L-SHARE VARIABLE ANNUITIES
A form of variable annuity contract usually with short surrender periods and higher mortality and expense risk charges.

LADDERING
A technique that consists of staggering the maturity dates and the mix of different types of bonds.

LAW OF LARGE NUMBERS
The theory of probability on which the business of insurance is based. Simply put, this mathematical premise says that the larger the group of units insured, such as sport-utility vehicles, the more accurate the predictions of loss will be.

LIABILITY INSURANCE
Insurance for what the policyholder is legally obligated to pay because of bodily injury or property damage caused to another person

LIMITS
Maximum amount of insurance that can be paid for a covered loss.

LINE
Type or kind of insurance, such as personal lines.

LIQUIDATION
Enables the state insurance department as liquidator or its appointed deputy to wind up the insurance company's affairs by selling its assets and settling claims upon those assets. After receiving the liquidation order, the liquidator notifies insurance departments in other states and state guaranty funds of the liquidation proceedings. Such insurance company liquidations are not subject to the Federal Bankruptcy Code but to each state's liquidation statutes.

LIQUIDITY
The ability and speed with which a security can be converted into cash.

LIQUOR LIABILITY
Coverage for bodily injury or property damage caused by an intoxicated person who was served liquor by the policyholder.

LLOYD'S OF LONDON
A marketplace where underwriting syndicates, or mini-insurers, gather to sell insurance policies and reinsurance. Each syndicate is managed by an underwriter who decides whether or not to accept the risk. The Lloyd's market is a major player in the international reinsurance market as well as a primary market for marine insurance and large risks. Originally, Lloyd's was a London coffee house in the 1600s patronized by shipowners who insured each other's hulls and cargoes. As Lloyd's developed, wealthy individuals, called "Names," placed their personal assets behind insurance risks as a business venture. Increasingly since the 1990s, most of the capital comes from corporations.

LLOYDS
Corporation formed to market services of a group of underwriters. May issue insurance policies or provide insurance protection. Insurance is written by individual underwriters, with each assuming a part of every risk. Has no connection to Lloyd's of London, and is found primarily in Texas.

LONG-TERM CARE INSURANCE
Long-term care (LTC) insurance pays for services to help individuals who are unable to perform certain activities of daily living without assistance, or require supervision due to a cognitive impairment such as Alzheimer's disease. LTC is available as individual insurance or through an employer-sponsored or association plan.

LOSS
A reduction in the quality or value of a property, or a legal liability.

LOSS ADJUSTMENT EXPENSES
The sum insurers pay for investigating and settling insurance claims, including the cost of defending a lawsuit in court.

LOSS COSTS
The portion of an insurance rate used to cover claims and the costs of adjusting claims. Insurance companies typically determine their rates by estimating their future loss costs and adding a provision for expenses, profit, and contingencies.

LOSS OF USE
A provision in homeowners and renters insurance policies that reimburses policyholders for any extra living expenses due to having to live elsewhere while their home is being restored following a disaster.

LOSS RATIO
Percentage of each premium dollar an insurer spends on claims.

LOSS RESERVES
The company's best estimate of what it will pay for claims, which is periodically readjusted. They represent a liability on the insurer's balance sheet.