



## Is your client confused?

What is the difference between Minimum Earned & Minimum and Deposit Premiums? Is Minimum Earned Premium the same as Minimum and Deposit Premium?



As Excess & Surplus Lines Brokers we are very familiar with both of these questions. Although the terminology can be confusing, most *non admitted* carriers have some form of endorsement or wording in their policy that address these two questions.

Minimum Earned Premium (MEP) is the least amount of premium the insured is responsible to pay. This is usually 25 percent of the annual premium, however, for some policies it can be as much as 50 or 100 percent. As the retail agent you need to be aware that once coverage is bound with an E&S carrier the MEP percentage is the minimum dollar amount due to the carrier.

Minimum and Deposit Premium on the other hand generally refers to the audit conditions of the policy. At the end of the policy term, the insuring company may have the right to perform an audit. Each company may address this differently, but the majority state that the advance premium paid is a Minimum and Deposit Premium. At the close of each audit period the company computes the earned premium. If the total earned premium is less than the advance premium paid, the advance premium is the minimum and not subject to further adjustment. Therefore, there would not be a return premium if the rating basis is higher on the policy than what the insured actually incurred. This is contrary to *admitted* carriers where in the event of an audit the insured may be entitled to a return premium. However, if the total earned premium is more than the initial premium charged the insured will be billed for the additional premium.

These two items are important elements of an excess and surplus lines policy that need to be communicated correctly to the insured. We hope this will help you explain the difference, if there is ever a question regarding a policy written with an E&S carrier please contact any broker at AMW.

### Look for an AMW Representative



MO Young Agents Conference  
St. Louis, MO ~ June 1-3

PIA of Arkansas  
Branson, MO ~ June 11-13

IIAA Annual Convention  
Hot Springs, AR ~ June 26-28

### Recent Successes

<b>Multi-Employer Plan</b> \$10mil	D&O - Fiduciary	<b>\$41,400</b>
<b>Grain Milling</b> \$1mil / \$2mil	GL	<b>\$7,252</b>
<b>Nursing Home</b> \$750,000 / \$3mil	GL / PL	<b>\$50,000</b>
<b>Retail Store Fixtures and Supply Distributor</b> \$1mil / \$2mil	Cyber Liability	<b>\$11,579</b>
<b>Oil &amp; Gas Contractor</b> \$1mil	Excess GL	<b>\$1,500</b>
<b>Restaurant, Bar, Tavern w/ Live Entertainment</b> (less than 50% liquor, 2 locations) \$1mil / \$2mil	GL & Liquor (per location)	<b>\$87,000</b>
<b>Adult Entertainment Night Club, Theater &amp; Sales</b> \$1mil / \$2 mil	GL	<b>\$21,000</b>
<b>Amusement Park Ride Manufacturer</b> (including installation) \$6mil / \$6mil	GL (incl. prod/com ops)	<b>\$55,000</b>
<b>Boys' Home / Multiple Locations (PC 6 &amp; 9)</b> \$1,050,000 TIV	Property	<b>\$11,025</b>
<b>Counseling Services</b> \$1mil / \$3mil	Professional Liability	<b>\$975</b>
<b>Warehouse (New Madrid Location)</b> \$4.5mil	Excess EQ	<b>\$5,750</b>
<b>Environmental Consultant</b> \$1mil / \$2mil	GL, Pollution, PL	<b>\$9,772</b>
<b>Alternative Therapy (ADHD Children)</b> Package Policy \$1mil / \$2mil	GL	<b>\$1,755</b>
	TIV	

### Contact us to discuss your Surplus Line needs.

- [Cal Rogers](#) 417-459-4162
- [Susan Kutz](#) 417-459-4163
- [Tina Reed](#) 417-459-4164
- [Wendy Kroutil](#) 417-459-4179

## ***We've got a policy for that!***

**Alexander Morford & Woo, Inc.**  
2432 E Madrid Ave  
Springfield, MO 65804

[www.amwcorp.com](http://www.amwcorp.com)

**Telephone:** 417-459-4170  
**Toll Free:** 866-285-4217  
**Facsimile:** 866-795-3831