](#)**named insured**[Lesson 02, p. 19](#)**neutral wording**[Lesson 06, p. 73](#)**notification date**[Lesson 03, p. 32](#)**off-site work**[Lesson 01, p. 5](#)**out-of-pocket amount**[Lesson 05, p. 60](#)**partial coverage**[Lesson 04, p. 45](#)**payment ledger**[Case 2, p. 120](#)**per-occurrence limit**[Lesson 02, p. 18](#), [Case 3, p. 125](#)**policy period**[Lesson 02, p. 19](#)**policy wording**[Lesson 02, p. 18](#)**fraud indicator**[Lesson 06, p. 72](#)**generic acknowledgment**[Lesson 08, p. 101](#)**inception date**[Lesson 01, p. 6](#)**incurred loss**[Lesson 03, p. 33](#)**insuring agreement**[Lesson 02, p. 18](#)**investigation status**[Lesson 06, p. 73](#)**invoice reference**[Lesson 06, p. 72](#)**loss adjustment expense (LAE)**[Lesson 03, p. 33](#)**loss history**[Lesson 01, p. 5](#)**loss run**[Lesson 01, p. 5](#)**material information**[Lesson 01, p. 6](#)**multiplicative effect**[Lesson 07, p. 88](#)**need-to-know access**[Lesson 06, p. 73](#)**notice requirement**[Lesson 04, p. 46](#)**occupancy**[Lesson 01, p. 6](#)**operating location**[Lesson 01, p. 5](#)**paid loss**[Lesson 03, p. 33](#)**payment authorization**[Lesson 03, p. 33](#)**per-loss deductible**[Lesson 05, p. 60](#)**percentage-point change**[Lesson 07, p. 88](#)**policy provision**[Lesson 04, p. 45](#)**policy-year**[Lesson 07, p. 87](#)

Vocabulary index / continued

policyholder[Lesson 03, p. 32](#)**premium saving**[Lesson 05, p. 60](#)**proof of loss**[Lesson 03, p. 32](#)**pure premium**[Lesson 07, p. 87](#)**quote comparison**[Lesson 08, p. 101](#)**rate indication**[Lesson 07, p. 88](#)**reconciliation request**[Case 1, p. 115](#)**recoverable depreciation**[Case 2, p. 120](#)**referral criteria**[Lesson 06, p. 72](#)**refund**[Lesson 08, p. 101](#)**reinsurance cost**[Lesson 07, p. 88](#)**remedy**[Lesson 08, p. 102](#)**renewal condition**[Lesson 05, p. 61](#)**repair documentation**[Case 2, p. 120](#)**replacement cost**[Lesson 05, p. 60](#), [Case 2, p. 120](#)**resolution status**[Lesson 08, p. 102](#)**retained loss**[Lesson 05, p. 60](#)**review conclusion**[Lesson 06, p. 73](#)**review route**[Lesson 04, p. 46](#)**risk appetite**[Lesson 01, p. 5](#)**risk selection**[Lesson 01, p. 6](#)**schedule**[Lesson 02, p. 18](#)**premises**[Lesson 01, p. 5](#)**pricing recommendation**[Lesson 07, p. 89](#)**prospective period**[Lesson 07, p. 88](#)**quote**[Lesson 01, p. 6](#)**quote validity**[Lesson 05, p. 61](#)**rate per hundred**[Case 1, p. 115](#)**record retention**[Lesson 08, p. 102](#)**referral**[Lesson 01, p. 6](#)**referral summary**[Lesson 06, p. 72](#)**regulatory inquiry**[Lesson 08, p. 102](#)**remaining aggregate**[Case 3, p. 125](#)**renewal**[Lesson 05, p. 60](#)**renewal quote**[Lesson 05, p. 60](#)**repair estimate**[Lesson 03, p. 32](#)**reservation of rights**[Lesson 04, p. 45](#)**response commitment**[Lesson 08, p. 102](#)**retention**[Lesson 02, p. 19](#)**review owner**[Lesson 04, p. 46](#)**rights and remedies**[Lesson 04, p. 46](#)**risk engineering**[Lesson 01, p. 6](#)**risk tolerance**[Lesson 05, p. 61](#)**secure submission channel**[Lesson 03, p. 34](#)

Vocabulary index / continued

sensitivity test[Lesson 07, p. 88](#)**settlement authority**[Lesson 04, p. 46](#)**source document**[Lesson 06, p. 72](#)**status update**[Lesson 04, p. 46](#)**submit**[Lesson 02, p. 18](#)**submission**[Lesson 01, p. 5](#)**substantive response**[Lesson 08, p. 101](#)**supporting documentation**[Lesson 03, p. 32](#)**time limit**[Lesson 04, p. 46](#)**trend**[Lesson 07, p. 87](#)**underwriting authority**[Lesson 01, p. 6](#)**unpaid claim estimate**[Lesson 03, p. 33](#)**valuation basis**[Lesson 05, p. 60](#)**verified finding**[Lesson 06, p. 72](#)**written explanation**[Lesson 04, p. 46](#)**settlement**[Lesson 03, p. 33](#)**source attribution**[Lesson 06, p. 73](#)**Special Investigation Unit (SIU)**[Lesson 06, p. 72](#)**subjectivity**[Lesson 01, p. 6](#)**submit comparison**[Lesson 05, p. 61](#)**submission completeness**[Lesson 01, p. 6](#)**supplemental payment**[Case 2, p. 120](#)**suspicion**[Lesson 06, p. 72](#)**total-cost comparison**[Lesson 05, p. 61](#)**underwriting**[Lesson 01, p. 5](#)**unfunded remainder**[Case 3, p. 125](#)**unresolved issue**[Lesson 04, p. 45](#)**valuation date**[Lesson 01, p. 5](#)**without prejudice**[Lesson 04, p. 46](#)

References and publication notes

All cases, organizations, figures, and conversations are fictional teaching material, not transcripts. Communication practice does not replace qualified advice or current workplace procedures.

[1] National Association of Insurance Commissioners. Understanding Your Homeowners or Renter's Policy.

Background for policy sections, endorsements, deductibles, and premiums. All teaching policies are invented; no actual coverage is interpreted. Source checked 1 October 2026.

<https://content.naic.org/article/consumer-insight-understanding-your-homeowners-or-renters-policy>

[2] National Association of Insurance Commissioners. Insurance Fraud.

Background for suspicion, referral, and findings. The original case teaches objective language, not investigation methods or a legal test. Source checked 1 October 2026.

<https://content.naic.org/insurance-topics/insurance-fraud>

[3] Actuarial Standards Board. ASOP No. 53: Estimating Future Costs for Prospective Property/Casualty Risk Transfer and Risk Retention.

Background for estimates, assumptions, and pricing components. The fictional calculations are not actuarial indications for a real portfolio. Source checked 1 October 2026.

<https://www.actuarialstandardsboard.org/asops/estimating-future-costs-prospective-property-casualty-risk-transfer-risk-retention/>

[4] National Association of Insurance Commissioners. How to File a Complaint.

Background for complaint records and state-specific routes. The fictional conversation creates no universal deadline, remedy, or restriction on rights. Source checked 1 October 2026.

<https://content.naic.org/consumer/how-to-file-complaint>

Companion course

The website offers the eight-lesson course and related practice. This book can be used independently. No audio access or external account is needed for its exercises.

<https://englishladder.com/efsp-insurance.html>

Explain the wording. Establish the facts. Keep the decision clear.

Eight insurance exchanges: complete an underwriting submission, explain policy documents, request claim information, communicate a pending coverage review, compare renewal terms, record investigation concerns, interpret claim-cost changes, and answer a fee complaint.

Underwriting and Risk Selection

A complete submission is not the same as an acceptable risk, a quote, or bound insurance. Preserve the stage of the process. The urgency of a requested inception date does not itself create coverage.

Policy Language and Coverage Interpretation

An endorsement can add, restrict, or otherwise modify coverage; it is not automatically an extra benefit. Its form, effective date, and actual wording matter. E17 cannot be interpreted before its text is obtained.

Claims Intake and Reserving

The event date, discovery date, and notification date can differ. Record the known discovery date as such. Do not move it into the event-date field merely because the latter is empty.

Coverage Disputes and Denials

Pending is neither accepted nor denied. A request for relevant information is not itself a denial, and a promised update is not a promised outcome. Actual notices must comply with applicable requirements.

Phil Stilwell

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