

5 Things You Need to Know About Workers' Compensation Insurance



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Do you own, operate, or manage a business in New York State? Do you have employees? If so, then you need to make sure they are protected with the right Workers' Compensation coverage.

That said, there's a lot of confusion and frustration out there regarding these types of policies. To help you navigate your way, here are five fast facts you need to know.

1. Workers' Compensation Insurance Protects Your Company.

The primary purpose of Workers' Compensation Insurance is to provide coverage for health care costs to an employee injured on the job. However, it also protects you — the employer — from being sued by the employee to cover those expenses. Otherwise, without coverage, your company could be held liable for the full amount of health care costs stemming from a workplace injury.

2. You May Need Coverage for Independent Contractors.

Despite the fact that independent contractors are not considered your employees for tax purposes, they may be considered your employees when it comes to Workers' Compensation. Therefore, a worker's tax status doesn't necessarily determine whether Workers' Compensation coverage is needed.

3. Compliance is Critical.

Non-compliance can result in serious consequences, including a \$2,000 penalty for every 10 days without insurance. In addition, businesses with a record of non-compliance

cannot win public works jobs. Also, if a worker is permanently disabled or dies as a result of their injuries, there's no cap to the amount a business must pay to cover lost wages and health care costs.

On the plus side, injured employees generally cannot sue employers who are properly insured.

4. You Have a Variety of Options to Choose From.

In New York State, you have many options to choose from in terms of obtaining insurance. These include purchasing it through a private insurance company or through the New York State Insurance Fund; self-insuring if you are a large employer; or joining a group self-insurance program.

5. Who Doesn't Need Coverage.

You don't need Workers' Compensation Insurance if you are a sole proprietor, an individual in a partnership (including an LP, LLC, LLP, PLLC, PLLP or RLLP), or a one/two-person corporation where you and your partner own all stock (a share or more each), hold all corporate offices, and do not have any employees.