



Workers' Compensation

— Updates with Patrick Kim —

Agenda

When is work comp needed

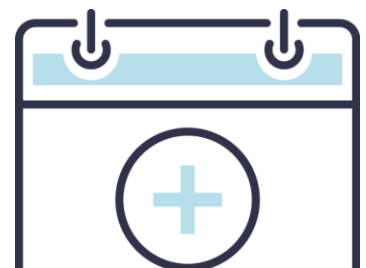
What is considered proof of coverage

Monopolistic states

Quick tips for recognizing staff that needs to be on work comp

When Is Workers' Compensation Needed?

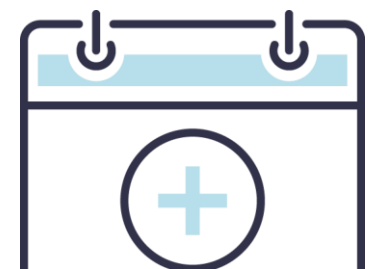
- So long as there is an employee or a human being doing work for a business in the US, work comp is needed.
- Doesn't matter if the employee is working from home, remotely, or is traveling.
- Doesn't matter if the employee is a 1099 staff member or is compensated by commissions or bonus payments



Workers' Compensation and 1099s



- 1099 staff members have to be covered by worker's compensation
- If a group is using a staffing agency, the staffing agency USUALLY is the one providing work comp coverage.
- Always ask the hiring agency if they can provide proof of work comp coverage.
- Work comp carriers will ALWAYS assume that the 1099 staff are to be covered under the group's work comp policy
- Only time the carrier won't include the 1099 staff member is if proof of separate work comp coverage is provided or if the 1099 staff member was hired to do something totally unrelated to the primary operations of the business.
- An example would be a law office hiring a plumber as a 1099 employee



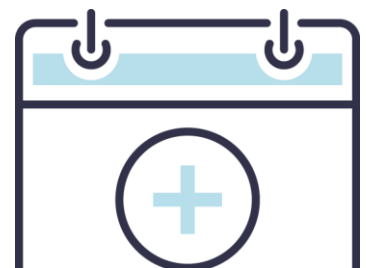
Independent Contractors



- Just because a staff member is issued a 1099, does NOT mean that they are automatically an independent contractor
- Independent contractor's typically have their own separate work comp policy
- Independent contractor's need to provide proof of their own separate work comp policy so that they are NOT included in a group's work comp policy
- Employers do not need to cover independent contractors for work comp

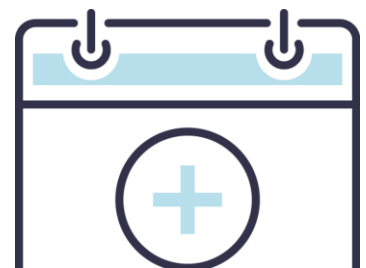
What Is Considered Proof of Coverage?

- Proof of coverage will ALWAYS be a certificate of work comp insurance AND/OR the work comp policy declaration (typically the 1st or 2nd page of the work comp policy doc).
- The policy declaration will show the group's name and the effective date.



“Forced Coverage”

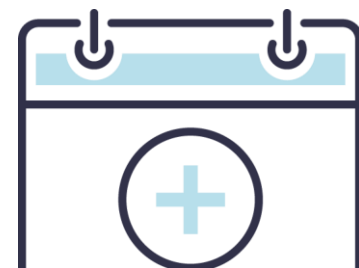
- 1099 staff or independent contractors will be included in coverage if proof of coverage isn't provided
- Group probably won't notice coverage has been extended until the end of year payroll audit
- The effective date must be before the start date of the 1099 or be on the same date the 1099 starts working.
- If the dates are off, then staff member will be included in work comp coverage.



When Is Workers' Compensation NOT Needed?



- Owner only groups
- Organization has ALL staff members working outside of the United States
- Staff members are being pulled from a temp agency which is providing work comp coverage to the staff members. Temp agency MUST be able to provide proof that they are providing coverage to staff.



Monopolistic States

These are states where work comp coverage can ONLY be provided by a State run work comp carrier

Typically, whenever a business files to do business in a monopolistic state, that State's department of labor gets notified and begins creating an account to get the business's work comp policy setup.

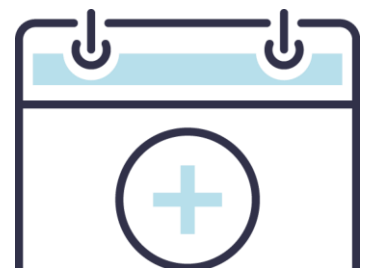
Ohio, North Dakota, Washington, and Wyoming are monopolistic states.

They are not usually able to extend coverage OUTSIDE of the state

Details To Help Recognize Employees Needing Workers' Compensation



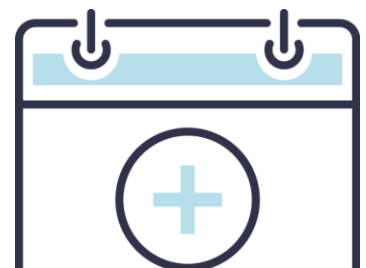
- Group makes payroll deductions on behalf of someone
- Group dictates how to do an assignment or assigns work to someone
- If the group provides tools, equipment, software, or training to a staff member, that member needs to be covered by work comp
- Staff member is working in the US; HQ of the business is irrelevant
- Staff show up on the De-9c or any other payroll doc



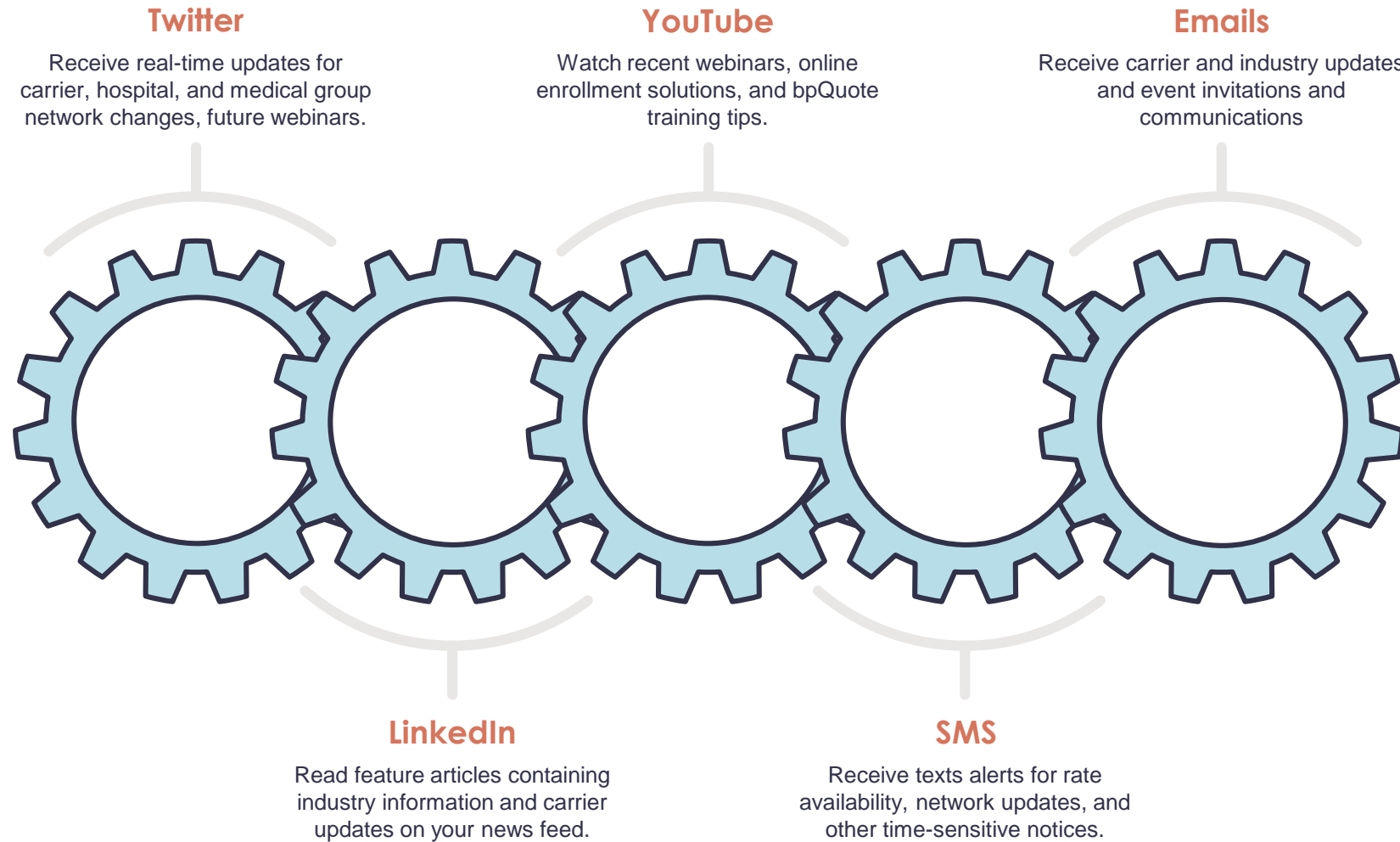
What Happens If There Is No Payroll



- Work comp premiums are based on payroll, so what happens if there is no payroll?
- For owners, an assumed minimum payroll of \$50,700 (eff Jan 1, 2018) will be used for the purposes of calculating premium contributions
- Generally, work comp coverage is NOT mandatory for volunteer staff, although coverage can be extended to volunteers
- Staff that are paid exclusively paid commissions still need work comp coverage (premiums are based on average commissions)



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