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The Small Business Adviser

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**Risks In Business
Loans To Children**

**How Doing What's
Right Pays Off**

**A Wider Tax Break
For Home Offices**

Surplus Mania



**Strengthen
Social Security?**



**Reduce The
Federal Debt?**



Cut Taxes?



**Increase
Spending?**



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Group Insurance For Small Firms

Insurance companies are offering small firms a benefit previously available only to large companies: group automobile and property insurance paid by employees through payroll deductions.

Until recently, insurers limited such group coverage to large companies, says David White, president of DM White Corp., an insurance broker in Phoenix. Within the past year, however, many insurers have entered the small-business market.

"Some insurance companies will go down to as few as 25 employees" with a group plan, says White, a specialist in employee-benefits insurance since 1972. Coverage may include autos, homes, boats, and even jewelry.

Although employer-paid benefits continue to rise in cost, companies pay nothing to add group auto and property insurance as a benefit option. Employees sign

up voluntarily for the program and pay the premiums by payroll deduction. As an incentive, the group plans often offer premium discounts of up to 20 percent.

How much work is involved for the employer? Very little, says White. Because premiums are paid via payroll deduction, some coordination with the payroll department is necessary, he says, but there is nowhere near the amount of work that accompanies employer-paid health insurance.

White also notes that offering group auto and property coverage puts extra pressure on the insurer to provide top-quality service. "If the insurance company doesn't do a good job on a claim, the employer can terminate the whole program, and the insurance company would lose the entire account" and all the employees who signed



up, says White. "So they tend to do a better job than when someone has bought the coverage one-on-one."

Group auto and property coverage for small businesses is becoming so popular that many insurance companies are setting up toll-free numbers for customers to call with questions, says Eric Eaton, account executive for Metropolitan Property and Casualty in Denver. The firm insures small businesses with property and automobile coverage needs.

So if you're thinking of enlarging the menu of benefits you offer to employees,

ask your insurance agent about auto and property coverage through payroll deduction.

—Cynthia Scanlon

The author is a free-lance writer in Tempe, Ariz.