

◆ **WARNING** ◆

You may be subject to a **MINIMUM PREMIUM** for your Workers' Compensation Insurance.

◆ Sometimes the lowest rate **MAY NOT** result in the lowest premium ◆

When starting a business, it seems like everybody wants your money. Often, there just doesn't seem to be enough to go around. So, when shopping for Worker's Compensation coverage, don't automatically settle for the company with the *lowest* rate. *Always* find out what the *total* premium will be. The lowest *rate may not assure you of the lowest premium.*

Why? Insurance companies have different **ESTABLISHED MINIMUM PREMIUMS**. Some insurers have different minimum premiums for the different classifications of work. Some insurers have an "across the board" minimum premium. The minimum premium is defined as "the least amount for which an insurer will issue a policy."

When your estimated premium for a standard one-year policy is calculated, your annual payroll will be multiplied by the rate charged per one hundred dollars of payroll. This results in what is called the **MANUAL PREMIUM**. The **expense constant** (a charge that is generally added for setting up the policy) is then added. When the total of the expense constant and the manual premium are *less* than the insurance company's minimum premium, *you will be charged the minimum premium.*

Each insurer, with permission of the Oregon Insurance Division Actuary, sets their own minimum premiums. It is therefore very important to know whether a minimum premium applies, because the minimum premiums will vary from company to company.

How do you find out what the minimum premium is? Easy. . . Ask the insurer and/or agent what it is, before you agree to the policy. Once the policy is established, the insurer is entitled to receive at least the minimum premium, even if you were to cancel the policy shortly after it begins.

Don't let your business be blind-sided by an *unexpected MINIMUM PREMIUM!*