B2 Business English – Insurance Vocabulary

Student Worksheet

Vocabulary

Word / Phrase	Type	Definition
actuary	noun	A specialist who uses statistics to calculate insurance risk and premiums
reinsurance	noun	When an insurer takes out its own insurance to protect against large claims
utmost good faith	noun phrase	The legal duty to be fully honest when taking out insurance
proximate cause	noun phrase	The main or nearest cause of a loss or damage
substandard risk	noun phrase	A risk considered higher than average, usually attracting a higher premium
aggregate limit	noun phrase	The maximum total amount an insurer will pay during a policy period
coinsurance	noun	When two or more insurers share the risk of a single policy
waiver of subrogation	noun phrase	An agreement preventing an insurer from claiming against a third party
run-off cover	noun phrase	Insurance that covers claims made after a policy has ended
moral hazard	noun phrase	The risk that having insurance causes someone to behave less carefully

Exercise 1: True or False

Read each sentence. Write True or False on the line.

1. An actuary uses statistics to help calculate insurance premiums and assess risk.
   Answer: ________________

2. Reinsurance means the policyholder insures the same risk with two different companies.
   Answer: ________________

3. Utmost good faith means you must be completely honest when applying for insurance.
   Answer: ________________

4. The proximate cause is the most distant or indirect cause of a loss.
   Answer: ________________

5. An aggregate limit caps the total amount an insurer pays out during a policy period.
   Answer: ________________

6. Moral hazard refers to the risk that insured people take more risks because they are covered.
   Answer: ________________

Exercise 2: Multiple Choice

Circle the correct answer.

1. The insurer used _______ to protect itself against the cost of catastrophic claims.
a) moral hazard b) reinsurance c) run-off cover d) coinsurance

2. The fire was identified as the _______ of the warehouse damage.
a) aggregate limit b) moral hazard c) proximate cause d) waiver of subrogation

3. Because the applicant had a history of claims, they were classified as a _______.
a) substandard risk b) coinsurance c) actuary d) run-off cover

4. The contract included a _______ so the insurer could not recover costs from the contractor.
a) moral hazard b) aggregate limit c) utmost good faith d) waiver of subrogation

5. The firm purchased _______ to ensure claims could still be made after the policy ended.
a) coinsurance b) run-off cover c) proximate cause d) reinsurance

6. Three insurers agreed to share the risk through _______.
a) moral hazard b) utmost good faith c) coinsurance d) aggregate limit

Exercise 3: Matching

Match each term (1-6) with its definition (a-f). Write the letter on the line.

1. actuary ___	a. insurance that covers claims made after a policy has ended
2. moral hazard ___	b. the legal duty to be fully honest when taking out insurance
3. aggregate limit ___	c. when an insurer insures itself against very large claims
4. utmost good faith ___	d. the maximum total an insurer will pay in a policy period
5. run-off cover ___	e. the risk that insured people behave less carefully
6. reinsurance ___	f. a specialist who uses statistics to calculate risk and premiums

Exercise 4: Gap Fill

Choose a term from the box to complete each sentence.

actuary	moral hazard	proximate cause	substandard risk	aggregate limit	utmost good faith

1. The _______________ calculated that the premium should increase by twelve percent.

2. Critics argue that generous welfare systems create a form of _______________ by reducing incentives to be careful.

3. The investigation concluded that the electrical fault was the _______________ of the explosion.

4. Because of his medical history, the applicant was classified as a _______________ and paid a higher premium.

5. The policy had an _______________ of one million euros per year, regardless of the number of claims.

6. The principle of _______________ requires all policyholders to disclose relevant information honestly.

Exercise 5: Word Order

Put the words in the correct order to make a sentence.

1. reinsurance / large / protect / against / The / used / insurer / claims

-> ____

2. cause / fire / was / proximate / the / The / identified / as

-> ____

3. cover / firm / run-off / The / purchased / policy / after / the / ended

-> ____

4. risk / classified / substandard / was / applicant / a / The / as

-> ____

5. limit / million / The / was / aggregate / one / euros

-> ____

Exercise 6: Word Sort

Write each term in the correct column.

actuary | reinsurance | moral hazard | proximate cause | aggregate limit | coinsurance | waiver of subrogation | run-o

People / Mechanisms	Legal / Ethical Concepts

Exercise 7: Complete the Conversation

Choose a term from the box to fill each gap.

utmost good faith | substandard risk | reinsurance | waiver of subrogation | run-off cover | actuary

Underwriter:	Before we proceed, I need to remind you of the principle of ________________. You must disclose everything relevant.
Broker:	Understood. I should mention the client has had three claims in two years. Would that make them a ________________?
Underwriter:	Possibly. I will ask our ________________ to run the numbers and advise on the appropriate premium.
Broker:	The client is also concerned about exposure after the policy ends. Can we arrange ________________?
Underwriter:	Yes, that is straightforward. On the question of large losses, we protect ourselves through ________________.
Broker:	One final point - the client needs a ________________ in the contract so you cannot pursue their contractors.
Underwriter:	We can discuss that. It will affect the terms we offer.

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Exercise 1: True or False

1. True
2. False
3. True
4. False
5. True
6. True

Exercise 2: Multiple Choice

1. b) reinsurance
2. c) proximate cause
3. a) substandard risk
4. d) waiver of subrogation
5. b) run-off cover
6. c) coinsurance

Exercise 3: Matching

1. f
2. e
3. d
4. b
5. a
6. c

Exercise 4: Gap Fill

1. actuary
2. moral hazard
3. proximate cause
4. substandard risk
5. aggregate limit
6. utmost good faith

Exercise 5: Word Order

1. The insurer used reinsurance to protect against large claims.
2. The fire was identified as the proximate cause.
3. The firm purchased run-off cover after the policy ended.
4. The applicant was classified as a substandard risk.
5. The aggregate limit was one million euros.

Exercise 6: Word Sort

People / Mechanisms: actuary, reinsurance, coinsurance, run-off cover, aggregate limit
Legal / Ethical Concepts: moral hazard, proximate cause, waiver of subrogation, substandard risk, utmost good faith

Exercise 7: Conversation

1. utmost good faith
2. substandard risk
3. actuary
4. run-off cover

5. reinsurance
6. waiver of subrogation