# Insurance English: First Notification of Loss – B2

English for Insurance Professionals | Upper Intermediate

| Name: ___________________________ | Date: _____________ | Score: _____ / 56 |
| --- | --- | --- |

Note: Exercise 8 (Listening) is completed using the interactive online lesson only.

## Vocabulary

| Term | Meaning | Example |
| --- | --- | --- |
| **first notification of loss** | the formal first report made by a policyholder to their insurer when an incident occurs | This call is being recorded as the first notification of loss for your claim. |
| **material fact** | information that would influence the insurer's decision to provide cover or affect the terms | Failure to disclose a material fact at the time of notification may affect the validity of the claim. |
| **non-disclosure** | the failure to provide relevant information that the insurer would need to know | The claim may be challenged if non-disclosure of relevant facts is discovered during investigation. |
| **duty of disclosure** | the legal obligation of the policyholder to provide all relevant information honestly | Your duty of disclosure requires you to inform us of all facts relevant to the incident. |
| **reserving** | the process by which the insurer sets aside funds to cover the anticipated cost of an open claim | Reserving for this claim has been set at fifteen thousand pounds pending the report. |
| **quantify** | to calculate or express the financial extent of a loss in measurable terms | We need to quantify the full extent of the loss before we can advise on the likely settlement. |
| **corroborate** | to confirm or support the accuracy of information with additional evidence | Can you provide any documentation to corroborate the timeline of events you have described? |
| **appointed representative** | a person authorised to act on behalf of the policyholder in dealings with the insurer | If you wish to have an appointed representative handle the claim, please let us know. |
| **fraudulent claim** | a claim that contains deliberate misrepresentation or false information | Any fraudulent claim will be rejected and may result in legal action. |
| **reservation of rights** | a formal notice from the insurer that it is investigating a claim without accepting liability | We are issuing a reservation of rights while our investigation is ongoing. |
| **sum insured** | the maximum amount the insurer will pay out under a policy for a particular loss | The sum insured for contents under your policy is thirty thousand pounds. |
| **underinsurance** | a situation where the sum insured is less than the actual value of the property or contents | If underinsurance is identified, the average clause may be applied to reduce the settlement. |

| | | |
|---|---|---|
| **average clause** | a policy condition that reduces a claim proportionally if the property is underinsured | The average clause has been applied as the property was insured for less than its rebuild cost. |
| **proximate cause** | the primary and most direct cause of the loss to which the insurer responds | We are investigating whether escape of water is the proximate cause of the structural damage. |
| **open claim** | a claim that has been registered but not yet settled or closed | Your claim remains open pending receipt of the contractor final invoice. |

## Exercise 1 - True or False?

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

1. The first notification of loss is the formal first report made by a policyholder to their insurer. ____________

2. A material fact is information that would not affect the insurer's decision to provide cover. ____________

3. The duty of disclosure requires the policyholder to inform the insurer of all relevant facts. ____________

4. A reservation of rights means the insurer has accepted full liability for the claim. ____________

5. The average clause may reduce a settlement if the property is found to be underinsured. ____________

6. To corroborate information means to contradict it with opposing evidence. ____________

7. An open claim is one that has been registered but not yet settled. ____________

8. Non-disclosure of a material fact may affect the validity of a claim. ____________

## Exercise 2 - Multiple Choice

Circle the correct word or phrase.

1. We are issuing a ___ of rights while our investigation into the cause of the damage continues.

sum insured / reservation / duty of disclosure / average clause

2. Your ___ of disclosure requires you to provide all facts relevant to the incident honestly and in full.

reserving / proximate cause / duty / open claim

3. The ___ cause of the damage appears to be an escape of water from a failed pipe joint.

proximate / sum / fraudulent / average

4. If ___ is identified, the average clause may be applied and the settlement reduced proportionally.

underinsurance / reserving / corroboration / non-disclosure

5. We need to ___ the full extent of the loss before reserving can be finalised.

disclose / corroborate / reserve / quantify

6. Could you provide documentation to ___ the account of events you have described?

quantify / disclose / corroborate / reserve

7. The ___ for contents under your policy is set at thirty thousand pounds.

open claim / average clause / sum insured / reserving

8. Any ___ claim will be repudiated and referred to our fraud investigation team.

proximate / reserved / fraudulent / open

## Exercise 3 - Matching

Match each term (1-8) with the correct description (A-H).

1. first notification of loss ___
2. material fact ___
3. reservation of rights ___
4. average clause ___
5. duty of disclosure ___
6. quantify ___
7. underinsurance ___
8. appointed representative ___

A. The legal obligation on the policyholder to volunteer all relevant facts to the insurer honestly

B. Information that would influence the insurer's assessment of the risk or the terms offered

C. A situation where the insured value is lower than the true replacement or reinstatement cost

D. To establish and express the financial value of a loss in specific measurable terms

E. A formal notice that the insurer is investigating without confirming or denying liability

F. A condition that reduces a claims settlement proportionally when the property is found to be underinsured

G. The formal initial report submitted by a policyholder informing the insurer that a loss has occurred

H. A person formally authorised to communicate with the insurer and act on the policyholder's behalf

## Exercise 4 - Gap Fill

Write the correct word or phrase in each gap. The answer is given in brackets.

1. This call constitutes the _________________ of loss for your claim and will be recorded accordingly. (first notification)

2. Failure to disclose a _________________ fact at the point of notification may invalidate the claim. (material)

3. We are issuing a _________________ of rights while we investigate the proximate cause of the damage. (reservation)

4. The _________________ for buildings under your current policy is set at four hundred thousand pounds. (sum insured)

5. If the property is found to be underinsured, the _________________ clause will be applied to the settlement. (average)

6. We need to _________________ the full extent of the loss before reserving can be finalised. (quantify)

7. Can you provide any evidence to _________________ the account of events you have described? (corroborate)

8. Your claim will remain _________________ until we receive the final invoice from the approved contractor. (open)

## Exercise 5 - Word Order

Put the words in the correct order. These sentences are complex — read carefully.

1. the / with / call / handled / be / terms / in / and / first / of / this / the / constitutes / will / accordance / of / your / loss / policy / notification

_________________________________________________________________

2. the / claim / any / disclose / fact / being / in / material / repudiated / the / result / at / notification / may / failure / to / of / point / a

_________________________________________________________________

3. reservation / acceptance / a / of / an / this / rights / liability / which / of / not / does / stage / issuing / at / are / we / constitute

________________________________________________________________

4. and / proportionally / be / underinsurance / be / during / clause / the / the / will / settlement / average / applied / your / assessment / identified / reduced / should

________________________________________________________________

5. loss / support / have / before / of / the / extent / quantify / require / can / the / we / the / you / we / to / full / timeline / corroborating / evidence / provided

________________________________________________________________

6. insurer / facts / us / the / could / claim / affect / of / you / assessment / disclosure / duty / of / inform / the / any / requires / of / to / your / that

________________________________________________________________

7. at / loss / the / for / set / this / pounds / has / adjuster / claim / fifteen / been / pending / receipt / report / reserving / of / thousand

________________________________________________________________

8. claim / a / the / will / until / been / figure / remain / agreed / has / settlement / all / with / parties / established / liability / open / and

________________________________________________________________

## Exercise 6 - Word Sort

Write each term in the correct column.

Terms: average clause | open claim | corroborate | material fact | duty of disclosure | reservation of rights | first notification of loss | sum insured

| Reporting and Recording | Policy and Cover |
|---|---|
| ___________________ | ___________________ |
| ___________________ | ___________________ |
| ___________________ | ___________________ |
| ___________________ | ___________________ |

## Exercise 7 - Complete the Conversation

Choose the correct word or phrase to complete each gap.

**Claims Handler:** Good morning. Is this call to make a _________________ of loss?

(reservation of rights / duty of disclosure / first notification / sum insured)

**Customer:** Yes, I need to report significant water damage to my property. A pipe has burst in the loft.

**Claims Handler:** Before we proceed, I must remind you of your _________________ of disclosure. You are required to provide all relevant facts.

(average clause / open claim / duty / proximate cause)

**Customer:** Of course. I will tell you everything I know.

**Claims Handler:** At this stage we will be issuing a _________________ of rights. This does not mean we are accepting or denying liability.

(reservation / sum insured / underinsurance / fraudulent)

**Customer:** What happens regarding the value of the claim?

**Claims Handler:** We will need to __________________ the full extent of the loss once the loss adjuster has completed their assessment.

(disclose / reserve / corroborate / quantify)

**Customer:** Is there anything I need to provide?

**Claims Handler:** Yes. We will need documentation to __________________ the timeline of events — photographs, receipts and any contractor reports.

(corroborate / quantify / notify / reserve)

**Customer:** And what is the maximum the policy will pay?

**Claims Handler:** Your __________________ insured for buildings is four hundred thousand pounds. However, if the property is underinsured, the __________________ clause may reduce the settlement.

(open / proximate / material / reservation / duty / fraudulent / sum / average)

**TEACHER ANSWER KEY - DO NOT DISTRIBUTE TO STUDENTS**

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Teacher Answer Key

Note: Exercise 8 (Listening) is online only and not included in this PDF.

## Exercise 1

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

## Exercise 2

1. reservation
2. duty
3. proximate
4. underinsurance
5. quantify
6. corroborate
7. sum insured
8. fraudulent

## Exercise 4

1. first notification
2. material
3. reservation
4. sum insured
5. average
6. quantify
7. corroborate
8. open

## Exercise 5

1. This call constitutes the first notification of loss and will be handled in accordance with the terms of your policy
2. Any failure to disclose a material fact at the point of notification may result in the claim being repudiated

3. We are issuing a reservation of rights which does not constitute an acceptance of liability at this stage

4. Should underinsurance be identified during the assessment the average clause will be applied and your settlement reduced proportionally

5. Before we can quantify the full extent of the loss we require corroborating evidence to support the timeline you have provided

6. Your duty of disclosure requires you to inform us of any facts that could affect the insurer assessment of the claim

7. Reserving for this claim has been set at fifteen thousand pounds pending receipt of the loss adjuster report

8. The claim will remain open until liability has been established and a settlement figure agreed with all parties

## Exercise 3

1. first notification of loss -> G
2. material fact -> B
3. reservation of rights -> E
4. average clause -> F
5. duty of disclosure -> A
6. quantify -> D
7. underinsurance -> C
8. appointed representative -> H

## Exercise 6

Reporting and Recording: first notification of loss, duty of disclosure, corroborate, material fact

Policy and Cover: sum insured, average clause, reservation of rights, open claim

## Exercise 7

Claims Handler: first notification

Claims Handler: duty

Claims Handler: reservation

Claims Handler: quantify

Claims Handler: corroborate

Claims Handler: sum / average