

RISK POOL TIPS AND INFORMATION

Determination and Payment of Premium:

Your **estimated annual premium** (the cost of the policy) will be determined based on your estimation of what your payroll will be over a one year period. The size of your premium is the basis for what amount of deposit you will pay and how often you will report your payroll to the insurer. In workers' compensation policies, the cost of the policy is always considered to be "estimated" until the policy ends and the final payroll and final premium are determined.

Deposit:

Your deposit is a percentage of your estimated annual premium. It is the money that you put down to start your policy. Unlike a down payment on a car, it is **not applied** to the premium. It is a **security deposit** that is a "**guarantee of payment.**" It would not be used to pay premiums in a policy until after the policy has been cancelled and the end of the policy audit had been done. The deposit premium could then be used to satisfy an additional premium after the final audit. If you chose to renew your policy in the risk pool, the deposit can be rolled over to the next renewal.

Amount of Deposit:

The amount of the deposit is determined by the size of your estimated annual premium.
If your premium is less than \$1000, you would be asked to pay a 100% deposit.
If your premium is at least \$1000, you would be asked for a 66.67% deposit.
If your premium is at least \$7500, you would be asked for a 41.67% deposit.
If your premium is at least \$25,000, you would be asked for a 25% deposit.

Decreasing Deposits to 25% of your Estimated Annual Premium:

A portion of your deposit can be satisfied with the purchase of a "**surety**" bond to bring the cash deposit down to 25% of your estimated annual premium. **25% IS THE LOWEST DEPOSIT THAT CAN BE SUBMITTED.** However, the cash you provide for deposit along with the bond must be **at least** as much as the **minimum premium** for your classification. **Minimum premiums** in the risk pool range from approximately \$200 per year to \$500 per year depending on the type of work you do. You would need to determine what 25% of your estimated annual premium is and subtract that amount from your higher percentage deposit. The difference would be the cash value of the bond you would purchase.

Buying a Bond to Decrease the Deposit to 25% :

The bonds can be provided by the **Contractors Bonding Insurance Company**, but bonds from other companies can be accepted. To find the name of an agent in your area who writes for this company, call **1-800-926-2242**. A bond is a "**guarantee of payment**" just like the deposit.

Payroll reports:

The amount of your **estimated annual premium** also determines how often you will be asked to submit **payroll reports**. The **payroll reports** are what actually pays your premium.

Less than \$1000—Annually

At least \$1000—Semi-Annually

At least \$7500—Quarterly

At least \$25,000—Monthly

The report will arrive in the mail a week or two prior to the end of the period pre-printed on the report. You will be asked to fill in the payroll you have had in the classifications that are listed on your policy, do a short calculation, and return the report with your check in payment of the amount calculated. The report will be due back to the insurer by the 15th of the following month.

If you have had no payroll of any kind during the period listed on the report, you must indicate that and return the payroll report to the insurer. It is imperative that full payment of the report is enclosed when the report is returned to the insurer. **Partial payments** are considered the same as **non-payment**.

Cancellation:

Unlike policies in the voluntary market, policies in the pool can be cancelled mid-term without a penalty for breaking the **insurance contract**. All insurance policies are **contracts**. The insurer will prorate any amounts due back to you for the remainder of the policy period and return the premium to you. You must still provide a **30 day written notice to the insurer** that you are requesting the policy be cancelled, but the 30 day notice is considered satisfied if the policy begins any time within the 30 days following the insurance company's receipt of the notice. If your policy is a **minimum premium** policy, however, you may wish to allow the policy to expire naturally. The risk pool will keep an amount equal to the **minimum premium** no matter how short your policy term may have been and you would not receive any refund of premium on a **minimum premium** policy.

Unpaid Premium after a Policy Cancellation:

If you owe workers compensation premium to either the risk pool or any insurer in the state, and you have not disputed it by requesting a hearing, it becomes **outstanding undisputed premium**. Until this debt is satisfied with the insurer, either by entering a **promissory note** or **satisfying the debt**, you will not be eligible to purchase workers' compensation insurance from any other insurer in the state.