

EARLY WARNING SYSTEM

A system of measuring insurers' financial stability set up by insurance industry regulators. An example is the Insurance Regulatory Information System (IRIS), which uses financial ratios to identify insurers in need of regulatory attention.

EARNED PREMIUM

The portion of premium that applies to the expired part of the policy period. Insurance premiums are payable in advance but the insurance company does not fully earn them until the policy period expires.

EARTHQUAKE INSURANCE

Covers a building and its contents, but includes a large percentage deductible on each. A special policy or endorsement exists because earthquakes are not covered by standard homeowners or most business policies.

Coverages and benefits listed above may be available at an additional charge, talk to us today to find out more.

ECONOMIC LOSS

Total financial loss resulting from the death or disability of a wage earner, or from the destruction of property. Includes the loss of earnings, medical expenses, funeral expenses, the cost of restoring or replacing property, and legal expenses. It does not include noneconomic losses, such as pain caused by an injury.

ELECTRONIC COMMERCE / E-COMMERCE

The sale of products such as insurance over the Internet.

ELIMINATION PERIOD

A kind of deductible or waiting period usually found in disability policies. It is counted in days from the beginning of the illness or injury.

EMPLOYEE DISHONESTY COVERAGE

Covers direct losses and damage to businesses resulting from the dishonest acts of employees.

EMPLOYEE RETIREMENT INCOME SECURITY ACT / ERISA

Federal legislation that protects employees by establishing minimum standards for private pension and welfare plans.

EMPLOYER'S LIABILITY

Part B of the workers compensation policy that provides coverage for lawsuits filed by injured employees who, under certain circumstances, can sue under common law.

EMPLOYMENT PRACTICES LIABILITY COVERAGE

Liability insurance for employers that covers wrongful termination, discrimination, or sexual harassment toward the insured's employees or former employees.

ENDORSEMENT

A written form attached to an insurance policy that alters the policy's coverage, terms, or conditions. Sometimes called a rider.

ENVIRONMENTAL IMPAIRMENT LIABILITY COVERAGE

A form of insurance designed to cover losses and liabilities arising from damage to property caused by pollution.

EQUITY

In investments, the ownership interest of shareholders. In a corporation, stocks as opposed to bonds

EQUITY INDEXED ANNUITY

Non-traditional fixed annuity. The specified rate of interest guarantees a fixed minimum rate of interest like traditional fixed annuities. At the same time, additional interest may be credited to policy values based upon positive changes, if any, in an established index such as the S&P 500. The amount of additional interest depends upon the particular design of the policy. They are sold by licensed insurance agents and regulated by state insurance departments.

ERRORS AND OMISSIONS COVERAGE / E&O

A professional liability policy covering the policyholder for negligent acts and omissions that may harm his or her clients.

ESCROW ACCOUNT

Funds that a lender collects to pay monthly premiums in mortgage and homeowners insurance, and sometimes to pay property taxes.

EXCESS AND SURPLUS LINES

Property/casualty coverage that isn't available from insurers licensed by the state (called admitted insurers) and must be purchased from a non-admitted carrier.

EXCESS OF LOSS REINSURANCE

A contract between an insurer and a reinsurer, whereby the insurer agrees to pay a specified portion of a claim and the reinsurer to pay all or a part of the claim above that amount.

EXCLUSION

A provision in an insurance policy that eliminates coverage for certain risks, people, property classes, or locations.

EXCLUSIVE AGENT

A captive agent, or a person who represents only one insurance company and is restricted by agreement from submitting business to any other company unless it is first rejected by the agent's company

EXCLUSIVE REMEDY

Part of the social contract that forms the basis for workers compensation statutes under which employers are responsible for work-related injury and disease, regardless of whether it was the employee's fault and in return the injured employee gives up the right to sue when the employer's negligence causes the harm.

EXPENSE RATIO

Percentage of each premium dollar that goes to insurers' expenses including overhead, marketing, and commissions.

EXPERIENCE

Record of losses.

EXPOSURE

Possibility of loss.

EXTENDED COVERAGE

An endorsement added to an insurance policy, or clause within a policy, that provides additional coverage for risks other than those in a basic policy.

EXTENDED REPLACEMENT COST COVERAGE

Pays a certain amount above the policy limit to replace a damaged home, generally 120 percent or 125 percent. Similar to a guaranteed replacement cost policy, which has no percentage limits. Most homeowner policy limits track inflation in building costs. Guaranteed and extended replacement cost policies are designed to protect the policyholder after a major disaster when the high demand for building contractors and materials can push up the normal cost of reconstruction