

Advice on Buying Insurance for Your Company



Let's face it: buying insurance is not a favorite topic of conversation for most business owners. But it is one of the most important. Insurance agents and brokers can make buying insurance easier than you think. Here are some pointers from Jeanne M. Heisler, a lobbyist for Independent Insurance Agents & Brokers of New Jersey, Inc. Heisler also runs Ronan Agency, an independent insurance agency headquartered in Brick.

Review Health Insurance Annually: As group health insurance policies come up for renewal, employers should consider changing the insurance options they offer employees in an effort to contain the cost of premiums. Talk to an agent and broker three or four months before renewal. The agent should get quotes from several companies. Employers can consider high-deductible offerings in which employees pay less premium, but more out of pocket. Employers should consider Health Savings Accounts (HSAs) and Flexible Spending Accounts (FSAs) which allow employees to automatically route pre-tax dollars from their paychecks into accounts to help pay for health care. Many small companies are changing their health insurance options every year.

Alert Employees to Costs: Companies should inform employees how much the firm pays toward workers' health insurance. Employees often don't realize how much insurance employers cover. In workers' paychecks, employers can clearly outline what they are paying toward employees' health insurance, social security and unemployment insurance. For example, an employee's salary may be \$40,000 annually, but when health insurance costs are added, it may be closer to \$53,000.

Independent Contractor vs. Permanent Employees: When a company buys workers' compensation insurance, the premium is based on the number of permanent employees. Trouble can come when a company misclassifies a worker as an independent contractor instead of an employee. The Internal Revenue Service or the state Department of Labor and Workforce Development can declare the worker a full-time employee. This could lead to legal problems. In the case of an injury to a worker, it could force the company to pay a lump sum toward an independent contractor's injury – and it won't be covered by the workman's comp policy. Independent contractors have to meet guidelines relating to contract, supervision, and whether or not the employee is permitted to work for other companies.

Employment Practices Liability Insurance: Companies can purchase employment practices liability insurance to protect them against legal fees and judgments related to discrimination, sexual harassment and other employment-related legal issues. More insurance companies are offering it as a supplemental coverage on small business owners' policies. Many business owners think employment lawsuits won't happen to them. But they should think again. Over the last decade, there has been an increase in employee discrimination lawsuits.

E-commerce Insurance: There are policies, called e-commerce policies, that are geared toward companies involved in technology. Depending on the policy, these could protect companies against expenses related to viruses, computer crashes, malfunctions, defamation, infringement and invasion of privacy that arise from content published on the Web. This is good for retailers who sell online, companies that store sensitive information on servers and firms that build or host Web sites. ❖