

What Is Property and Casualty Insurance?

Property-casualty insurance practices in the United States are based on British practices and started with marine insurers located in major U.S. ports. Even when our nation was young, we were concerned with protecting ourselves and our property and not much has changed since then. Property-casualty insurance is specifically designed to help protect your possessions from theft or destruction and your assets from being depleted through disaster or litigation claims brought against you.

The property side of a policy insures physical items, such as homes, commercial buildings, motor vehicles, and personal possessions or business inventory. Types of property insurance include homeowners insurance, fire insurance, flood or earthquake insurance, and automobile insurance.

These insurance contracts may have an “open perils” or a “named perils” clause. The open perils clause covers losses for reasons that are not specifically excluded in the policy. Typical exclusions are earthquakes, floods, and acts of terrorism or war. A named perils clause requires the actual cause of loss to be listed in the policy, such as fire, lightning, explosion, and theft.

Casualty insurance, or liability insurance, covers you for losses that you may cause to another individual or business. This is called “third-party” coverage. For example, if you have liability insurance on your car and another party is injured in a collision caused by you, your liability insurance will take care of the other person’s medical and repair costs. In addition, if someone sues you because of harm you may have caused to him or to his possessions, your casualty insurance may cover the cost.

Both individuals and businesses can purchase property-casualty insurance. Personal policies include homeowners insurance, renters insurance, and automobile insurance, whereas commercial policies are written specifically for businesses and other organizations and may include commercial general liability, workers’ compensation, and commercial property insurance.

If you are worried about protecting your possessions from damage and your assets from being diminished due to liability costs, then you may want to consider the types of property-casualty insurance that are appropriate for you. When selecting an insurance policy, make sure to examine all your options, as well as the positives and negatives of each type.

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