

The Instant Insurance Guide: Small Employer



**Information
for Small
Businesses in
Delaware**

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Delaware's Insurance Commissioner
1-800-282-8611 • www.delawareinsurance.gov

A Message From The Delaware Department of Insurance

The Delaware Department of Insurance has compiled this guide to help small businesses understand the types of insurance that businesses are both required to carry and optional coverage, as well. Insurance is a field that can be confusing for even the most experienced business owner. Our goal is to provide you with concise insurance information and ways to access more information if you want it.

This guide covers health insurance in addition to liability, workers' compensation, and more. Just as in the individual health insurance market, changes to small employer health insurance have come about because of the Affordable Care Act (ACA, also known as Obamacare) which became law in 2010. The ACA has experienced modifications on the state and national levels and we will continue to update this guide as often as possible to reflect the latest regulations and guidelines. Whenever you have questions you can always call our office or contact your insurance provider directly.

The Department of Insurance is here to serve you and if you have any questions about insurance-related issues not covered in this guide we will do our best to assist you.

www.DelawareInsurance.gov
1-800-282-8611

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Whether you are starting a new business or considering adding extra insurance coverage to your decades-old business we have compiled information on some of the most commonly purchased insurance products on the market.

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Please note: The Department of Insurance makes every attempt to provide up-to-date information. This guide was last updated on October 1, 2014.

If you need further clarification with any health insurance questions we suggest you call our office, visit www.choosehealthde.com or www.healthcare.gov.

Health Insurance FAQs

Who is considered a small employer?

In 2014, the **Small Business Health Options Program (SHOP)** Marketplace will serve businesses with 2–50 full-time employees. Plans offered outside the SHOP marketplace define small employers as having 1-50 full-time employees.

What is the SHOP marketplace?

The **Small Business Health Options Program (SHOP)** is a new program that simplifies the process of buying health insurance for your small business. For 2014, the SHOP Marketplace is open to employers with 2-50 full-time-equivalent employees (FTEs). You can access the SHOP marketplace online at www.choosehealthde.com or by working with your agent or broker. If you choose to enroll online you will be redirected to www.healthcare.gov.

Why should I offer insurance to my employees?

- You will retain employees because they value insurance as a benefit.
- Your small business might qualify for health insurance tax credits.
- You can choose the plan that fits your budget.
- You will boost morale among your employees.
- You will help reduce employee time off due to sickness.

Am I required to offer health insurance to my employees under the Affordable Care Act (Obamacare)?

No. Businesses are not required to provide healthcare to their employees in 2014 or 2015. Businesses with 50-99 full-time employees will not have to worry about offering coverage, or facing a potential penalty, until 2016. Employers must provide a notice of coverage options to each employee, while also informing them of the existence of the Health Insurance Marketplace (www.choosehealthde.com) and the services it will provide. Your employees will be responsible for purchasing their own health insurance in 2014 and 2015 if you do not provide it. Learning more now can help you understand their rights and responsibilities should you choose to not provide coverage.

Are my employees required to purchase insurance if I offer it?

Employees can choose not to accept employer-sponsored coverage and shop for coverage in the individual Health Insurance Marketplace. You as an employer are not required to contribute to their premiums as you would under an employer-sponsored health plan.

How do I know if my business qualifies for the SHOP in Delaware?

You must have an office or employee work site within the SHOP's service area to use that particular SHOP. If your business has locations in multiple states the online application at www.healthcare.gov will guide you to the right SHOP.

SHOP is open to employers with 50 or fewer full-time equivalent (FTE) employees. Beginning in 2016, all SHOPS will be open to employers with up to 100 FTEs: If you're self-employed with no employees, you can get coverage through the individual market Health Insurance Marketplace, but not through SHOP. If you plan to use SHOP, you must offer coverage to all of your full-time employees—generally those working 30 or more hours per week on average.

Where can I get more information about SHOP?

View detailed questions and answers on SHOP procedures, including eligibility, application, enrollment, employee communications, and more, at www.healthcare.gov and select "Small Businesses". **You can also get help by phone by calling 1-800-706-7893** (TTY users: 1-800-706-7915). Agents and brokers may also use this number.

The state's Health Insurance Marketplace also has information specific to Delaware at www.choosehealthde.com.

How can I view and select all of the health plans available in Delaware?

The best way to review all of your options, for plans inside and outside the Health Insurance Marketplace, is to meet with a licensed insurance broker or agent. Your broker can also help you determine if your business may be eligible for a tax credit.

Business Insurance Needs

What insurance do I need to start a business?

The standard business owners' policy provides liability coverage like a commercial general liability (CGL) policy. Generally, commercial liability insurance, whether separate or as part of a standard business policy, may cover bodily injury, property damage, personal injury or advertising injury. The medical expenses of a person(s), other than an employee, injured at your business or as a result of the business may also be covered.

When do I need to get this insurance?

The chance that you could suffer a loss begins the first day of business so it is important to have insurance right away. If you suffer a loss and have no insurance, improper insurance or insufficient coverage there is little, if anything, that can be done to assist you.

What if I work out of my home?

Your current homeowners policy may cover some of the damages but on a very limited basis. Even if your business is a craft studio, these limits may be too low to cover the equipment and materials you may have. It is important to know that no business liability is included in a standard homeowner's policy. Additional coverage may be added or found in a separate commercial policy.

What about my car that is used only for business?

Whether you have one or several vehicles you will need a business automobile policy. This type of policy may provide coverage for damaged or stolen vehicles used to include trailers pulled by your trucks. It also provides liability coverage if the business vehicle is in an accident and the driver is at fault. However, this policy is not for truckers or commercial garages. Those types of businesses have special liabilities and must get policies specific to their needs.

Property Insurance

Should I purchase property insurance?

Property insurance protects small business owners from losses due to damage to physical property or equipment and as a result of theft. For insurance purposes, a business' property includes the physical building in which it resides, as well as its other assets.

All of the following, owned or leased, may be considered business property:

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

There are three types of property insurance plans:

Basic form, which may include losses resulting from a fire, lightning, windstorm, hail and explosion, plus the cost of removing property to protect it from further damage.

Broad form, which may include basic plus extended coverage for other types of perils, such as a roof collapse (e.g. caused by snow or ice), riot and civil commotion, etc.

Special form, which may include basic and broad, and covers all direct physical losses except conditions specifically excluded as listed in the policy.

Info from the NAIC/Insure U

Workers' Compensation

What is workers' compensation insurance?

Workers' compensation insurance, commonly referred to as *workers' comp*, pays medical expenses and provides income benefits to workers who are injured at work or have work-related diseases or illnesses.

Workers' compensation insurance protects workers by making sure that they are compensated for their injuries. It also helps employers because it relieves them of liability for claims and gives them certain legal protections, including immunity from most injury lawsuits.

Am I required to carry a workers' compensation insurance policy?

Yes, all businesses in Delaware are required to carry a workers' compensation policy. There are some exclusions but this is rare. If you do not carry a workers' compensation policy you could not only face a lawsuit if an employee is injured but you can also face fines from the state/Department of Labor.

What does a workers' compensation policy usually cost?

The rate will depend on your payroll and your industry. After a few years, your premiums may be based on the actual experience of your company.

Are there ways to reduce the costs of workers' compensation insurance?

Typically, yes. After you have been in business for three years you are eligible to participate in the Workplace Safety program, see next page. Maintaining a safe workplace and thus limiting accidents/claims can usually help you maintain lower premium costs.

Additionally, the U.S. Department of Labor's Occupational Safety & Health Administration (OSHA) offers information to small businesses on how to comply with safety requirements that can limit work injuries. To learn more visit the OSHA website at www.osha.gov/dcsp/smallbusiness/index.html.

Workplace Safety

The Delaware Insurance Commissioner's Office, in coordination with the Delaware Compensation Rating Bureau, offers Delaware employers an opportunity to lower workers' compensation insurance premiums by participating in the Delaware Workplace Safety Program.

Businesses may earn discounts up to 19 percent by providing and maintaining a safe place to work. Since the program's inception in 1989, employers have saved millions of dollars in premiums, and more importantly, have enhanced the safety and health of their employees.

Only benefits can be gained by participating in the Workplace Safety Program. Failure to qualify cannot be the basis for premium increases or sanctions imposed by other safety enforcement authorities. There are no penalties for failing to qualify.

What is the Workplace Safety Program?

A program implemented by the Department, which gives employers the opportunity to earn discounts on workers' compensation premiums by passing safety inspections of the work sites and continuing to provide a safe workplace.

Who is eligible to participate?

Those employers who have been in business a minimum of three years and are paying at least \$3,161 in annual (workers' comp) premiums.

For more info about the Workplace Safety Program, call (302) 674-7377.

Department of Insurance

Attn: Workplace Safety

841 Silver Lake Blvd.

Dover, DE 19904

Fax: (302) 736-7910 or 739-5280

E-mail: Safety@state.de.us

Additional Resources

This Small Business insurance guide does not include every type of insurance that your business might consider purchasing. Every industry, and business owner, has different needs and desires. For more information about the types of insurance covered in this guide, along with others that have not been discussed, we encourage you to explore the following websites or to talk with your insurance agent.

General Insurance Info for Small Businesses

- www.insureuonline.org/smallbusiness/
- www.sba.gov (Search: “Insurance”)

Health Insurance for Small Businesses

- www.healthcare.gov/small-businesses/
- www.choosehealthde.com (Click on “Business Owners”)
- www.sba.gov/healthcare
- <http://business.usa.gov/healthcare>

Delaware Office of Workers’ Compensation

<http://dia.delawareworks.com/workers-comp/>
Phone: (302) 761-8200

Division of Unemployment Insurance

ui.delawareworks.com
Phone: (302) 761-6576 - New Castle County
Phone: (800) 794-3032 - Kent and Sussex Counties

OSHA (Occupational Safety and Health Administration)

www.osha.gov

Contact Us

The Delaware Insurance Commissioner's Office is here to help if you have questions about or problems with your insurance coverage or insurance company.

Questions about insurance or complaints about an insurance company or insurance agent can be made to the Commissioner's Consumer Services division by phone, by fax, by letter, by email or with an online complaint form.

Phone: 1-800-282-8611
(Toll-free in Delaware)
or (302) 674-7310

Fax: (302) 739-6278

Email: consumer@state.de.us

841 Silver Lake Blvd.
Dover, DE 19904

www.delawareinsurance.gov

Licensee Lookup: If you are looking for an insurance agent the Insurance Commissioner's Office, in partnership with the National Association of Insurance Commissioners (NAIC), offers a free online verification service for members of the public and the insurance industry to check the license status of insurance agents and producers in Delaware. You can access this service at **www.delawareinsurance.gov/services/LicenseVerify.shtml**

Sources for content in this guide include: The National Association of Insurance Commissioners, The Oregon Department of Consumer and Business Services, the Kansas Insurance Department, www.choosehealthde.com and www.Healthcare.gov.

Insurance Commissioner's Office of the State of Delaware

Our Mission

- **Protect insurance consumers**
- **Regulate companies to ensure ability to pay claims**
- **Review, approve, and/or disapprove rates submitted by insurance companies**
- **Prosecute insurance fraud**
- **License agents and brokers**
- **Save businesses money on premium costs**
- **Assist Medicare-eligible seniors and Medicare recipients under age 65**

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