



NEWS OF VALUE

WORKERS COMPENSATION INSURANCE

What is workers compensation insurance?

Workers compensation insurance provides benefits as required by state law for association employees that sustain work related injuries. Workers compensation laws incorporate four types of benefits: disability (loss of income), medical benefits, survivor (death) benefits, and rehabilitation benefits.

How does workers compensation work?

Historically, workers compensation has been a largely successful social contract between employer and employee, which (ideally) meant that the employee would be guaranteed reimbursement for economic loss resulting from work-related injuries, in return for which employers were not subject to liability for such injuries. Similar to no-fault insurance, the employee does not have to prove negligence or employer responsibility to claim benefits.

What should we do if we have a claim?

Workers compensation claims must be reported promptly to the insurance carrier. Report any accident to your carrier within 24 hours of the accident. Prompt reporting is simply good business to control workers compensation claim costs and avoid the financial penalties of late reporting.

Prompt medical and rehabilitation services provided to the injured worker calms the worker's anxiety, which in turn lessens the chance that he will seek legal assistance. A healthy employee returns to work as fast as possible. Also, research shows that the longer an employer takes to report a claim, the more the claim will cost and the longer it will take to settle.

What if our community association gets a request for information?

Community associations must respond to requests for information from insurance companies. Failure to do so could jeopardize future premium levels, coverage availability, and perhaps continued insurability.

Workers compensation policies are subject to audit. When an insurance carrier requests information regarding accurate payroll information, it is imperative that it be provided.

What about contractors?

An area of critical importance to community associations is the presence (or absence) of an independent contractor's workers compensation insurance coverage. A majority of states impose liability on owners for compensation benefits to employees of uninsured contractors or sub-contractors. It is important that such coverage be current, as the association could be responsible for providing workers compensation benefits if the contractor's insurance expires or is canceled or if the insurer becomes insolvent.

Where should I go for more information?

Because there are many issues at stake with regard to workers compensation, it is essential that your insurance representative is capable of determining the correct program for your association, based on local laws and statutes that apply.

If you have any questions or need further information, please contact Steve Dickerson (703-205-8788 or Steve.Dickerson@usi.biz) or Theresa Melson (703-205-8753 or Theresa.Melson@usi.biz).

November 2007