



OREGON
SMALL BUSINESS
GUIDE
TO INSURANCE AND
WORKSITE SAFETY

Contacts

Oregon Department of Consumer and Business Services (DCBS)

Building Codes Division

503-378-4133

bcd.oregon.gov

Division of Finance and Corporate Securities

866-814-9710

dfcs.oregon.gov

Insurance Division

888-877-4894

insurance.oregon.gov

Oregon Occupational Safety and Health Division (Oregon OSHA)

503-378-3272

osha.oregon.gov

Small Business Ombudsman for Workers' Compensation

503-378-4209

www.oregon.gov/DCBS/SBO

Workers' Compensation Division

503-947-7582

wcd.oregon.gov

Workers' Compensation Board

503-378-3308

wcb.oregon.gov

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The Department of Consumer and Business Services regulates areas ranging from insurance to worksite safety that are important to small employers. This guide provides an overview of these areas and contact information.

In some areas, such as insurance, an agent can help determine your business needs.

Also, insurance consumer advocates are available to answer insurance questions from 8 a.m. to 5 p.m. Monday through Friday. Call 888-877-4894 (toll-free). Email cp.ins@oregon.gov.

In workers' compensation, a small business ombudsman can be reached at 503-378-4209. Email david.waki@oregon.gov.

For information about workers' compensation coverage, call 503-947-7815 or 888-877-5670 (toll-free).

If you want someone from the department to speak to your group about some or all of these topics, call 503-947-7238. Email outreach.ins@oregon.gov.

Selecting an insurance agent

What services do agents provide?

Insurance agents, also called producers, can help you:

- » Compare plans
- » Explain terms and coverages
- » Advise you on which coverage to buy and explain limits on coverage and exclusions
- » Help with insurance applications and claims

How do I find an agent?

- ✓ Ask other employers for recommendations. Referrals are a great way to narrow your list of potential agents.
- ✓ Find an agent who specializes in the type of insurance you want to buy. For example, if you are looking for health insurance, find an agent who works regularly in that area.
- ✓ The Oregon Insurance Division can verify that an agent is licensed to sell in Oregon. Call the consumer advocates at 888-877-4894 (toll-free). The advocates can also tell you about any disciplinary actions on an agent's record.

How are agents paid?

- ✓ An insurance agent is often an independent business person rather than an employee of an insurance company. These agents typically receive a percentage of the premium (commission) every time you pay for insurance. Thus, agents generally want to provide good service so you stay with them.
- ✓ Ask an agent how he or she is paid. Some companies pay higher commissions than others. Make sure the agent considers your interests and is not favoring a company that pays higher commissions. Since commissions are based on premium, make sure you are not buying more insurance than you need or can afford.

Group health insurance

Am I required to offer health insurance under the Affordable Care Act?

Federal law does not require employers with fewer than 50 employees to offer health insurance. However, an Internal Revenue Service formula that calculates the employee count considers the number of employees and the hours those employees work in a year. An employer, especially one with seasonal workers, may have 50 or more people working for the business at some points in the year and still be exempt from this federal requirement.

Employers who meet the federal definition of having 50 or more employees, but don't offer coverage or whose coverage is inadequate or unaffordable, face a tax penalty. Consult your tax adviser or visit the IRS website at <http://www.irs.gov/uac/Newsroom/Questions-and-Answers-on-Employer-Shared-Responsibility-Provisions-Under-the-Affordable-Care-Act>.

I want to offer coverage. Is there anything in the Affordable Care Act to help?

Small employers have new opportunities for financial help with federal tax credits.

How do the tax credits work for small businesses?

Federal tax credits are available for **qualifying** taxable and tax-exempt organizations to help cover the cost of coverage for employees. The credit covers up to 50 percent of premium costs for certain taxable businesses and up to 35 percent for tax-exempt organizations.

- » More information: visit <http://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers> or http://www.oregon.gov/dcbs/insurance/gethelp/health/Pages/smallbiz_healthcare.aspx.
- » Consult your tax adviser.

Liability insurance

What is liability insurance?

If someone falls while visiting your business premises or a customer is hurt by a product your business sells, you can be held responsible. That is the risk that liability insurance covers.

Along with health insurance and workers' compensation insurance, liability insurance is one of the most important insurance concerns small businesses face. Liability insurance, also called commercial general liability (CGL), covers the following:

1. Bodily injury
2. Damage to others' property
3. Personal injury, including slander and libel
4. False or misleading advertising

CGL coverage pays for the injured party's medical expenses. **It excludes you and your employees**, who are covered by workers' compensation insurance. Note: Even trespassers can sue you if they fall and get hurt on your business premises.



What is not covered?

Standard liability insurance does not protect a business against:

- » Claims from sexual harassment, wrongful termination of employees, failure to employ or promote, or race and gender lawsuits. These and other employee-related claims are covered by **employment practices liability** coverage.
- » Claims related to operating an automobile or truck. You will need an auto insurance policy for this.
- » Claims related to wrongful practices by professional service providers (e.g., health care providers, lawyers, and consultants). You will need **professional liability insurance**, also known as errors and omissions insurance, for this.
- » Claims related to workers' compensation insurance. Workers' compensation insurance protects a business owner from claims by employees who suffer a work-related injury or illness.

What other types of liability insurance should I know about?

- » An umbrella liability policy provides extra protection above standard policy limits. Umbrella policy coverage limits typically range from \$1 million to \$5 million and are appropriate for business owners who have large assets or may be especially vulnerable to lawsuits.
- » Crime insurance protects businesses from theft and malicious damage, such as employee embezzlement.
- » "E-insurance," or Internet business insurance, covers Web-based businesses for damages caused by computer hackers and viruses.

Business property insurance

What is business property insurance?

Property insurance protects small-business owners from losses due to damage to physical space or equipment and as a result of theft or fire. In addition to a physical building, business property can include any of the following, owned or leased:

- » The actual building
- » Inventory
- » Furniture, equipment, and supplies
- » Machinery
- » Computers and other data processing equipment
- » Valuable papers, books, and documents
- » Artwork and antiques
- » TVs, VCRs, DVD players, and satellite dishes
- » Signs, fences, and outdoor property not attached to a building
- » Nontangible items such as trademarks and copyrights



What does my policy reimburse?

You can buy either actual cash value or replacement cost insurance. Actual cash value insurance reimburses you for the value of lost, damaged, or stolen goods after depreciation is considered. Replacement cost insurance reimburses you the amount it would take to replace, rebuild, or repair damages with materials of similar kind and quality, without deducting for depreciation.

Business interruption/continuation insurance

What is business interruption insurance?

Business interruption/continuation insurance covers fixed costs of running a business, such as payroll, mortgage or rent payments, and utilities. It also covers profits that would have been earned by the business based on financial records. This insurance covers these losses only if a covered event, such as fire or theft, shuts down your business for an extended period of time. Business interruption/continuation coverage can be added to a property insurance policy or purchased as part of a package insurance product.



Workers' compensation insurance

What is workers' compensation insurance?

If a worker is injured, workers' compensation insurance provides the worker with medical treatment, payment for time loss and disability, and even re-employment assistance. Workers' compensation also protects employers from lawsuits. There was a time when workers who were hurt on the job often had to sue their employers to get help with their expenses. Workers' compensation insurance replaced legal liability with no-fault insurance. Employees with work-related injuries or diseases get treatment quickly with no need to prove the employer at fault. Benefits cover actual loss and do not add large sums intended to punish the employer or pay for "pain and suffering."

Who needs workers' compensation insurance?

Today, Oregon requires almost all employers to carry workers' compensation insurance on their employees. If you employ workers in Oregon, you probably need workers' compensation coverage. You can learn more at <http://www.cbs.state.or.us/external/wcd/communications/wcins.html>. For workers' compensation coverage information, call 503-947-7815.

Whether a business has workers who must be covered can vary over time. A business may want to buy workers' compensation insurance, even if it doesn't employ workers. There are special workers' compensation policies for this purpose. Contact the assigned risk administrator, National Council on Compensation Insurance, at 800-622-4123 (toll-free), or the Small Business Ombudsman for Workers' Compensation (a small-business employer workers' compensation advocate) at 503-378-4209 to discuss these "if any" policies.

How do I buy workers' compensation insurance?

You can:

- » Buy a policy from an Oregon-authorized insurer
- » Get coverage through the assigned risk plan
- » Be certified as a self-insured employer
- » Get coverage through an Oregon-licensed worker leasing company

The Workers' Compensation Division (WCD) is notified about the coverage and how long it is in place.

What if I disagree with my workers' compensation bill?

First, contact your workers' compensation insurer if you disagree with anything concerning your policy, rate, or bill. When you talk with the insurer, make sure to have the necessary information available about payroll and the scope of your work.

If you still disagree after speaking with your workers' compensation insurer, contact the Oregon Small Business Ombudsman for Workers' Compensation at 503-378-4209.

What happens if I do not have coverage?

Having workers' compensation insurance is vital to your business. If you do not have workers' compensation coverage, the Workers' Compensation Division will investigate to determine if you must provide coverage to your workers. If the division determines you need coverage, WCD will send you an order stating the period of noncompliance and assess a fine. The penalty for a first-time offense is twice the amount of premium you should have paid for insurance or \$1,000, whichever is greater.

If you continue to employ workers without coverage, the penalty increases to \$250 a day with no limit on the total fine. By law, bankruptcy does not reduce this debt. Also, WCD will request a permanent court injunction to force you to comply. If you disobey an injunction, you are in contempt of court and subject to other types of sanctions, including jail time.

By law, **even if an employer is noncomplying**, it is still financially responsible for all its workers' injuries that occur while in its employ. The law requires a certified claims examiner process the claim. You must pay a fee for this processing, in addition to claim benefit costs. Business owners cannot hide behind a corporate or limited-liability company because corporate directors and officers and limited-liability company members and managers are personally and separately liable for penalties and claim costs.

Lawsuit protection does not apply to noncomplying employers. An employee can file suit against a noncomplying employer, in addition to having a legitimate workers' compensation claim.

How do I benefit from rehiring injured workers?

If you rehire an injured worker who qualifies for the Employer-at-Injury Program (EAIP) or the Preferred Worker Program (PWP), you may qualify for thousands of dollars in cost savings. The Employer-at-Injury Program encourages early return to work by helping employers use transitional work for injured workers who are recovering from their injury.

The Preferred Worker Program encourages the re-employment of qualified Oregon workers (also known as preferred workers) who have permanent disabilities from on-the-job injuries and who are not able to return to their regular employment because of those injuries.

Both programs offer benefits such as wage subsidy, worksite modification, and many work-related purchases. Preferred workers also offer workers' compensation insurance premium exemptions and claim-cost reimbursements to employers willing to hire them. They qualify for employment purchases such as tools, books, tuition, clothing, and more (e.g., \$5,000 in worksite creation funds for new positions and up to \$25,000 in worksite modification funds to adapt a worksite to suit an employee's permanent limitations).

For more information, contact the Employment Services Team at 800-445-3948 (toll-free).

Commercial auto insurance



What is the difference between personal and commercial auto insurance policies?

Typically, commercial auto insurance policies have higher liability limits. They also may cover rented and other nonowned vehicles, including employees' cars driven for company business.

How do I know whether I need a personal or commercial policy? Factors that determine this include:

- » Who owns or leases the vehicle – you individually or the business as an entity
- » Who drives the vehicle – you or your employees
- » The vehicle's primary use – for example, transporting people, delivering packages, or carrying hazardous materials

Discuss these matters with a licensed insurance agent knowledgeable about commercial auto insurance. Consider the purchase of collision and comprehensive (other than collision) coverage to protect yourself against damage to your vehicle.

Commercial auto insurance tips

If your business owns or leases a vehicle, make sure its name is listed on the policy as the principal insured. If your employees operate a company car, make sure they have good driving records and are trained properly.

Consider increasing insurance on your business vehicle to cover permanently attached items, such as a generator or tool box.

How can I lower my premiums?

These factors can affect the cost of your insurance premiums:

- » The type of vehicle driven. If you are buying or leasing a new car or truck, check the insurance rates before you make your final choice.
- » Safety devices. If you are buying or leasing a new vehicle, consider getting one with anti-lock brakes, side air bags, automatic seat belts, and daytime running lights.
- » Anti-theft devices, such as an alarm system and a global positioning system – so that your vehicle can be located if it is stolen.
- » Where you park your vehicle. If you have access to an indoor garage or locked parking lot – places that decrease the likelihood of theft – you may qualify for lower premiums.
- » The geographic region in which your business operates. For example, areas prone to extreme weather (hail, wind storms, hurricanes, etc.), higher traffic patterns, or higher risk of theft may have higher insurance rates.
- » The number of claims you have previously filed.
- » The coverage limits you choose – the higher the coverage amount, the higher your premium. If you are using your vehicle to conduct business, you may want to consider a higher liability limit so that coverage protects both your business and personal assets if you are sued due to an accident.
- » Your policy's deductible amount. The deductible is the amount of money that you agree to pay as part of a claim before your insurer pays the remaining amount toward that claim. For example, if your vehicle incurs \$1,000 of damage in an accident and your deductible is \$250, you pay the first \$250 and your insurer pays the remaining \$750. The higher the deductible, the lower the premium.

Key person life insurance

What is key person life insurance?

Your small company may have “key people” who are critical to the success of the business. They may be founders or partners, or defined more broadly to include other employees responsible for running a critical aspect of the business, such as the senior marketing or sales manager, chief engineer, or software developer in the case of a technology company.

The death of any of these key people would likely have a serious effect on the bottom line of the business. Therefore, many small businesses choose to purchase key person life insurance policies on these important employees. As the policy owner, the company is the beneficiary and receives the proceeds when the insured key employee dies. The payout can help the company by providing:

- » Cash to weather the loss and continue operations until a new employee can be hired and trained to carry out the functions of the deceased.
- » The funding to buy out the key person’s heirs if ownership rights of the business are involved.

In some cases, a small business seeking a loan from a bank or trying to raise capital from outside investors may be required by the lender or investor to carry life insurance for its partners. The bank may even require that the small business provide a collateral assignment agreement that gives the bank first rights to the policy proceeds to cover outstanding loans due in the event of the death of one of the owners.

What type of policy should I buy?

Like individual life insurance policies, key person life insurance policies can be purchased as term life or permanent life policies.

Term life insurance covers the insured for a term of one or more years. It pays a death benefit only if the insured dies within that term. Term insurance generally offers the best value for your premium dollar. However, it does not build up cash value, may not be renewable, or may cost considerably more to continue.

Permanent life insurance goes by several names, such as whole life, universal life, and variable life. It typically includes both a death benefit and cash value. Because of the cash value element, premiums tend to be higher than for term life insurance.

How are premiums set?

A number of factors can affect life insurance premiums. These include:

- » The age of the insured and his or her overall health. Life insurance companies typically ask about medical history, request access to medical records, and even obtain blood and urine samples for testing.
- » Pre-existing or chronic health problems, such as diabetes, heart disease, or cancer. These conditions may prevent a person from getting life insurance or can place him or her in a high-risk pool and, therefore, subject to higher premiums.
- » Poor health habits, such as smoking and excessive drinking. These habits can trigger higher premiums. Be aware that insurance companies may look back and consider these behaviors for the past five years.
- » Engaging in dangerous hobbies, such as skydiving, skiing, or rock climbing.
- » The insured's driving record, in terms of accidents, citations for driving while under the influence of drugs or alcohol, claims, and tickets. The better a person's driving record, the better rates that person will receive for life insurance.
- » The insured's geographic area. Life insurance companies have access to regional data that documents mortality rates and life expectancy, and they use that data to calculate the rates they offer.

Oregon Occupational Safety and Health Division

Oregon OSHA is dedicated to improving workplace safety and health in Oregon. Employers can take advantage of the division's program to have a free worksite evaluation to help identify hazards and keep employees safe.

I need help managing safety and health issues at my worksite. How do I schedule a free consultation?

Oregon OSHA provides confidential, no-cost help to employers in Oregon. Call 503-378-3272 or 800-922-2689 (toll-free) or email consult.web@oregon.gov to make a consultation request. Experienced consultants will offer suggestions and options for eliminating hazards.

If I request a consultation, will I be inspected later by Oregon OSHA?

By law, employers who seek a consultation are ensured confidentiality. Businesses are exempt from scheduled Oregon OSHA enforcement visits when an appointment has been set with a consultant for the seven days before the opening visit and for 60 days after the date on the final report (30 days for mobile sites such as logging or construction).

What is expected of me if I request a consultation?

There are no obligations. When an employer requests an Oregon OSHA consultation, the employer agrees to correct any serious hazards or imminently dangerous situations that might be identified. Employers will also receive a report listing the hazards identified along with recommendations for corrections. The goal is to correct hazards to make the worksite a safe place for employees.

Do you offer online training?

Oregon OSHA offers free online and limited in-person training on a number of safety and health topics, including some in Spanish. To register for classes or learn more, go to osha.oregon.gov/education.html.

How and when do I report an accident to Oregon OSHA?

Contact the nearest Oregon OSHA office in person or by phone at 800-922-2689 (toll-free) to report an overnight hospitalization within 24 hours or a fatality within eight hours. Beginning in January 2016, you must report all in-patient hospitalizations, the loss of an eye (even if it is subsequently reattached), and the loss of any body part that includes bone or cartilage loss (even if it is reattached) within 24 hours. The notification is required and allows the agency to investigate the working conditions that may have caused death or harm.

Am I required to have a safety committee?

Having a safety committee depends on the type of work you do and how many employees you have. However, all Oregon employers need to have either a safety committee or safety meetings. Find more information at osha.oregon.gov.

Do you handle questions about discrimination or back wages?

Wage and hour and discrimination laws are enforced by the Bureau of Labor and Industries. Find more information at oregon.gov/boli.







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