

## **Insurance**

The two types of insurance that concern you as a potential employer are Worker's Compensation Insurance and Liability Insurance. Both are designed to protect you and your support person in case of injury, disease or property damage.

### **Worker's Compensation Insurance**

Worker's Compensation Insurance provides compensation to workers with work-related injuries or diseases. Compensation may include replacement of lost wages and payment of medical and rehabilitation costs. To be eligible for Worker's Compensation Insurance, a worker's injury or disease must arise from, and in the course and scope of, employment.

NOTE: Failure to provide necessary Worker's Compensation coverage may lead to penalties of up to \$1,000 per employee per week of non-compliance. If a work injury does occur to an employee of an uninsured employer, the Special Compensation Fund will seek to collect from that employer reimbursement of all monies paid out on each claim, including additional penalty fees. The Special Compensation Fund also has the authority to put a lien on contracts, payments, lottery winnings, and state tax funds.

NOTE: A work related injury or disease is defined as a physical condition that is caused, made worse, precipitated, or accelerated by the work or the work environment.

NOTE: Injuries can occur either at work, or outside of work if the employee has been sent on assignment by his/her supervisor and the injury occurs either in transit or at the outside work site.

Worker's Compensation coverage is not required for some types of employees. Below is a list of employees for whom Worker's Compensation Insurance coverage is not required. Be aware, this list does not necessarily cover all circumstances. For a complete list of guidelines, contact either a tax attorney or an accountant.

- Your spouse, parent, and/or child (including stepchildren), regardless of age.
- Independent contractors.
- Some workers employed as household employees in, for, or about a private residence. For details on this particular exclusion, consult either a tax attorney or an accountant.

NOTE: For Worker's Compensation purposes, a household worker is defined as one who performs domestic, repair, grounds, or maintenance tasks in, for, about a private home or household.

The cost of Worker's Compensation Insurance is based on the type of work the employee is doing and the amount of the employer's annual payroll. It can be purchased through any licensed insurance agent (in the yellow pages under "Insurance"). If you have trouble getting insured, your insurance agent may tell you about the "assigned risk pool", which is available to all employers.

A final word about Worker's Compensation Insurance: Though its cost may seem steep, it is only a fraction of what you would pay in penalties should an uninsured employee of yours be injured. Going without it is not worth the risk.

### **Liability Insurance**

While you, as an employer, are not legally required to carry Liability Insurance, you may wish to consider doing so. Liability Insurance protects you in three ways:

- It protects you from costs and damages from a lawsuit should someone be injured in your home, either by you or by accident.
- It protects you from having to pay medical costs should you be injured in your home, either by someone else or by accident.
- It protects you from having to pay replacement costs should your property be damaged by someone.

Check with your insurance agent or consult an agent about the cost of coverage and for details about what situations such a policy covers. Depending on what, if any, homeowners or renters insurance you already carry, you may be covered in some cases. If not, your agent may be able to attach a rider to your policy to increase and/or change your coverage.

As with Worker's Compensation Insurance, Liability Insurance is a small price to pay to be protected in case of lawsuits, injury, and/or property damage.